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Message from Nonce Paolini

Dear Shareholders



Structural changes and a difficult economic climate

2008 was a year of continued financial and economic crisis, alongside accelerating changes in the media sector.

The growth slowdown, the fall in household consumption and increasing unemployment all affected the situation and the strategies employed by advertisers.

Commercial television, an early indicator whose activity anticipates and accentuates economic fluctuation, was affected all over Europe by the downturn that became a recession in the second half of the year.

TF1 could not avoid the effects of this crisis, but the impact on advertising turnover (- 4.1% in 2008) was nevertheless limited and significantly less than on the other main commercial channels in Europe and the United States.

This same deterioration of the economic situation also affected our subsidiaries, particularly those that work in conjunction with the main consumer cycles, such as Téléshopping, TF1 Entreprises and TF1 Vidéo, with the latter also suffering from the effects of pirating and the fall in the DVD market.

In addition, TF1 was confronted with profound changes occurring in the media sector, particularly the increasingly rapid spread of DTT in 2008 and the continued advance of the Internet. Despite all this, television viewing time has remained at a particularly high level, although a share of television support activities revenue has been taken by the Internet and DTT. We are seeing a new competitive landscape appear, and we have already adapted to it in many ways.

Despite this particularly unstable context, the channel's audience figures have kept up well, achieving a 27.2% audience share for viewers over the age of 4 in 2008 and 96 of the 100 biggest audiences of the year. TF1 has remained the most watched and most popular channel for French viewers and audience levels are unmatched by any other European channel.

Prime time programmes and second time programmes continue to attract a large number of viewers.

American television series continue to attract large audiences, regularly achieving 9 to 10 million prime-time viewers.

“The media sector is undergoing significant change in a period of economic upheaval.”

TF1 news bulletins have maintained excellent ratings of around 8 million viewers since the arrival of Laurence Ferrari.

Euro 2008 showed just how powerful the TF1 brand is, generating higher viewing figures and income than any of its competitors.

Finally, TF1 successfully joined the battle for morning audiences with *10h le Mag*, a magazine format, presented by Julien Arnaud and Sandrine Quétier, that deals with matters of daily life and has won the loyalty of an average 500,000 viewers every day.

2008, a pivotal year

In 2008, our four watchwords were: reorganisation, renewal, repositioning, returns.

Reorganisation of the Group is going well

TF1 Production has brought all our production subsidiaries under a single legal umbrella, while the Purchasing Department has got off to an excellent start. Negotiation of major contracts has been successfully turned over to single individuals working on behalf of the Group. This project approach involves all stakeholders in the new programme or activity, thus increasing our capacity to anticipate and achieve our aims.

In 2008, all our news departments were brought under the management of a single body: TF1, LCI and Ici.fr now share editorial services and platforms, with news reports being broadcast on the three channels and no unnecessary duplication, which gives an improved overall view and more cost-effective operation.

All examples of a more cross-disciplinary, cooperative and productive management style.

Renewal gets underway

New faces have joined the channel.

Programmes are undergoing a transitional phase in a complicated competitive environment. Some are experiencing a quite natural fall in viewing figures at a time when their successors are still being developed. *Enquêtes et Révélations*, *10h le Mag*, *Au Field de la nuit*, *Combien ça Coûte l'Hebdo*, all are very promising new products.

When I arrived in 2007, one of my priorities was to find new ideas and new formats, calling on both in-house and outside creative energies to renew the various different television genres. This focus has already begun to bear fruit and the results will be even easier to see in 2009.

Many positive initiatives have been developed by our subsidiaries, including the HD rollout at Eurosport, the launch of the new version of the *1000 Bornes* game by TF1 Entreprises, *Téléshopping's Place des Tendances* and TF1 Vidéo's 35 DVD Blu-Ray offer.

TMC's position as undisputed DTT market leader is becoming stronger every day – it has the highest ratings of the sector with an average 2.1% share of the national audience and an average 4.2 % DTT audience share. In December 2008, the channel broke the overall DTT audience record, with 1,389,000 viewers tuning in to *Allo, Maman ici Bébé*. Moreover, it is also the most dynamic channel, with a turnover that is still climbing strongly and overall positive results



Overall this has been a positive year.

We have made significant progress with every one of our objectives.



The editorial line of the channels that make up our Discovery Division (*Odyssee*, *Histoire*, *Ushuaïa TV*) has been subject to review, and distribution agreements have been reached with our main partners. In particular, this involved the signing of an agreement with Canal Satellite in July 2008 guaranteeing that *Odyssee* would be listed and that *Ushuaïa* and Eurosport would be broadcast in HD.

Similarly, we have signed an agreement with Numéricable guaranteeing the broadcasting and revenue from the Group's channels on a flat rate basis until the end of 2011.

The Group's websites have enabled us to overtake all other French media group websites, with our unique visitor count growing by 50% in a market that saw only 27% overall growth in 2008. TF1 Women is now, with Plurielles, the third biggest site for women and WAT was the leading legal video-sharing website in December 2008.

Nor must we forget the great success of TF1 Films Production's *Bienvenue chez les Ch'tis*, or the creation of SPS for Eurosport, which has penetrated the games sector at European level. All of this bears testimony to the vitality of our teams!

“ We must combine rigorousness and creativity with a 360° approach ”

Repositioning is gathering speed

Our 360° strategy is working: synergies between the channel and e-TF1 have never been so strong, as shown by the considerable success of Secret Story, both on the television and the Internet. The advertising department won the highly sought after commercialisation of the 113 independent radio stations, demonstrating in very concrete fashion the Group's determination to become a global media. LCI has launched its radio online... Three example of the Group's dynamism.

Returns: a daily concern

Everyone has taken up the challenge of optimisation and the considerable efforts made with respect to day-to-day management are clearly essential in the light of the current crisis. Many contracts have been renegotiated with optimisation as the main criterion (Endemol, Coyote, Champions League, etc.). Significant progress has been made with respect to cost saving in all our companies and services and grid costs have been kept down as never before, without any deterioration in programme quality.

So, 2008 was a year where our determination to make the necessary changes was implemented on a daily basis.

In addition, 2008 was also a year of change both in technology and regulations. Once again, TF1 was shown to be a centre of excellence with respect to using new technology, as demonstrated by the granting of two Personal Mobile Television licences,

plus the launch of 16:9 and HD – both a resounding success for Eurosport and Ushuaïa TV thanks to the skill and commitment of our engineers and technicians.

Following several years of effort, in 2008, TF1 made significant progress regarding the relaxation of certain legal rules and regulations that restricted its activity, enabling an inter-professional agreement to be reached, after a year of negotiations, which turns the producer-broadcaster relationship into a partnership, thus giving us more room to manoeuvre.

The new regulations regarding advertising will also bring in extra revenue once the crisis is over.

2009, preparing the future

The uncertain economic situation is affecting our advertisers and making them think twice about their investments. We have to handle this delicate situation as best we can, and prepare for the future, without affecting the quality of our programme offering.

As for our television channels, we must remain the unquestioned market leader in audience terms, despite the timetable changes in public service prime time television and the growth of DTT. Viewers choose a programme because they are attracted by it, not because the broadcasting time suits them. The first ratings for 2009 bear witness to our programming strength. TF1 Access time is strengthened, the fiction drama

department will be showing results month by month, and we are developing a number of entertainment projects.

TF1 Digital will continue as before, which, with TMC, Eurosport, LCI, TV Breizh, Histoire, Odyssee and Ushuaïa TV, means its offering is unique.

Our advertising department has to deal with the challenge presented by the independent radio stations – its 360° offering including television, radio and the Internet cannot fail to make it more attractive.

Meanwhile, our subsidiaries need to recreate their former commercial dynamism through innovation, without sacrificing operating margins, in a race for revenue in an unfavourable economic climate.

Finally, we will not let up in our efforts to sustain good management practices without sacrificing quality of content. As long as we can combine rigorousness and creativity, we will be able to control TF1 grid costs and still maintain high audience levels. This is what we have all been focusing on since the beginning of the year.

In this difficult situation, the future is in our hands, for we are fortunate in having three trump cards: financial stability, with the option to sell Canal+ in 2010, increasingly expert and cost-efficient teams thanks to the synergy and cross-functional nature of our 360° strategy, and the backing of our long-term shareholder, Bouygues.

2009 will be a difficult, complicated transitional year, but I am certain that the TF1 operating model is even more relevant than before, because it can limit programming costs whilst still attracting wide audiences, thus giving advertisers an exceptionally broad platform. It is our intention to continue and indeed speed up the changes already underway, so as to achieve our profitability objectives and consolidate our position as market leader.

Nonce Paolini
Chairman and Chief Executive Officer



The TFI Group

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The management team

February 2009

TF1 Executive Committee

- 1. Nonce PAOLINI,**
Chairman and Chief Executive Officer of TF1
- 2. Arnaud BOSOM,**
Director of New Media and Chairman of e-TF1
- 3. Jean-Michel COUNILLON,**
Secretary General
- 4. Jean-Claude DASSIER,**
Executive Vice President in charge of Group News and Information

- 5. Philippe DENERY,**
Executive Vice President, Finance and Chairman of TF1 International
- 6. Yves GOBLET,**
Executive Vice President, Group Marketing
- 7. Martine HOLLINGER,**
Chief Executive Officer of TF1 Publicité
- 8. Jean-François LANCELIER,**
Executive Vice President, Broadcasting
- 9. Gilles MAUGARS,**
Director of Technology and IS

- 10. Jean-Pierre PAOLI,**
Director Strategy and Business Development
- 11. Jean-Pierre ROUSSEAU,**
Executive Vice President, Human Resources and Internal Communications
- 12. Laurent SOLLY,**
Member of the Executive Committee and Chairman and Chief Executive Officer of TF1 Digital
- 13. Laurent STORCH,**
Executive Vice President, Broadcasting and Director of Programmes

Group TF1 Management Committee

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

- 14. Edouard BOCCON-GIBOD,**
Chairman of TF1 Production
- 15. Yann BOUCAUT,**
Chief Executive Officer of Téléshopping

- 16. Michel BROSSARD,**
Chief Executive Officer of TF1 Entreprises
- 17. Pierre BROSSARD,**
Chairman of TF1 Vidéo

- 18. Frédéric IVERNEL,**
Director of Group Communication
- 19. Laurent-Eric LE LAY,**
Chairman and Chief Executive Officer of Eurosport
- 20. Benoît LOUVET,**
Deputy Chief Executive Officer of TF1 Publicité.

TF1 Board of Directors (February 2009)

Nonce PAOLINI

Chairman and CEO, TF1

Patricia BARBIZET

CEO, Artémis
CEO, Financière Pinault

Martin BOUYGUES

Chairman and CEO, Bouygues

Olivier BOUYGUES

Joint CEO, representative of Bouygues

Société BOUYGUES

Represented by Philippe Marien
CFO, Bouygues Group

Patrick LE LAY

Chairman, Serendipity Investment

Gilles PÉLISSON

Chairman and CEO, ACCOR Group

Jean-Pierre PERNAUT

Deputy Manager, News and Information

Céline PETTON

Archivist

Alain POUYAT

General Manager, Information and
New Technologies, Bouygues

Haïm SABAN

CEO, Saban Capital Group Inc (USA)

Société Française de Participation et de Gestion - SFPG

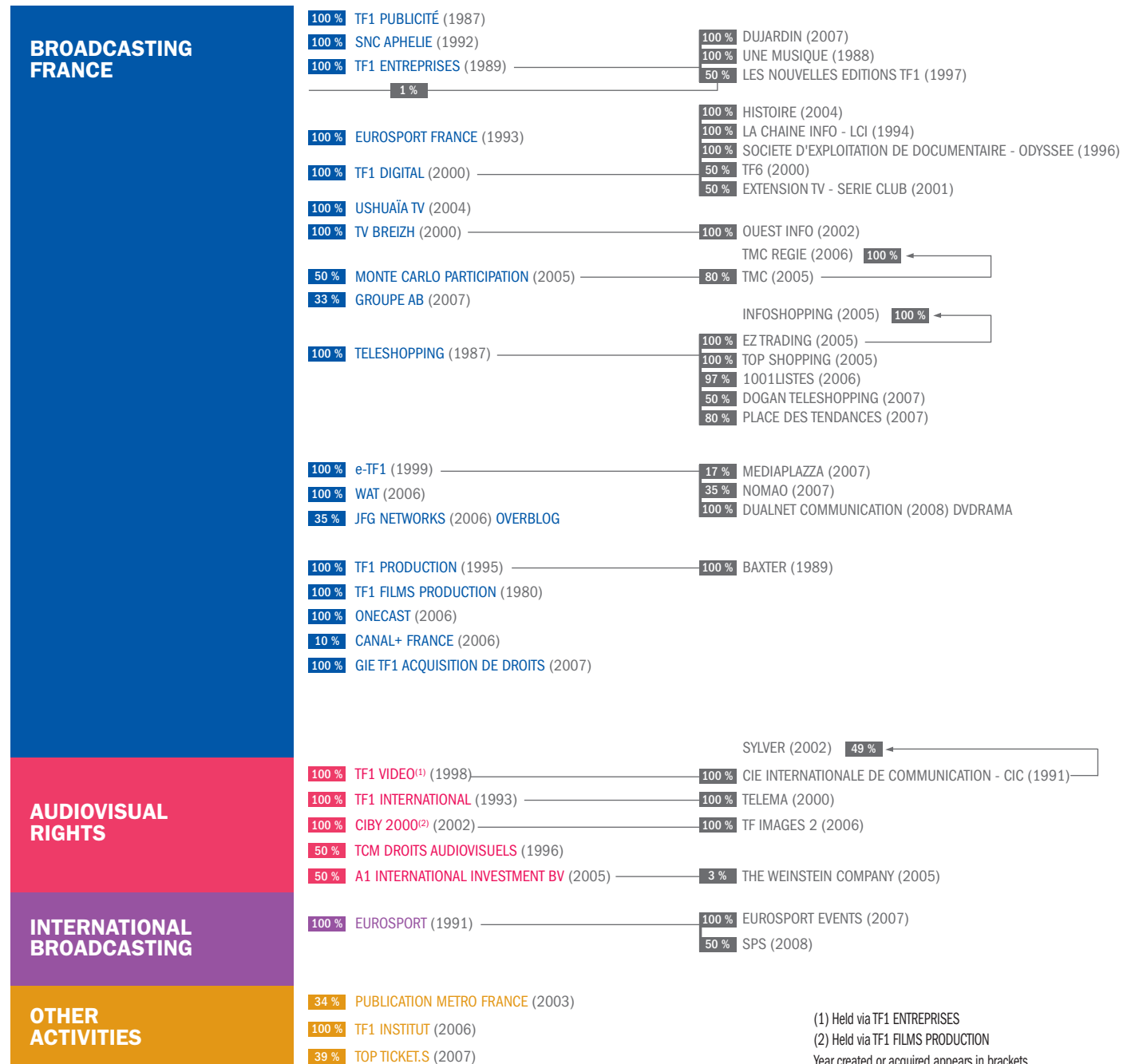
Represented by Philippe MONTAGNER,
Director, Bouygues Telecom

Secretary to the Board

Sébastien FRAPIER

General Manager of Legal Affairs, TF1 Group

Organisation chart February 18, 2009 (main subsidiaries)



Landmarks

Since TF1 was privatised in 1987, the Group has grown by incorporating new activities, thus becoming one of the key multi-media players of the French audiovisual sector.



1987 Logo

Sacrée Soirée

Club Dorothée



1992 : Broadcasting of the first french TV dramas such as Julie Lescaut



1992 : New base in Boulogne



1991 : Intégration of Eurosport within the Group.

1974 : ORTF⁽¹⁾ is split into six independent bodies, including TF1.

1987 : The CNCL⁽²⁾ chooses Bouygues to operate the channel. It becomes one of the core shareholders, holding 50% of the shares in the company.

Listed on the stock market on July 24 at a share price of 165 francs (equivalent to approximately €2.5 today, following a ten for one share split in June 2000). TF1 no longer receives television licence fees.

TF1 has three subsidiaries: TF1 Publicité, TF1 Films Production, Téléshopping.

1988 : Une Musique is created, a music publishing and recording subsidiary.

1989 : Creation of TF1 Entreprises and TF1 Vidéo.

1990 : Production activity is expanded with the creation of Banco Production, a company specialising in the production of films for television, and TF1 Publicité Production, responsible for the channel's visual identity.

Acquisition of Protécréa, an audiovisual production company.

1991 : TF1 moves into the complementary channels market, with Eurosport, the Group's first Europe-wide sports channel.

Creation of Studios 107 for producing sitcoms, variety programmes and game-shows.

1992 : TF1 moves to its new base in Boulogne, with all staff now working at one site.

The first sitcoms for younger viewers are broadcast, for example *Hélène et les Garçons*, and the channel begins to produce televised versions of French fiction drama such as *Julie Lescaut*, *Les Cordier*, *Juge et Flic*...

1993 : The Eurosport networks and The European Sport Network (operated by Canal+ and ESPN) are merged, resulting in a single European sports channel.

TF1's commitment to French and European football is demonstrated when the channel broadcasts the newly created Champions' League.

1994 : The Bouygues Group increases its stake in TF1 from 25% to 34%.

Launch of LCI, the "24-hour news channel".

1995 : With the acquisition of 60% of Glem

Productions, TF1 begins to make light entertainment programmes.

Launch of the TF1 website, www.tf1.fr, which proves to be an immediate success.

With a coverage of 66 million households, Eurosport becomes the leading Europe-wide channel, achieving 15 million viewers daily.

1996 : The satellite television company TPS is launched, in partnership with France Télévision, France Télécom, CLT (Compagnie Luxembourgeoise de Télédiffusion), M6, and La Lyonnaise des Eaux.

At the same time, TCM is created, 34% of which is owned by TF1 and whose purpose is the acquisition and management of audiovisual rights.



2000 : Launch of TV Breizh, channel focusing on Brittany and the sea



1998 : 20 million viewers watch at the French team's victory on TF1



1998 : Eurosport has a total audience of 80 million viewers. 24-hour broadcasting of the Nagano Olympics.

2001 : TF1 Games is market leader with its version of *Who wants to be a millionaire?*



1997 : Launch of TF1's documentary channel, Odyssee.

TF1 Vidéo acquires distribution rights for René Château Vidéo films (800 titles).

1998 : 20 million TF1 viewers watch at the French team wins the football world cup.

Eurosport has a total audience of 80 million viewers. 24-hour broadcasting of the Nagano Olympics.

TF1 International adds to its audiovisual rights catalogue by acquiring the complete Ciby DA collection.

1999 : TF1 launches a new website and general interest portal, www.tf1.fr.

Eurosport creates its own website, www.euro-sport.com, and launches the British version.

2000 : TF1 is included in the CAC 40 following a ruling by the Conseil des Indices Boursiers and effects a 10 for 1 share-split to ensure increased liquidity.

TV Breizh, a channel focusing on Brittany and the sea, is launched on TPS, Canal Satellite and the main cable TV networks.

In partnership with M6, TF1 launches TF6, a mini general-interest channel broadcast by satellite company TPS and some of the cable networks.

2001 : TF1 acquires 50% of Série Club, the series-only channel.

TF1 buys out Canal+ and Havas to become sole shareholders in Eurosport.

TF1 Games, a new TF1 Entreprises department set up to publish and market board games, is market-leader with its version of *Who wants to be a millionaire?*.

2002 : TF1 increases its stake in TPS, by first buying the 25% held by France Télévisions Entreprise and France Télécom and then Suez' 16%. Henceforth 66% of TPS is owned by TF1 and the remaining 34% by M6.

TF1 and Miramax sign a partnership agreement to coproduce French and European films as well as founding a joint distribution company, TFM Distribution, to handle release of their films to the cinemas.

2003 : TPS, with its partner France Télécom, launches its digital TV offering via hi-speed Internet connection.

TF1 acquires a 34.3% share of Publications Metro France, Metro International's French subsidiary.

TF1 issues a €500 million bond, to fund diversification and expand its financial sourcing range.

TF1's broadcasting licence is renewed until 2012, in the context of the simultaneous transmission of the channel in digital terrestrial mode.



Michel Field's programme on Histoire

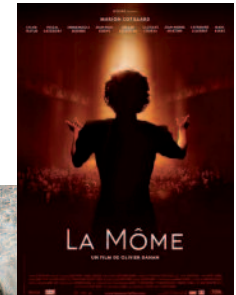
2005 : LCI is broadcasting on the DTT



2006 : Création de WAT (We Are Talented) by TF1



2005 : Launch of Ushuaïa TV, the sustainable development channel.



2007 : TF1 Films Production enjoys resounding box-office successes

2007 : Creation of Eurosport Events

2004 : Italian launch of Sportitalia (Europa TV), an unscrambled sports channel due to reach 81% of the Italian population.

TF1 is now sole owner of Glem.

The TF1 Group acquires the whole of Histoire, a thematic channel focusing on French history and general world history.

2005 : TF1 and the AB Group buy TMC from the Pathé Group, after obtaining the approval of the Broadcasting Authority (CSA). TF1 and AB each have a 40% stake in the channel, with the Principality of Monaco retaining 20%.

Digital Terrestrial Television, or DTT (Télévision Numérique Terrestre- TNT) comes to France. The TF1 Group has five broadcasting licences for this new network: two for freeview (TF1 and TMC) and three for subscription channels (LCI, Eurosport, TF6).

Téléshopping store opens in Paris on Boulevard Haussmann.

Eurosport 2 is launched as a complementary channel to Eurosport, extending the group's Europe-wide sports channel offering.

Launch of Ushuaïa TV, the sustainable development channel.

Following a decision by the Euronext Index Steering Committee, the EDF share takes the place of TF1 in the CAC 40 index by and TF1 joins the CAC Next20.

2006 : Eurosport World is launched in the Asia-Pacific zone. The new channel is strongly supported by the powerful Eurosport brand.

TF1 signs an agreement with Dogan TV, Turkish television operator, concerning a joint home-shopping venture based in Turkey.

TF1 creates WAT (We Are Talented), the first French online platform where Internet users can upload their own videos, music, photos and texts (www.wat.tv).

The Ministry of the Economy, Finance and Industry authorises a merger between pay-TV companies

Canal+ France and TPS, within a structure controlled overall by Vivendi. TF1 will have a 9.9% stake in the new structure.

TF1 announces the acquisition of a 33.5 % stake in the AB Group, with the purpose of strengthening publishing and content broadcasting.

Téléshopping acquires 95% of 1001 Listes.

2007 : TF1 achieves the 100 biggest audiences of the year for the first time.

For its worldwide launch of Windows Vista, Microsoft chooses LCI and Eurosport as platforms for developing new TV and Video applications.

Four films co-produced by TF1 Films Production enjoy resounding box-office success: *La vie en Rose* (5.2 million tickets sold), *Taxi 4* (4.6 million), *Le Prix à Payer* (2.3 million) and *Ensemble C'est Tout* (1.4 million).

Téléshopping and the Dogan Group launch their Turkish home-shopping programme on Star TV and Kanal D.

TF1 signs a partnership agreement with Telecom Italia under which it will provide content and manage the sale of advertising space for Alice's general-interest portal aliceadsl.fr website.

A number of TF1 Group websites (lci.fr, eurosport.fr, tfou.fr, etc.) are added to the Alice portal, whose advertising is now managed by TF1 Publicité.

TF1 Entreprise acquires the Dujardin games publishing company (owners of the game *1000 Bornes*). TF1 Games and Dujardin are henceforth the leading French publishers of parlour games, with a catalogue of over 200 games.

Eurosport and Yahoo! start a joint venture aiming to create the biggest community website in Europe, providing online sports news and information. The website is launched initially in Germany, Italy, Spain and the UK.

Eurosport Events is created, a new subsidiary responsible for promoting international sports events (WTCC, IRC, etc.).

A truly eventful year

Key events of 2008



The TF1 channel

TF1 achieved 96 of the year's 100 biggest television audiences and on June 13, 2008 attracted a stupendous 12.7 million viewers for the France/Holland match⁽¹⁾.

Since August 25, TF1 has been broadcasting a new version of the 8 o'clock evening news bulletin, with Laurence Ferrari as anchor, keeping TF1 well ahead of the other channels.

Since October, TF1 has been available in 16:9 HD on DTT.

Thematic channels

In April 2008, Ushuaïa TV became "the sustainable development and planet conservation channel", broadcasting a new range of programmes. The channel's website, publishing information on the topic of sustainable development, goes online at www.ushuaia.com, under the name *Ushuaïa, la Terre et Nous*.

Ushuaïa TV has been available since the end of September in HD as part of the Canal Satellite bundle.

12 years since it was first created, Odyssee has now developed into a channel focusing on French "lifestyle", elegant living and personal well-being, and has been available via Canal Satellite since November.

TMC has continued to grow and in 2008 commanded an audience share of 2.1%⁽¹⁾, making it France's leading DTT service.

Diversification activities

Téléshopping launched placedestendances.com, an online fashion department store which now includes 52 brands.

The TF1 Group's websites had recorded audiences of 15.7 million individual visitors at the end of 2008⁽²⁾, thus confirming its position as leading French online media group.

TF1 Publicité won the tender put out by the economic interest group Les Indépendants, comprised of 113 local radio stations. Winning this 3-year contract gives TF1 Publicité the opportunity to further diversify its activities by moving into a new media, radio.

e-TF1 bought Dualnet Communication, a company specialising in mass-market websites about films and television series (dvdrama.com and excessif.com). This acquisition has strengthened the TF1 Group's overall offering regarding on-line news and information.

International broadcasting

The Eurosport HD channel was launched and is currently available in 14 languages and 26 countries. The year's major sporting events were broadcast with extremely high quality pictures. The Eurosport group's expertise was clearly illustrated by the speed of both the technical rollout and the marketing launch of the HD offering.

Sustainable development

TF1, first corporate citizen: with a compliance level of 91.43% and the same rating for awareness of responsibility regarding the environment, TF1 heads the list of around sixty media companies described in a study by the French Ministry for Ecology, Energy, Sustainable Development and Land Management (MEEDDAT), published in March 2008.

Miscellaneous

Of the 32 responses to the call to tender issued by the French broadcasting authority, the CSA, with respect to personal mobile television, those of TF1 and Eurosport France were selected.

TF1 has submitted three applications to the CSA with respect to broadcasting Digital Terrestrial Radio, on behalf of LCI Radio, WAT Radio and Plurielles Radio. This first call to tender affects 19 transmission zones, covering the main French cities and representing about 30% geographical coverage.

Digital Terrestrial Radio is due to begin in France in the third quarter of 2009.

The two-year partnership agreement between TF1 and Endemol that began on September 1, 2008, means that the TF1 Group can now access Endemol's complete rights and format catalogue. Moreover, it also gives TF1 exclusive "new media" rights, both for free and subscription media, for any programmes acquired.

The two "TF1 Pitch" days, an original concept devised by the reality TV management team, was aimed at identifying new production ideas and led to the selection of ten proposed projects from producers.

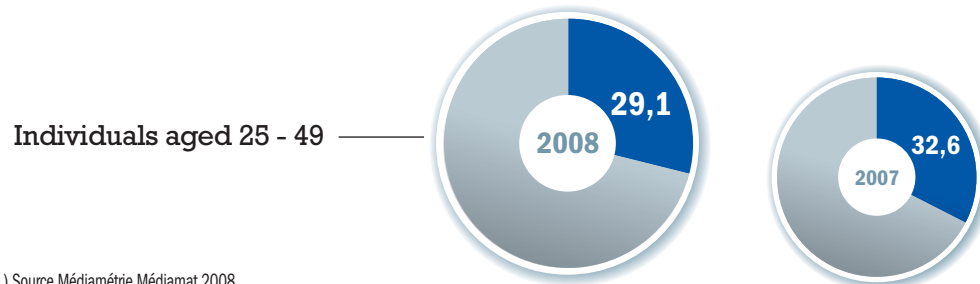
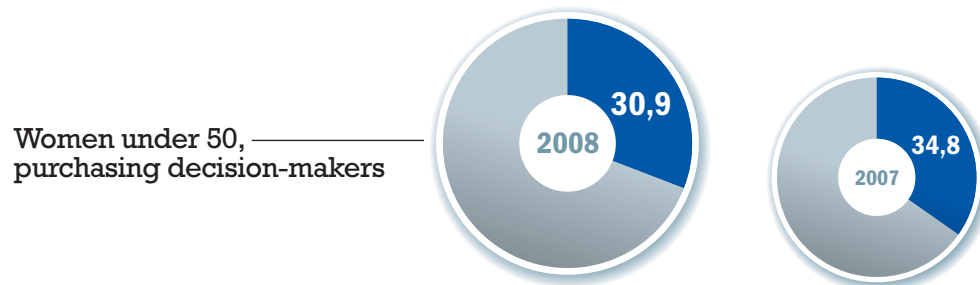
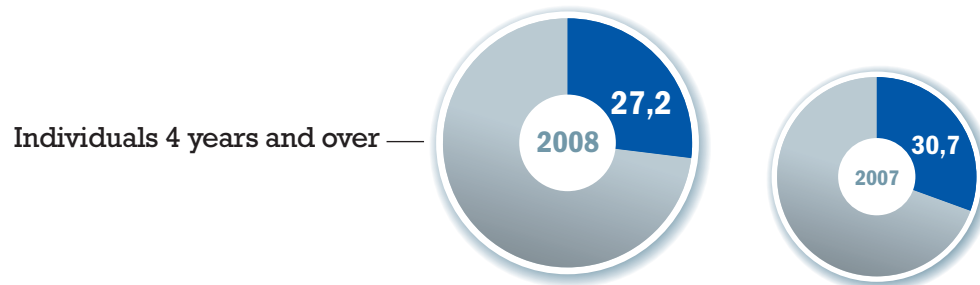
(1) Médiamétrie Médiamat 2008

(2) Panel NNR - Anytime anywhere - Excluding Internet applications

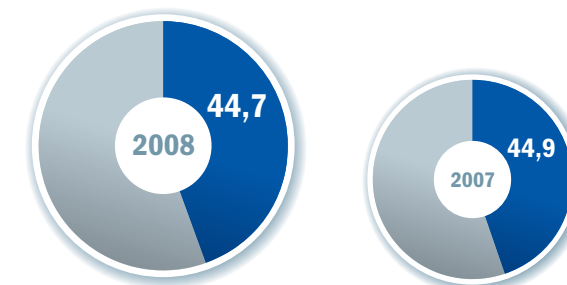
Key figures

Management indicators

TF1 channel audience share⁽¹⁾ (%)

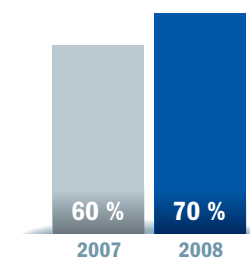


Advertising market share⁽²⁾
(% - of the whole television market)

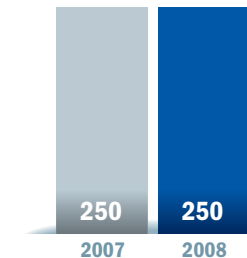


3,731 Number of people employed by the TF1 group
(3,768 in 2007)

Number of hours of sub-titled programming



TF1 investment in French audiovisual production
(in €m)



(1) Source Médiamétrie Médiamat 2008

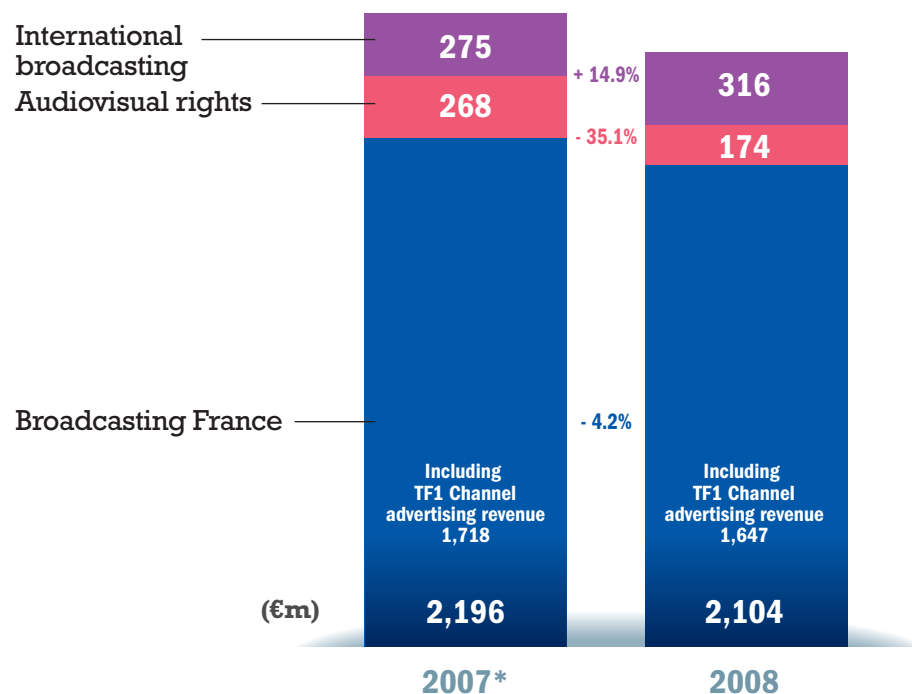
(2) Source TNS Média Intelligence 2008

Key figures

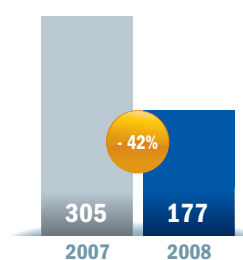
Key financial figures

Consolidated data

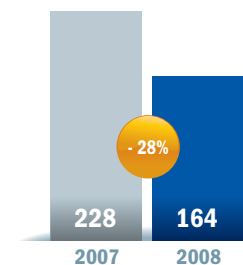
2,595 2008 revenue*
(in €m)
(2,739 in 2007)



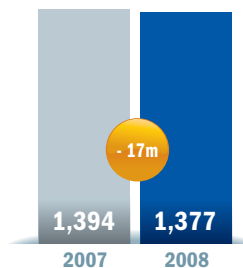
Current Operating profit (€m)



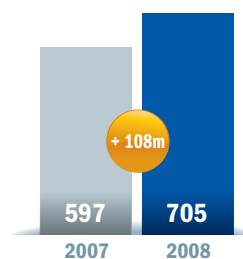
Net Results of continuing activities (€m)



Shareholder funds (€m)



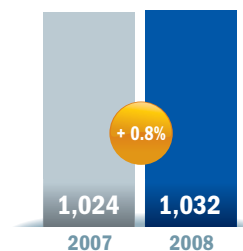
Net debt (€m)



Earnings per share (€)



TF1 channel programming costs** (€m including sporting events)



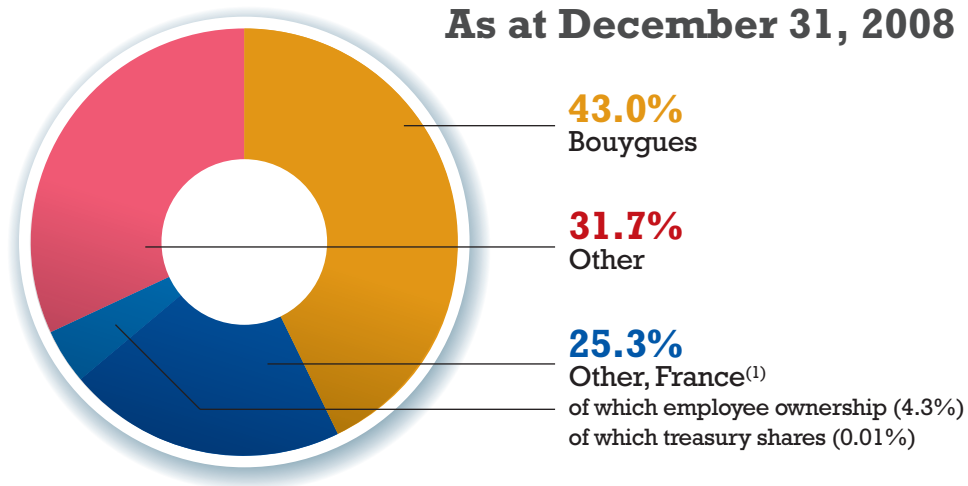
(*) In 2008, turnover was restated from turnover for third-party accounts. 2007 is presented using a comparable method (-€25 million in 2007). This alteration to accounting procedures (standard IAS 18) does not affect the

result. It primarily concerns advertising revenue and 1001 listes. (***) Cost of sporting events: €54m in 2008 and €50m in 2007.

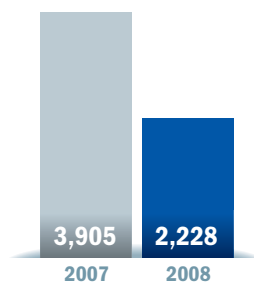
Key figures

Key trading figures

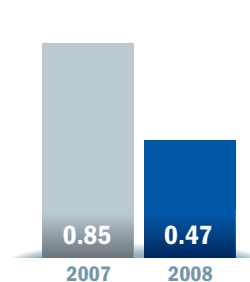
STOCK OWNERSHIP As at December 31, 2008



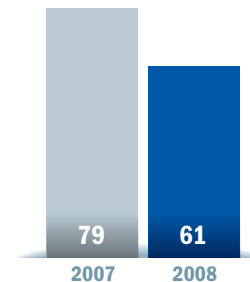
Market capitalisation as at December 31 (€m)



Dividend per share (€)



Dividend distribution rate (%)



(1) Euroclear Estimations at December 31, 2008, including non identified holders

2009 FINANCIAL DIARY

February 19, 2009:
2008 turnover and annual accounts,
Analysts' Meeting

April 17, 2009:
Annual General Meeting

April 27, 2009:
2008 dividend payment

May 13, 2009:
2009 1st quarter turnover and accounts

July 24, 2009:
2009 1st half turnover and accounts,
Analysts' Meeting

November 10, 2009:
First 9 months 2009 turnover and accounts,

This schedule is subject to alteration.



Group activities

16	• TF1 channel	22	• e-TF1
18	• TMC	23	• Téléshopping
18	• LCI	23	• TF1 Entreprises
18	• Série Club	24	• TF1 Films Production
19	• Eurosport France	24	• TF1 Production
19	• TV Breizh	25	• TF1 International
19	• TF6	25	• TF1 Vidéo
19	• Discovery Division	26	• Eurosport International
20	• TF1 Publicité	26	• France 24

96
on 100

In 2008, the TF1 channel achieved an overall audience share of 27.2% of viewers aged 4 years and over, and 30.9% of women under 50 purchasing decision-makers⁽¹⁾. Despite the plethora of offerings and the developments in the audiovisual sector, TF1 remains market leader, achieving 96 of the 100 biggest audiences in 2008, leaving only 4 to all the other channels put together.



The TF1 channel

Changes in consumption and a changing audiovisual landscape

Television consumption remains high, with an overall average viewing time of 3 hours 24 minutes (the second highest level since 1989). At the same time, DTT is gaining ground and other televisions have now obtained a quarter of the market, with a 23.7% audience share of viewers aged 4 years and over. Henceforth, 78% of French people can access more than 15 channels via DTT, cable, satellite and ADSL.

Early evening programmes – the TF1 prime time slot - remains leader

TF1 is once again shown to be unassailable in this strategic slot: whatever kind of programme is being broadcast, TF1 is well ahead of the competition. 89 prime time TF1 programmes attracted over 8 million viewers.

Prime time power of French TV drama and American TV series...

The French TV drama programmed at prime time by TF1 is widely popular. TF1 is the only channel to have attracted more than 8 million viewers to programmes of this kind on thirteen different occasions.

TF1 also offers the widest and most successful selection of American TV series currently broadcast during prime time: 7.4 million viewers on average watch *Esprits Criminels* or *Les Experts*, while just behind come *Dr House* and *Les Experts Miami*, with audiences totalling 7.1 million⁽²⁾. The channel has 7 out of 10 America's strongest TV series.

...films and reality-TV

French family comedies are also very successful in the prime time slot, an example being *Les Bronzés 3 - Amis pour la vie*, whose 11.2 million viewers⁽²⁾ beat the record held by *Pirates des Caraïbes, La Malédiction du Black Pearl* since October 2006. Big American blockbusters are also very popular, with *La Légende de Zorro* attracting 8.8 million viewers⁽²⁾.

The various real-time TV shows have also made their mark, with the *Les Enfoirés* programme, for example, achieving an audience of 10.7 million⁽²⁾ and due to return to TF1 during 2009, while the *Election de Miss France* was also very popular, with 8.1 million⁽²⁾ people tuning in. *Koh-Lanta* is an example of the success of reality-TV, with season 8 achieving a 43% audience share⁽¹⁾.

Still the prime-time leader

In this strategic slot, TF1 has maintained its leading position with an average 3.6 million viewers⁽²⁾ tuning in to watch daily broadcasts such as *La Roue de la Fortune* or *A Prendre ou A Laisser*.

News and sport at the heart of the service

TF1 news bulletins get excellent ratings. The lunchtime news broadcast is watched by an average 6.4 million viewers⁽²⁾, which amounts to a 47.6% audience share⁽²⁾. The 7.7 million loyal viewers of the 8 o'clock evening news programme give TF1 a 35% audience share⁽²⁾ leading their nearest competitors by 3 million viewers, or 13.5 audience share points⁽²⁾.

TF1 sports programmes demonstrated their ability to provide atmosphere and exclusivity with their coverage of Euro 2008, culminating in 12.7 million viewers for the France / Holland match on June 13.

Source Médiamétrie Médiamat
(1) Viewers aged 4 years and over
(2) Women under 50 purchasing decision-makers

INTERVIEW WITH LAURENT STORCH, EXECUTIVE VICE PRESIDENT BROADCASTING, DIRECTOR OF PROGRAMMES

There has been a lot of talk about falling audience numbers for TF1 in 2008. What exactly does it all mean?

L.S.: Considering that there are now 18 channels, it is hardly surprising to see a slight decline in our audience numbers. But when you consider that we still have a 27.2% audience share for viewers aged 4 years and over, which puts us a full 10 points ahead of our rivals whatever the target, it is clear that TF1 is still in a remarkable, unique position. In 2008, TF1 achieved 96 of the 100 biggest audiences of the year.

In such a competitive environment and with it being increasingly difficult to predict just what viewers want, what is TF1's programming strategy for 2009?

L.S.: We have to go on being France's favourite channel, and the way to do that is by offering our viewers federative programmes. We have to stay close to our viewers and keep our programmes in tune with the changes that are taking place in society. For example, *Secret Story*, *Dr House*, *Joséphine* and *La Roue de la Fortune* all do just that. Our viewers must be constantly aware that it is TF1 they are watching, so the programmes and packaging need to be recognisable as such: they must find what they are looking for with respect to the feelings, warmth and pleasure the programmes engender. Our presenters, who are all both talented and familiar to the viewers, have a very important role to play here in maintaining our relationship with our audience, as do the heroes of our TV dramas.

Real-time programmes, and variety shows in particular, seem to be having a few problems. Why do you think this is?

L.S.: Making a television programme is a very

complex, skilled process, perhaps even more so in today's music scene: the music industry is under a lot of pressure and there is a plethora of music TV channels. But when we programme a really exciting event like *Les Enfoirés* or the *NRJ Music Awards*, we attract an amazing number of different people of all ages, from 7 to 77!

Are there going to be any changes in the French TV drama sector?

L.S.: French TV drama is still alive and kicking on TF1, even though it isn't very long since people were saying it was on its last legs. The great TV serials that we broadcast regularly, on occasion reworked or updated, still have their fans.

We are trying to find ways of making them fit better alongside the American series, without, however, just making them into carbon copies: we plan to find new recurring heroes, as these are the mainstay of our fiction and part of our brand identity.

In 2008, you launched TF1 Pitch, to appeal to the creative streak in TV and film producers. Are you going to do it again?

L.S.: Yes, we plan to repeat the experience in 2009. Of the 130 proposals received, 5 are currently being developed – this is quite a high



percentage for an artistic activity. French creativity has not let us down! The aim of the initiative was to let French producers know that our door is open to everyone and that this was our response to the problem of the lack of international formats. Clearly, we managed to get our message across, as this spring there will be two new variety shows as a result of the "Pitch": one is for child stars and the other is for fans.

What conclusions have you drawn from 2008's two big challenges, *Seconde Chance* and *10h le Mag*?

L.S.: *Seconde chance* has been doubly gratifying because it demonstrates that we can produce a high quality daily while reaching a loyal audience. The aim of *10h le Mag* was to liven up the TF1 morning slot, which had been living off stock programmes for the past twenty years. It's a programme that has a dual purpose: to bring us closer still to the viewing public and to introduce new faces to the TV screen, so as to prepare the TF1 of tomorrow. From this point of view it has been a great success.



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

10H LE MAG MAKE A DATE WITH TF1'S NEW MORNING SHOW

Sandrine Quétier and Julien Arnaud, the channel's two new presenters are both very keen to get the message across: *10h le Mag* is a magazine and not a daily morning show. This totally innovative programme is produced by TF1 Production and broadcast live from Studio 3, Monday to Friday (except Wednesday). A daily hour-long show, it aims to be on the ball and fast-paced, alternating between the studio and reports from elsewhere (6 to 8 per programme). Younger viewers are increasingly drawn to live television, with its feeling of being close by and its relaxed atmosphere, light-hearted or more serious according to the subject under consideration. "We're aiming to be a lot more topical", explains Julien Arnaud. The two presenters are joined by a different guest each day as well as a trio of commentators: Sophie Brafman, who deals with topics concerning the family, society and private life, Emilie Mazoyer focuses on fashion and trends, while Matthieu Delorme's field is news and media. Just as the two presenters complement each other, so do the people who make the programme: the thirty or so involved in creating it every day work in close collaboration with the teams from *50mn Inside*.



Broadcasting France

Thematic channels



TMC

2008 was a record year for TMC, the undisputed leader in the DTT sector and 7th French channel, beating Arte and all the other DTT channels with a national audience share of 2.1%⁽¹⁾.

With a 4.2% share of the DTT audience, TMC is 5th French DTT channel, coming before France 5, Canal+, Arte and all the other DTT channels.

TMC also holds the DTT audience record, with 1.4 million viewers tuning in to watch the film *Allo Maman ici Bébé*, as well as achieving 7 of the 10 biggest DTT audiences of the year.

Such results are the well-deserved reward for a revised editorial approach and a unique positioning amongst the new DTT channels, as a general-interest, light entertainment channel for all the family.

In 2009 we will be strengthening this positioning with new programmes and new packaging.

(1) Source : Médiamétrie Médiamat 2008

LCI

The liberation of Ingrid Betancourt, the election of Barack Obama, the Beijing Olympic Games, Euro 2008... La Chaîne Info (The News Channel) made sure its political, economics, culture and sports experts were all on hand to cover the big news events of the year, as well as interviewing over 7,000 guests.

At the same time, the channel strengthened its synergies with the TF1 and LCI.fr editorial teams by producing more and more joint special editions.

LCI gave particular prominence to interactive features, broadcasting the reactions of internet users on Valérie Expert's magazine programme, *On en Parle*.

Other new features were François Bachy's *Blog Politique* and *Le Buzz*, presented by Damien Givélet and Benoît Gallerey, who explain the latest happenings on the net.

Not content with being on cable, satellite, ADSL, pay-view DTT, the Internet and mobile phone, LCI launched its own radio station on LCI.fr, on January 15, 2009. Its overriding ambition is to be present on all platforms.

Série Club

In 2008, Série Club, the wall-to-wall series channel, had two things to celebrate: its 15th anniversary, which occurred during the 48th Monte Carlo Television Festival, and a remarkable increase in audience share.

The series broadcast by Série Club are all recent and cover the whole range of genres. Alongside such popular series as *Stargate SG1*, *Atlantis*, *Diagnostic Meurtre* and *Oz*, Série Club also has a catalogue of more unusual series like *October Road*, *K-Ville* and *Eureka*.

Série Club also shows French series like *Bœufs Carottes*, and *Commissaire Valence*.

Finally, Série Club broadcasts variety shows like *Tous Fans de Séries*, *the Emmy Awards*, *le Hit des Séries* and *Screenings*.

At the end of 2008, Série Club was watched by 4.9 million households on satellite, ADSL and cable television.



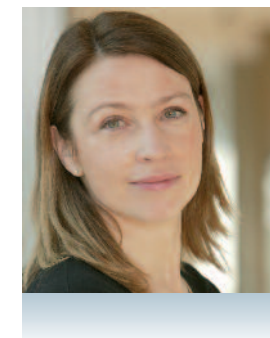
TMC EN 2008 :
STRENGTHEN THE BRAND IDENTITY OF THE LEADING DTT CHANNEL, AS A GENERAL-INTEREST, ENTERTAINING FAMILY CHANNEL AND DEVELOP IN-HOUSE PRODUCTIONS.

Following on from the 2007 season, TMC launched two flagship prime time magazine programmes: *90'Enquêtes*, presented by Carole Rousseau, and *Ma Drôle de Vie*, presented by Alexia Laroche-Joubert.

Two other highlights of 2008 were the new, immediately popular, real-time programmes, *Incroyable mais Vrai le Mag*, presented by Sandra Lou and Denis Maréchal, and *Le Meilleur de Surprise sur Prise*, with its new presenters Agathe Lecaron and Jean-Michel Zecca.

TMC also broadcasts a great many specials and topical events shows, in Jean-Pierre Foucault's *J'ai mon Mot à Dire* and Denis Brogniart's *Domino Day* and *Les Incroyables Secrets de la Magie enfin Dévoilés*.

One of the highlights of the first quarter of 2009 will be a new light entertainment show called *Fan des Années 90*, which will revisit the main events of the nineteen-nineties in the company of Laurence Boccolini.



Caroline Got
CEO, TMC



Eurosport France

Eurosport France comfortably maintained its leading position in France in 2008, thanks to a year that had a plethora of exceptional sporting events (Beijing Olympics, Euro 2008, etc.).

In 2008, the Eurosport channel had a paying subscriber base of 7.3 million in metropolitan France and French-speaking areas abroad, including 0.7 million in Switzerland and 0.3 million in French speaking Belgium.

With an audience share of 1.6% of viewers aged 4 years and over⁽¹⁾, Eurosport has clearly been the top French thematic cable and satellite channel for more than three years. This success can be put down to its unique portfolio of broadcasting rights, which includes the French League 2 Football Championship, the French Football Cup, the French Handball Championships, Formula 1, etc.

The French version of the Eurosport 2 channel, launched on April 30, 2005, has 1.4 million paid subscriptions⁽¹⁾.

Another high spot for Eurosport in 2008 was the introduction on December 5th of Eurosport HD, available in France via CanalSat's High Definition package, satellite and ADSL. Henceforth, all major sporting events would be available in French high quality HD.

(1) Source : Médiacabsat - 31/12/07 - 15/06/08

Discovery Division

TF1's Discovery Division comprises the documentary channels Odysée, Histoire and Ushuaïa TV. Available via satellite, cable and ADSL, they have 2.5 million, 4.4 million and 2.2 million subscribers, respectively.

Our 2008 strategy was aimed at strengthening their editorial identity and consolidating distribution.

Odysée has now developed into a channel focusing on French lifestyle, elegant living and

personal well-being. Its weekly magazine, *Du Beau, du Bon, du Bien-être*, is presented by Sandrine Quéfier and takes a look at the latest trends. The channel has also taken on a new logo.

Histoire offers the best history documentaries as well as broadcasting numerous debates, led by Michel Field and Valérie Expert, to aid understanding of current events, people and nations. Histoire is also the major channel to broadcast memorial events.

Ushuaïa TV has now made its mark as the sustainable development and environmental conservation channel. Nicolas Hulot's unmissable programmes are complemented by innovative new programmes dealing with the topic of environmental conservation. The daily magazine *Passage au Vert* takes a global look at what is happening to the planet. Ushuaïa TV has been available in HD since October, on CanalSat.

TV Breizh

TV Breizh is watched by nearly 5.9 million households and is one of the most popular channels with women under 50, owing to the unifying nature of its general interest, popular programming policy, centred around flagship series like *Columbo*, *Arabesque* and *Miss Marple*, American series (*Close to Home*, *Monk*), excellent films (*Gladiator*, *Apollo 13*, *Bodyguard*) and the best in French TV dramas.

TV Breizh also broadcasts new, exclusive programmes such as *Top Story*, a special news magazine presented by Erika Moulet, and *L'Argent et Vous*, a magazine dealing with the issue of purchasing power.

Since it stopped broadcasting a regional news programme, TV Breizh has been looking into reallocating its resources to programmes with a more unifying effect. The channel is also further developing its own broadcasting platform in Lorient, to which an HD broadcasting studio was added for the launch of Ushuaïa TV HD.

TF6

In 2008, TF6 refocused its programme package on the 15 / 34-year-olds, by broadcasting more event-driven shows such as *La Folle Route* with Magloire and Vincent Mc Doom, *Pom-Pom Girl à Miami*, *La Nuit de la Fausse Pub*, *Les Spéciales Cauet*, *Murder*, presented by Flavie Flament, and, lastly, wrestling, with *TNA Impact!* and presented by Magloire and Célian Varini.

TF6 has also been broadcasting both older TV series, like *Beverly Hills*, *Dawson*, *Les Frères Scott*, *Smallville* and *Scrubs* and more unusual ones like *Saving Grace* or *Squeegies*.

The TF6 selection also includes unmissable

programmes like *The Closer*, *New York District*, *Numbers* and *NIH*.

Reality television is also represented on TF6 by Victoria Silvstedt's programme, *Beauty and the Geek*.

Last but not least, the channel also broadcast a selection of the best films and made-for-television action films, including *L'Ombre Blanche*, *Jacky Chan sous Pression*, *Les Chroniques de Riddick* etc.

At the end of December 2008, TF6 was watched by 5.9 million households via DTT, satellite, broadband and cable.





Advertising

TF1 Publicité: lots of media, lots of ideas

TF1 Publicité is the benchmark multiple-media advertising agency available on today's market, offering the right communications solutions via its powerful and widely varied range of advertising platforms.

TF1: the success of mass media

In this changing economic situation, choosing a means of communication is all about finding the most successful way of getting a message across. As the leading French television channel, TF1 has the most powerful screens on the audiovisual scene: of the most powerful screens in the country⁽¹⁾, comprising 5% of the whole, 90% belong to TF1. This instant power, much sought after by advertisers, helps build a brand image (fame, image, brand preference) and guarantees sales in both the short and the long term. This very rare advantage places TF1 Publicité in a unique position in the multi-media market.

Thematic channels: targeted, qualified audiences

TF1 Publicité sells advertising space on 15 thematic channels. These complementary niche-market channels can offer targeted, qualified advertising space within a range of major themes:

- sport, on Eurosport France, the leading cable / satellite channel for men under 50 and the channel of reference for live sporting events, and Eurosport 2,
- news, with LCI and the weather channel (la Chaîne Météo),
- mini general interest, with TF6 and TV Breizh,
- discovery, lifestyle and sustainable development,

- with Histoire, Odyssée and Ushuaïa TV,
- younger viewers, with Boomerang, Cartoon Network, Disney Channel, Disney Cinemagic and Playhouse Disney,
- cinema with TCM.

Internet⁽²⁾: a dynamic offering

Overall, the service can reach 17.8⁽³⁾ million individual visitors, or 55% of Internet users, via www.tf1.fr, a general interest website focusing on TF1 channel programmes, www.aliceadsl.fr, the ISP portal, and other sites centred on themes of interest to Internet users (lci.fr, lachainemeteo.com, eurosport.fr, automoto.fr, tfou.fr, disney.fr, plurielles.fr, teteamodeler.com, universalmusic.fr, dvdrama.com etc.).



In December 2008, TF1 Group websites⁽⁴⁾ were able to boast audience figures of 15.7 million individual visitors.

TF1 Publicité markets a wide range of video content from TF1 broadcasts (catch-ups, clips, out-takes, episode guides, summaries, Web TV, Tfou.fr etc.), programmes produced specifically for the internet (*Journal Télévisé en off* on lci.fr, content created by Internet talent on WAT.tv etc.) and numerous shorts of varying format (film promotions, video clips etc.). The company is thus a major player in the online video advertising sector and has many formulae to offer, some of which can be exclusive (sponsorship credits, break bumpers, player idents etc.).

TF1 Publicité is also a leading player on the community Internet scene, with its websites OverBlog (leading blog platform with 8.6 million individual visitors) and WAT (3rd placed video portal with 3.1 million individual visitors).

Lastly, TF1 Publicité is also offering an innovative mobile Internet proximity advertising service, incorporating a range of themes and targets (LCI, Plurielles, WAT, Eurosport, Overblog, Bouygues Telecom etc.).

“Advertisers are no longer just looking at a platform’s inherent features in relation to their objectives: they now want innovative, relevant mechanisms that are complete in themselves. This is why the added-value in a multi audio visual agency such as TF1 Publicité, also lies in our capacity to create and put forward integrated, fully coherent advertising solutions that aim to optimise the appearance and performance of our advertising campaigns.” Martine Hollinger, Chief Executive Officer, TF1 Publicité

Radio: power and proximity

In June 2008, TF1 Publicité won the tender from the Les Indépendants group and has therefore been marketing advertising space on the 113 local radio stations since January 1, 2009. This leading offering (18.5% of listeners to commercial radio aged 25 - 49⁽⁵⁾) is complemented by the Sud Radio and Wit FM package.

The local offering: the perfect complement and support for our national platforms

Local channels

Further enhanced in 2008 by two of the Paris region’s DTT channels (IDF1 and Demain.tv) plus five channels from the Hersant Group, TF1 Publicité now boasts 37 local television channels (of which 21 broadcast via DTT) reaching nearly 22 million people.

Digital display: an event-driven platform

Installed on the esplanade at La Défense, the giant TV screen, known as the Grand Ecran des Quatre Temps (some 66 metres square), has created a permanent event in a unique site that is visited by the strategic targets of the advertising world.



TF1 PUBLICITÉ



A 361 SERVICE THAT GUARANTEES OUR BRANDS, OUR CONTENT AND OUR EXPERTISE ARE PRESENT ON EVERY COMMUNICATIONS PLATFORM.

Founded in March 2008, TF1 Publicité’s new department, TF1 361, addresses all the new challenges.

Its mission is to design relevant, multi media advertising mechanisms, focusing the different platforms around a single theme or exclusive content.

TF1 361 uses its wide range of platforms, multi-channel expertise and exclusive brands and content to provide tailor-made, value-added communications tools.

The Hollywood TV campaigns and Sony’s Play TV launch are perfect illustrations of TF1 361 creativity.

Thus, to launch its celebrity Web TV, Hollywood was able to rely on an exclusive mechanism combining mass media on the one hand (spots on TF1) with the visibility and interactivity provided by a selection of the service’s websites.

To make the launch of Sony’s new Play TV functionalities into a real media event, TF1 Publicité used one of the channel’s presenters in the advertiser’s ads, combined with a competition on the TF1 Network and Sony websites.

(1) Audience > 8 GRP for the target aged 4 years and over

(2) Source Panel Nielsen Net Ratings - December 2008

Anytime anywhere - French viewers > 2 years old - excluding Internet applications - change of method since July 2008 (extension of scope of “anytime anywhere” measurement)

(3) Total offering TF1 Publicité AdNetwork TF1 Publicité

(4) TF1 parent group

(5) Source: Médiamétrie 126,000 Radio Sept-Oct 2008 / Monday-Friday / 05h - 24h

e-TF1

TF1 Nouveaux Médias

The TF1 New Media department was created with the purpose of orchestrating the Group's activities regarding the Internet, mobile television, IP television and emerging platforms, as well as enhancing TF1's offering on these new media.

e-TF1's 360° strategy has resulted in promising new synergies being developed with the Channel and helps TF1 Group subsidiaries with their Internet development by contributing its technical and online marketing expertise (TF1 Vision, Téléshopping etc.).

TF1, leading media group on the Internet ⁽¹⁾

TF1 is the Internet's leading media group and the eighth biggest player on the French Internet (December 2008), with over 15.7 million unique visitors. The TF1 Group reaches one out of every two Internet users.

TF1's excellent Internet performance is a result of its wide-ranging selection of news and entertainment websites, perfectly in tune with Internet users' preferences:

- the general interest portal tf1.fr, including "TF1 La Chaîne", which provides detailed information about the channel's programmes,
- an enhanced video offering on WAT,
- official programme websites (*Secret Story*, *Koh Lanta*, *Seconde Chance* etc.) working in complete synergy with the TF1 channel, and

further accentuated by television / Internet bounces effects in 2008.

- online games based on TF1 game shows (such as *Qui veut gagner des millions?* and *A Prendre où à Laisser*),
- websites focusing on the Group's main broadcasting arms, such as tfou.fr (younger viewers), LCI.fr (news), eurosport.fr (sport),
- complementary thematic websites such as automoto.fr, dvdrama.com (films and series), plurielles.fr (portal for women), ushuaia.com (sustainable development) and also Web 2.0, the interactive, community Internet and with Overblog.

TF1 has an expanded video offer comprising:

- complete free catch-up programmes on the net,
- shorts made specifically for the Internet (promotions, clips, out-takes, backstage, exclusive content specially produced for the Internet etc.),
- prime content resulting from strong partnerships with producers (film promotions), semi-professional Internet talent (*Le Zapping du Web*), and UGC contents.

In all, the TF1 network broadcast a billion videos online in 2008, the equivalent of 2.5 million videos per day. It is currently the leading copyright-respecting French Internet video catalogue.

Mobile Internet Sites

TF1 is represented on the mobile Internet in two ways: via its own TF1 websites (WAT, LCI, Hub TF1 etc.) and via content distribution for mobile Internet operators.

In July/August 2008, nearly a million *Secret Story* videos were watched on the mobile Internet, constituting a record for a TV programme.

Emerging platforms and business











The TF1 Group is studying and conducting experiments relating to emerging platforms and business, such as IPTV, Internet connected television, personal mobile television, digital terrestrial radio, and dynamic display in public places with TF1 Outdoor.

To this end, the New Media Department leads Group-wide cross-functional cooperation in the innovation process, contributing its technical, business and marketing skills to innovative projects.

Interactive Television

Interactive television (e.g., votes and games via automated telephone service or phone texting) is a major part of the TF1 Group's New Media activity, carrying out over 1,000 operations each year to increase audience involvement and participation in its programmes.

(1) Source: Panel NNR - end December 2008
Anywhere anytime - excluding Internet applications

		DECEMBER 08	DEC. 07	EVOLUTION
INTERNET MARKET		32,3 M IV	25,4 M IV	+ 27%
	» 8 th group of the Web	15,7 M IV	10,4 M IV	+ 50%
TV / Entertaining	» 1 st	 3,6 M IV	2,8 M IV	+ 29%
Sports	» 2 nd	 2,5 M IV	1,3 M IV	+ 88%
News	» 6 th	 3,7 M IV	2,5 M IV	+ 43%
Youth	» 5 th	 745 KIV	533 KIV	+ 40%
Women	» 3 rd	 3,0 M IV	1,6 M IV	+ 87%
Video 2.0	» 4 th	 3,1 M IV	1,2 KIV	+ 151%
Blog 2.0	» 1 st	 8,6 M IV	4,9 M IV	+ 77%
Cars	» NS	 299 KIV	-	-
Cinema	» 4 th	 730 KIV	570 KIV	+ 28%

Individual Visitors : IV



Diversification activities

Subsidiaries focusing on their core activities in a testing environment

Téléshopping

Téléshopping is one of the foremost players in the French home shopping sector and its activities can be divided into two main areas: home shopping and e-commerce.

TF1's morning shows, presented by Marie-Ange Nardi, are backed by 8.5 million paper-based catalogues, the Internet shopping site teleshopping.fr, whose sales account for nearly 40% of turnover, and a network of three stores (two in Paris and one in Lyon, opened in 2008).

The home shopping activity is supplemented by the Infoshopping subsidiary (production of infomercials), which is dedicated to the French so-called "complementary channels", and by the channels comprising the subsidiary shared 50/50 with the Turkish Dogan group, a home shopping group launched in Turkey at the beginning of 2007.

There was a new development in our e-commerce activity in March 2008, when the placedestendances.com website was launched. This online fashion department store carries the current collections of 45 medium and top-of-the-range ready-to-wear labels. 80% of the company is owned by Téléshopping and the remainder by its co-founders.

This site is the most recent addition to our other online shopping activities, 1001listes.fr and 1001mariages.fr, leader in the Internet wedding sales sector. In 2006, Téléshopping took over the 1001 Listes company, in existence since 1999.



TF1 Entreprises

Ushuaïa, Star Academy, Barbapapa...strong brands further enhanced by TF1 Entreprises.

Brand agency and publishing company, TF1 Entreprises is a subsidiary of the TF1 Group with four responsibilities:

- TF1 Licences markets brand licenses to manufacturers (*Ushuaïa*, *Star Academy*, *Tecktonik*, *Hello Kitty*, *Barbapapa*, *Bob l'Éponge*, *Koh Lanta*, etc.) and designs and sells merchandise linked to shows and events (music tours etc.).
- TF1 Games / Dujardin publishes board games, some of which are derived from television programmes (*Ushuaïa*, *La Roue de la Fortune*,

Qui Veut Gagner des Millions?, etc.), while others are original ideas (*Composio*, *Cranium*, *LiveQuiz*, etc.) or already strong brands, such as the *1000 Bornes Range*, with recent addition *1000 Bornes Plateau*.

- TF1 Games and Dujardin together represent the leading French board game publishers, with a catalogue of over 200 games.
- TF1 Musique works in the record production field, developing projects connected with musical operations, in partnership with record companies, and with brands and artistes whose rights it owns. In 2008, apart from *Star Academy*, the company's main activities concerned recording partnerships (Michael

Jackson, Laurent Voulzy, Johnny Hallyday, Mylène Farmer, Seal etc.) and partnerships promoting stage shows, such as *Cléopâtre* and *Némo*.

Une Musique, a subsidiary of TF1 Entreprises, publishes and produces television musical soundtracks.

- TF1 Publishing publishes books under the Toucan label and markets magazines. In 2008, TF1 Publishing steered its production for younger readers towards teenage fiction (novels by *Alexandra Ledermann*, *Le Tueur à la Médaille*) and strongly branded comic books (*Spiderman*, *Madagascar*). Meanwhile, the *Ushuaïa atlas and Calendar* continued to benefit from the long-standing bookstore success of the Ushuaïa brand.

In-house production

The TF1 Group, originally a programme publisher, created production subsidiaries in order to provide the channel with entertainment and news programmes, TV dramas, documentaries and films, thereby addressing its obligations with respect to investing in French productions.

TF1 Films Production

TF1 Films Production is the TF1 Group subsidiary involved in the co-production of feature films. It acquires the broadcasting rights destined for TF1 and co-producer royalties giving it access to the receipts generated by the exploitation of the films. Through these investments, TF1 honours its obligations with respect to financing, to the tune of 3.2% of its advertising revenue, the co-production of European films, of which 2.5% are to be in the French language. In 2008, €50 million were disbursed for this purpose.

In 2008, TF1 was associated with the production of 22 films, several of which had attracted over a million film fans by the end of December: *Bienvenue chez Les Ch'tis* (20.4 million admissions), *Astérix aux Jeux Olympiques* (6.8 million admissions), *Disco* (2.4 million admissions), *Enfin Veuve* (2.2 million admissions), *Transporteur 3* (1.4 million admissions), *Cash*, *Agathe Cléry*, *Largo Winch* (1.1 million admissions each).

TF1 Production

2008 saw the birth of TF1 Production, a single company which is now responsible for the production activities previously shared between Glem, Quai Sud, Alma, TAP, Yagan and TPP. This single, cohesive structure can offer a broad palette of programmes of all kinds (magazines, documentaries, fiction etc.), of any length and suitable for any platform.

Its aim is to better serve the Group's broadcasting needs (TF1, thematic channels, Internet) as well as developing external production activities and hence increasing revenue.

The various branches of production have now been gathered together in shared premises at TF1 Production and by mid-2009 will have its own post-production unit, so as to stimulate creativity and develop in-house expertise, whilst making optimum use of production facilities.

In 2008, TF1 Production produced around 400 hours of original programming, including:

- the launch of two new magazines, *Enquêtes et Révélation*s, and *10h Le Mag* plus a new version of *Sans Aucun Doute*,
- the new seasons of *50' Inside*, *Téléfoot*, *Automoto*, *Confessions Intimes*, *NRJ Music Awards* and *Ushuaïa*,
- the TV dramas *RIS* and *Seconde Chance*,
- and around 5,000 shorts (promotional clips, short programmes, sponsorship credits).

This reorganisation is illustrative of the TF1 general management team's strategy of boosting in-house production, with the dual aims of content control and cost-efficiency.

SECONDE CHANCE



SECONDE CHANCE : INDUSTRIAL PRODUCTION METHODS

The daily sitcom *Seconde Chance*, which is produced by TF1's production company called TF1 Production, under the management of Edouard Boccon-Gibod, shows the channel's determination to industrialise its production methods.

Since September 2008, the programme has been broadcast on TF1 every weekday at 4.40 pm, and tells the story of a 35 year old mother of two, Alice, and her adventures in the unforgiving world of advertising. Filmed in HD (High Definition), this sitcom, comprising 180, twenty-six minute episodes, has concentrated the energies of 150 workers (including 30 actors) every day since March 2008. Altogether, 450 people have been involved in the project in one way or another.

Filming, at the SFP studios in Bry-sur-Marne, is fast-paced, with 5 episodes completed every seven days, and everyone involved, whether actor, author, technician or director, works on the same site. In this way, all stages of production take place in parallel, while a team of 15 script-writers drafts the next developments in the story. In each of the four studios, 3 film cameras are kept busy relaying the pictures via fibre-optic cable, directly to the post-production unit, where a 15-person team immediately carries out the rough-cut, editing, mixing and special effects. Altogether it takes less than 3 months for an episode to develop from idea to finished product.



Edouard Boccon-Gibod
Chairman, TF1 Production



Audiovisual rights

TF1 International

TF1 International was created in 1995, as a TF1 subsidiary responsible for acquiring and distributing audiovisual rights in France and worldwide. TF1 International is one of the main French sales outlets for broadcasting rights outside France and is established in all the main markets: Los Angeles, Cannes, Berlin, Venice, Toronto, etc.

In France, TF1 International is also one of the main distributors of films to exhibitors and in 2008 placed *Cash*, with Jean Dujardin and Jean Reno, *Femmes de l'Ombre* with Sophie Marceau, *Bangkok Dangerous* with Nicolas Cage etc. Cinema releases generated 5.5 million ticket sales in 2008.

Lastly, TF1 International has a substantial back-catalogue of audiovisual rights that it is marketing via its re-run catalogues.

TF1 Vidéo

For the past 20 years, TF1 Vidéo has stood out as a major player in the video publishing and distribution markets, thanks to a catalogue

comprising over 4,000 programmes acquired from the French or foreign beneficiaries concerned. As the leading independent publishing and distribution company, TF1 Vidéo performs well in every field, from the cinema to stand-up comedy, from programmes for younger viewers to TV dramas.

The success of recent publishing operations fully illustrates the company's eclectic expertise: comedy, with *Papa est en haut*, Gad Elmaleh's latest show (over 800,000 copies sold) and *2^{ème} Couche*, Nicolas Canteloup's new show (over 350,000 products delivered), film, with the resounding success of the film *La Vie en Rose*, in 2008, which sold over a million copies, and television series, with *Les Experts*, a programme millionnaire several times over in numbers of DVDs sold.

TF1 Vidéo has always maintained a policy of paying close attention to quality of editorial content, alongside a continual quest for innovation, two basic principles that have guided the company's recent development.

To this end, in 2005 the company began by launching TF1 Vision, the TF1 Group's Video on Demand service (VOD).

Three years later, TF1 Vision had become the most popular VOD service in France, easily accessed with a few clicks on its Internet portal, tf1vision.com or one of its online VOD stores, which are available via the main French Internet Service Providers.

With a catalogue of over 5,000 programmes, many of which are exclusive to TF1, TF1 Vision is constantly finding new ways of offering its customers a high-performing, user-friendly service that includes: paid catch-up sessions, programmes in the original language or High Definition, possibility of buying a season-ticket, DVD burning (FluxDVD) or download and save.

TF1 Vision is also behind the creation of a new, particularly innovative service in France: Premium VOD, which offers the latest episodes of the strongest American television series, with French subtitles, just 24 hours after their transmission in the United States. This offer, that has met with considerable success, so far includes *Heroes*, *Lost*, *Dr House* and *Grey's Anatomy*.

High editorial standards and innovation are the TF1 Vidéo watchwords when it comes to more tangible

products, a policy which has now culminated in the 2008 launch of Blu-ray High Definition discs.

In order to make this new platform even more attractive to the French consumer, TF1 Vidéo is only developing the kind of top-of-the-range Blu-ray products that will convince viewers of the added value provided by high-definition technology.

The company has therefore done everything in its power to ensure that every episode of recent programmes (*Cash*, *Les Femmes de l'Ombre*, *Ushuaïa*) or such films as *Kill Bill I & II*, are examples of editorial excellence and uncompromising technical quality, both of which have been recognised by consumers and specialist media alike.

Finally, TF1 Vidéo was the first French publisher to offer consumers the very latest technological development in the field: the inclusion, on some DVD editions, of a digital copy of the programmes, thus providing them with not only a tangible platform but a legal digital version for viewing on computer or MP3 player.



International broadcasting

Eurosport International

In 2008, Eurosport HD took sport into a whole new dimension!

Eurosport is Europe's leading multi-media platform and includes, since May 2008, Eurosport HD. In 2008, the group broadcast every major sports event (the Beijing Olympics, Tour de France etc.) on every available media (television, Internet, mobile).

The Eurosport channel is received either free or via subscription by 108.9 million households. The increase of 3.6 million households over the past year is mainly a result of growth in Central and Eastern Europe. Broadcasting to 58 countries, in 19 languages, the channel has attracted 66.4 million paying subscribers, an increase of 9.4%.

Eurosport is continuing its policy of paid-up subscribers only for all its European platforms, and in 2008 over 21 million different viewers tuned in to the Eurosport channel every day⁽¹⁾.

Eurosport 2, the next generation sports channel, broadcasts live sport and sports news in 10 versions to 44 countries. The channel is

proving to be extremely popular in 34.4 million households and has seen the fastest growth rate in Europe⁽²⁾.

Just 6 months since it was first launched, Eurosport HD is a great success and is already available in 14 languages, watched by 1.6 million households in 26 countries. This year the Alpine Ski World Championships in Val-d'Isère were broadcast in High Definition, as will be Roland-Garros, the World Swimming Championships and the Tour de France.

Eurosport News is a round-the-clock sports news service available in 20 different countries.

On the Internet, Eurosport remains Europe's leading sports news publisher, with a network of 8 websites visited by an average 7.5 million individual visitors every month⁽³⁾. In 2008, a total of 5.5 billion Eurosport web pages were visited (+ 26.3%) and the sites had 1.6 million daily cookie visits during the Olympic Games. Other highlights were Eurosport's partnership with Yahoo!, its exceptional coverage of sporting events and the ergonomic redesign of its websites.

Eurosport Events, a company specialising in promoting international sporting events, has a portfolio of 40 sports-related events, including motor-sports, horse-riding, sailing etc.

France 24⁽⁴⁾

Launched in December 2006 France 24 is a round-the-clock international news channel, owned equally by TF1 and France Télévisions. International news is seen and discussed from a French perspective, including wide-ranging opinions, debate and argument. Current events are put under the microscope, and considerable attention is paid to culture and the arts.

France 24 is a real news hub, broadcasting in three languages (French, English and Arabic) both on television and the Internet.

- (1) Sources: AGF / GfK, BARB, SKO, MMS, TNS-Gallup, TNS Global, AGB NMR, Armadata / GfK - Telmar Peaktime (9h - 25h CET)
- (2) EMS survey, summer 2008
- (3) ComScore, 2008 data
- (4) TF1 sold its shares in France 24 on February 12, 2009, to Société de l'Audiovisuel Extérieur de la France

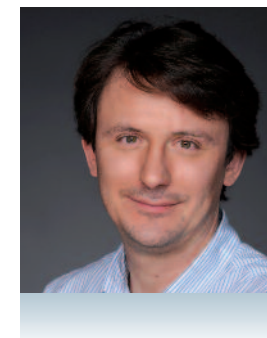
“ THE 2008 OLYMPIC GAMES

The Olympics started early on Eurosport, with a football match broadcast on August 2nd – and they were constantly on air from then on until August 25th.

“We were broadcasting live every day from 3 a.m. until 5 p.m. French time”, explains Alexandre Daquo, Deputy Director of the Eurosport editorial team. “Then our magazine programmes took over, from 5 p.m. to 11 p.m., reviewing the events of the day and previewing those coming up the next day.

Substantial resources were needed for the Group to cover an event like this, including two studios and 70 Eurosport and TF1 employees on location in Beijing. The on-the-spot teams made sure we did not miss anything that happened. They did the interviews for all the channels belonging to the Group, while French, English and German commentators followed the actual events. Pictures were sent to Paris from 16 different sources, so most of the actual production work took place in France.

The end product was certainly worth the investment. Our average daily audience was doubled, hitting 1.1 million. Altogether that comes to around 123 million viewers over the whole period.”



Alexandre Daquo,
Deputy Director
of the Eurosport
editorial team



Outlook

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Television, France's favourite medium

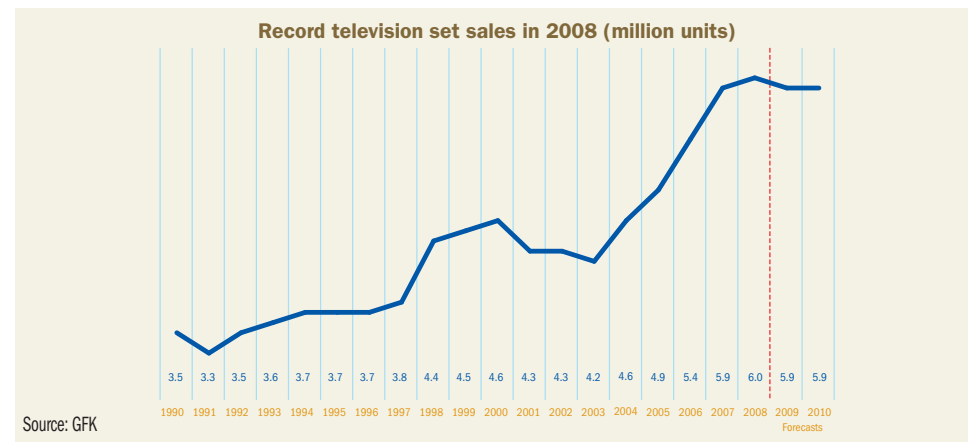
In 2008, television continued to be the medium that really federated viewers on a daily basis, particularly with respect to major events. As new technologies continue to develop, more and more things are becoming possible, new ways of broadcasting and viewing television images, as well as television sets that can produce increasingly high quality pictures. In 2008, the choice was wider than ever, with over a hundred channels available via terrestrial television, free or pay DTT, cable, satellite and broadband.

Households well-equipped to consume television pictures⁽¹⁾

Today, 98% of French households have at least one television set, while 54% of them have more than one. After a relatively stable period, during which the percentage of multi-television households remained at 47% from 2002 to 2005, rising to 48% by the end of 2006, this share of the market is now much more dynamic (+ 2 points between 2007 and 2008, + 6 points between 2006 and

2008) because of the impact of new screen formats. 44% of households now own a 16:9 set and 31% have a high definition screen – both these sectors have seen very strong growth over the past year (+ 9 points and + 14 points, respectively).

Although improved picture quality is clearly increasingly attractive, improved sound is less so, with the proportion of households owning home theatre equipment having peaked at 13% (+ 1 point in a year, + 2 points in two years).



15 channels or more for all⁽¹⁾

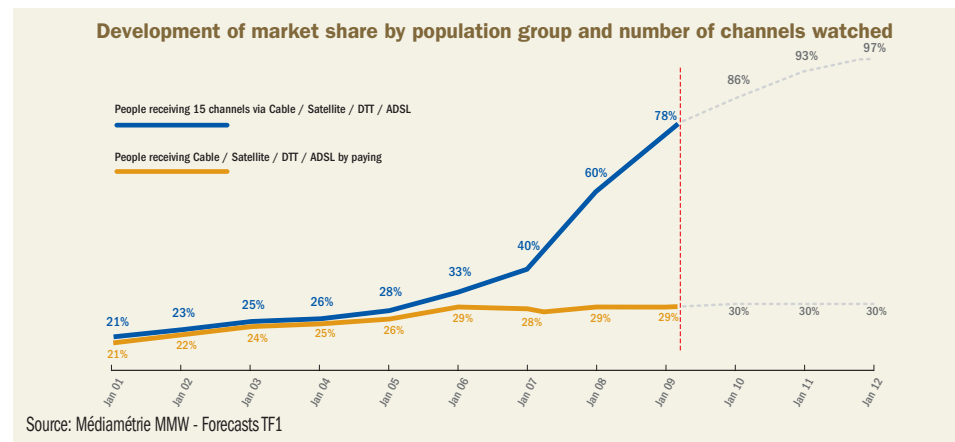
At the end of December 2008, 78% of French citizens were receiving 15 channels or more. This is an incredible rate of growth: 18 points from 2007 to 2008 (in January 2007, 60% of French households were therefore receiving over 15 channels) and 38 points from 2006 to 2008 (40% in January 2006)⁽²⁾.

This growth is a direct result of the increase in the reception of free-view television channels.

DTT is currently the leading service offering a wide range of channels, with 36% of households able to receive it via a DTT adaptor (either external or built in to the television set) and roof-top aerial. Launched in 2005 DTT has seen extremely rapid growth and is the most dynamic sector in the French television market (+ 14 points between 2007 and 2008).

Broadband television via ADSL recorded the second fastest growth rate (+ 4 points between 2007 and 2008), with 14% of households choosing this service, which has now overtaken cable television.

The more traditional services offering a wide range of channels, i.e. cable and satellite, have remained stable with subscribers in 16% and 10% of households, respectively.



Television is the leading medium, including amongst 15 to 24 year olds

90% of French people watch some television every day, as compared with the 79% who listen to the radio, 78% who read a newspaper or magazine and the 42% who use the Internet. So television is the leading medium in terms of coverage⁽³⁾. Television was also the favourite medium in France in 2008 from the point of view of how much time is spent in contact with it⁽⁴⁾: the average French viewer spends 3 hours 24 minutes watching television, but listens to the radio for 2 hours 15 minutes and surfs the Internet for 32 minutes.

This hierarchy in media consumption is exactly the same in the 15-24 age group.

Slowly changing consumer trends⁽⁵⁾

Television consumption is going through a period of change as new ways of accessing the service become available, but as yet these remain minority services. Computer-based television consumption

is beginning to spread, with 6.9% of the French population having watched TV via their computer at some point during December 2008 (4.9% on a desktop, 2.6% on a laptop).

Television-viewing via mobile phone is still relatively rare, with only 1% of the population having accessed television in this way over the past month.

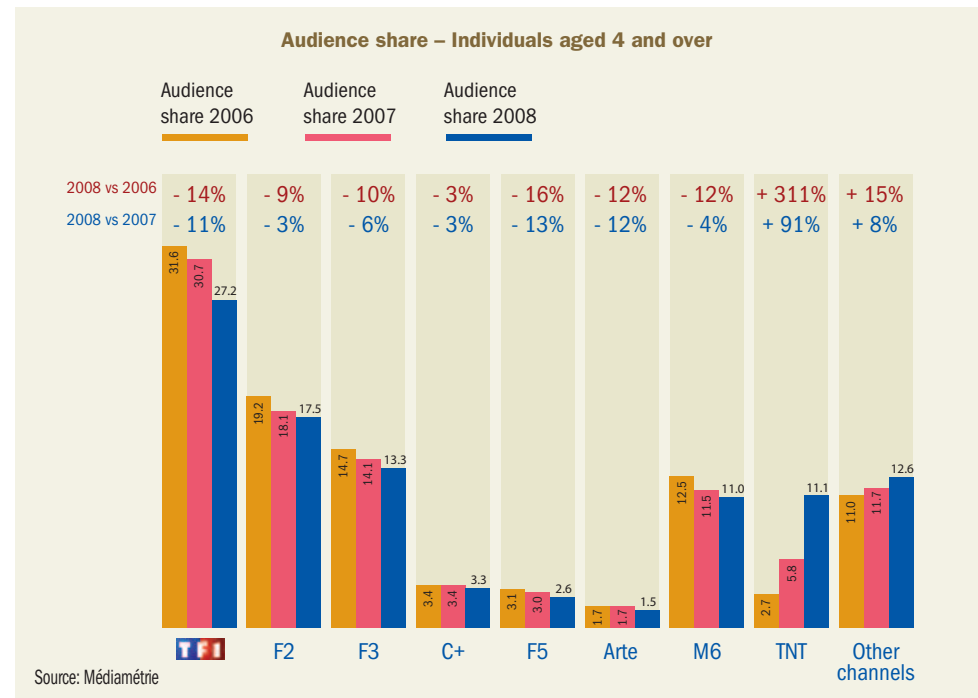
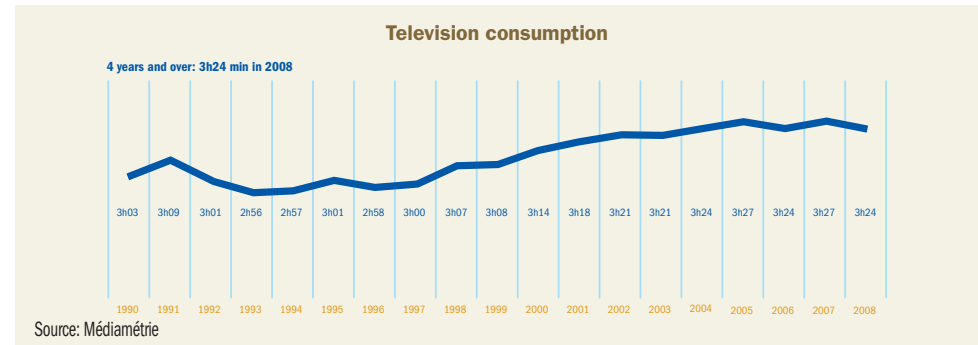
Off-line consumption (i.e., at a different time from the original broadcast), excluding private recordings, is on the rise: 28.4% of French viewers now use this technology as opposed to 20.4% in April 2008. Computers are virtually the only platform used for this kind of viewing, via Internet or download. VOD services do not have a very large audience, at only 4% of French viewers.

12.7% of the French population are catch-up television consumers, watching programmes they had missed when originally broadcast a few days previously.

Despite the plethora of services available and the changing audiovisual landscape, the audience share of the main channels has been evolving as illustrated in the following table.



(1) Source: Médiamétrie / Multi-media equipment reference, October-December 2008
 (2) Source: Médiamétrie / MMW
 (3) Source: Médiamétrie / Media in Life
 (4) Source: Médiamétrie
 (5) Source: Médiamétrie / Global TV



	TMC	W9	ARTE	GULLI	NT1	NRJ12	FRANCE4	DIRECT 8	VIRGIN17	BFM TV	I-TÉLÉ
2008 Ind. 4 years and over	2.1	1.8	1.5	1.5	1.0	1.0	0.9	0.7	0.5	0.4	0.3
2007 Ind. 4 years and over	1.2	0.9	1.7	0.8	0.6	0.4	0.4	0.2	0.4	0.2	0.3

Trends in the advertising market

Developments in the multi-media advertising market in 2008⁽¹⁾, by sector

In 2008, advertisers were hit by the world economic and financial crisis, as well as being affected by deregulation. Work on the new bill, which was finally adopted at the end of the year, created a climate of uncertainty that further encouraged this wait-and-see attitude. Moreover, the new pricing policy implemented by France Télévisions upset the usual market references.

With advertising bringing in 63.5% of its annual turnover, the TF1 Group remains dependent on the advertising market and is significantly affected by its fluctuations. Thus, with the national television market in decline by 8.4% in 2008, the TF1 channel was down 1.8%, with its market share up 4 points at 59%.

€24.3 billion of gross revenue were invested in the multi-media market, representing a growth rate of 4.9% resulting mainly from increased advertiser presence on the Internet (earnings up by 28.8%) and the free-view DTT channels (+ 101.2%). The Internet market share is now 15.7% and free-view television 3.4%. The media market other than the Internet increased by only 1.4% between 2007 and 2008.

With a revenue of €6.7 billion, television (national channels, regional channels, DTT, cable and satellite) comes second only to the press in terms of advertising investment. Television's share of the advertising investment market is 27.3%, but income was down 1.3%. The national channels, representing 20.8% of total gross advertising investment, have seen income from this source decline by 8.4%. Audience fragmentation has inevitably resulted in a share of advertising investment going to the thematic channels.

Sectors that are contributing to the decline

In 2007, the banking and insurance sectors were big growth engines as far as national television was concerned, but 2008 saw them substantially reduce their investments as the financial crisis began to hit home (- 4.2%). This sector's revenue was down by 7.2% for TF1, although it nevertheless increased its market share by 4.3 points to 56.9%.

The key sectors such as food etc. were down by 14.1%, under the effects of the downturn in household consumption, resulting in a significant decline in 2008.

Investing some €281 million, retail represented 5.6% of investment in television in 2008, and turned increasingly to TF1 (market share up 2.6 points to 61.2%) as a channel that would provide the biggest audiences.

Dynamic sectors

The most outstanding progress was recorded by the health sector, which increased its investments by 15.4% compared with 2007, advertising mainly pharmaceutical products (+ 18.6%).

At national television level, car manufacturer investment remained more-or-less stable (+0.5%), but increased by 12.3% on TF1, which increased its market share by 6.1 points, to achieve 58.2%.

Outlook for 2009

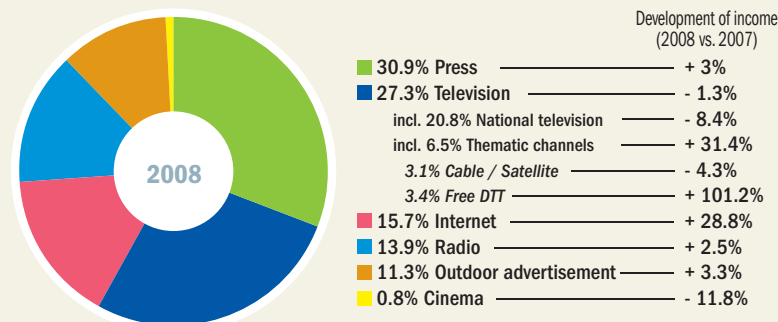
In a situation where forecasters like Xerfi are predicting that business investments will decline by 7% in 2009 and that there will be little change in household consumption (+ 0.8%), the immediate future of the advertising market looks uncertain.

Television advertising market share of free-to-air services since 2003 (%)

(in %)	2003	2004	2005	2006	2007	2008
TF1	54.7	54.8	54.4	54.8	55.0	59.0
France 2	11.7	12.0	12.1	11.8	11.0	7.5
France 3	8.1	7.8	7.2	7.3	6.9	4.7
Canal+	2.2	2.3	2.2	2.0	2.0	2.6
France 5	0.9	1.0	1.1	1.0	1.0	0.5
M6	22.4	22.1	23.2	23.1	24.1	25.7

Source: gross data TNS MI excluding Cinep and Temporis

Multi-media investments in 2008 (excluding sponsorship)



Source: Press / National and Regional Press with promotion and subscription (excepting auto-promotion and subscription)
Television / National and Regional TV and thematic channels

According to TNS, "a delicate 2008 will be followed by clear danger signs in early 2009".

In January 2009, the advertising market fell by 4.6% and the number of advertisers decreased also (- 11.2%).

Radio and Internet advertising continued to grow, by 3% and 11.3% respectively, although the latter's growth was less than that recorded in 2008 (+ 19%).

With such a difficult and complex start to the year (economic problems, no advertising after 8 p.m. on France Télévisions, renegotiation of agreements with retailers, etc.), advertisers are tending to put off making spending decisions. This wait-and-see

attitude has a knock-on effect with respect to investment seasonality, making it impossible to foresee what trends will appear in the coming months. Moreover, as advertisers want to get the very best value from their investments, there is increased arbitration concerning media and platforms, with advertisers looking for the very best value for money as far as obtaining increased sales is concerned.

Television is clearly a central focus of such considerations.

(1) The multi-media market comprises the press, radio, television, Internet, outdoor and cinema.

Source : TNS Media Intelligence Gross data

New regulations

On January 8, 2008, French President Nicolas Sarkozy expressed his wish to remove advertising from public service television screens and review the remit of the national television service, including funding considerations. This was the greatest upheaval on the French audiovisual scene for 20 years, and following the president's announcement, work began on a number of different related themes.

France Télévisions organisation and operation

Advertising was removed from the screens of France Télévisions channels between 8 p.m. and 6 a.m. as of January 5, 2009 and will have disappeared completely once the digital switchover is complete, by November 30, 2011 at the latest. State-funded financial compensation will be paid to France Télévisions, in order to help finance a company that henceforth covers all public audiovisual communication services.

Television advertising to be taxed

In order to bridge the resulting funding gap, a 3% tax, that may vary between 1.5% and 3%, (maximum value of tax to be equal to 50% of annual growth in advertising turnover), will be levied on any advertising income over €11 million earned by commercial channels. Taxes payable for 2009, 2010 and 2011 will be calculated taking as reference the 2008 fiscal year.

For DTT channels with incomes lower than those of terrestrial channels, but nonetheless experiencing rapid growth, the tax will be fixed at 1.5% for 2009, 2% for 2010 and 2.5% for 2011. In addition, a tax on Internet Service Providers has been brought in, enabling the government to pass on €450 million to France Télévisions every year. Lastly, the Television Licence, now called "Contribution to Public Audiovisual Services" and

raised to €120 per year, will provide another source of funding for France Télévisions.

Application of the AVMS Directive (Audiovisual Media Services Directive)

The European directive known as "Television Without Frontiers" (TVSF, October 3, 1989), revised in 2007 and renamed "Audiovisual Media Services" (AVMS), aims to modify and modernise existing legislation relative to the audiovisual media, so that it takes into account the technological developments and other changes that have affected the structure of the markets concerned. To this effect, a new definition of on-demand media

services has been elaborated, inter-professional agreements have been made to comply with the relevant legislation and a udio-description has been made compulsory for programmes broadcast during prime time slots.

Moreover, the CSA (French Broadcasting Authority) is to submit an annual report on the measures taken by each channel to increasingly represent diversity in its programming, a theme already taken very seriously by TF1, and will suggest further steps that could be taken with a view to improving the effectiveness of such diversity in the programmes (art. 1).

Lastly, a second commercial break has now been authorised and there is to be a decree allowing the number of minutes of advertising per hour to be

increased from 6 to 9, and sliding time hours (e.g. 7.50pm – 8.50pm) to be replaced by clock time hours (8pm – 9pm).

TF1's review of the Tasca Decrees

All commercial channels, professional production organisations and authors were asked to review the Tasca Decrees relating to broadcasting channels' production obligations. In October 2008, TF1 signed an agreement whereby it is obliged to spend 12.5% of its advertising income on "heritage" works, 9.25% of which will go to independent producers and 0.6% will fund animated works.



Strategic directions

From television to 360 media: a 4-point summary of TF1's ambition:

- 1 ENSURE MASS MARKET APPEAL BY PROGRAMMING EXCLUSIVE ENTERTAINMENT SPECIALS THAT WILL BE POPULAR WITH THE GENERAL PUBLIC
- 2 GIVE VIEWERS THE OPPORTUNITY TO PROLONG THEIR INDIVIDUAL EXPERIENCES VIA MULTI-MEDIA AND OTHER PROGRAMME-RELATED ACTIVITIES
- 3 CREATE AN INTERNET-QUALIFIED CLIENT BASE SO AS TO INTRODUCE NEW FORMS OF CONTACT WITH OUR AUDIENCE
- 4 IMPROVE ECONOMIC PERFORMANCE WHILST CONTINUING TO INVEST IN THE FUTURE

The TF1 Group's strategy comprises two main strands: maintaining leadership of the television medium and positioning itself in the 360° media sector.

To this end, the TF1 Group made reorganisation a priority in 2008, with the purpose of optimising resources and thereby improving performance.

This reorganisation took place on two levels.

Team renewal

TF1's management reorganisation mainly affected support activities (Finance, Human Resources, Purchasing, IS, etc).

In Broadcasting, Programme Management, News Management and Advertising, and at TF1 Digital, management changes were made without causing any break in continuity, as new faces and new skills joined existing teams.

Changes in methods and procedures

The new management team set up numerous task forces and ran seminars during which the new objectives were set. The purpose of this new cross-functional, cascaded approach was to give teams ownership of the objectives and share information, thereby highlighting synergies and making the most of the complementary skills and functions found in the various departments and subsidiaries.

The fruits of this reorganisation can be seen in all areas of the company.

Management launched an ERP project, a general management cockpit (system for monitoring management indicators) and the systematic use of Commitment Committees.

As regards purchasing, a Group strategy has been established, enabling purchases to be made on behalf of the various structures that make up the TF1 Group.

The unique contract between Météo France and the TF1 Group is a perfect illustration of this. The strategy also makes it possible for the TF1 Group and the Bouygues Group to run joint projects with



“ THE NEWS, AS SEEN BY JEAN-CLAUDE DASSIER, EXECUTIVE VICE PRESIDENT IN CHARGE OF GROUP NEWS AND INFORMATION

Summer 2008 saw significant changes in TF1's News management team. Laurence Ferrari joined the eight o'clock news, while Jean-Claude Dassier, executive vice president in charge of Group news and Information, reorganised the TF1, LCI and LCI.fr news teams by setting up topic-based divisions (politics, economic affairs, society etc.) so as to increase the cross-disciplinary nature of the news and share expertise.

The successful way we handled the liberation of Ingrid Betancourt, for example, or our reporting of the recent elections in the United States, are proof of how well the reorganisation works.

“This new way of organising news reporting must keep us in the top spot with respect to pictures and results and also make us leaders on the Internet. All our reporters are committed to making TF1 News and LCI.fr the benchmark for Internet-based news services,” explains Jean-Claude Dassier.

“We have to adapt not just to the competition but also to changes in the way news is consumed, particularly by younger audiences”, he concluded.

CONTROL COSTS WITH A DECISIVE PURCHASING POLICY

The TF1 Group purchasing department was set up at the end of 2007, with the aim of improving the Group's control of external expenditure and the way company resources were allocated. To this end, the management team, presided by Laurent Solly and directed by Jean-Michel Gras, drafted a TF1 group action plan at the end of 2008 (not including rights and programme purchases) comprising four main strands:

- implement and monitor the new Purchasing policy, including a clear description of the consultation, ordering and procurement procedures,
- control all expenditure (except on rights), by establishing a list of preferred suppliers and items to be shared by the whole TF1 Group,
- identify and develop purchasing synergies, by producing contracts common to all the TF1 group subsidiaries and the Bouygues Group,
- reduce costs and protect Group interests by improving performance with respect to consultation, negotiation, supplier risk assessments, etc.

This action plan has already been very successful, reducing costs by €8 million in 2008 alone.

respect to general services, as well as with Alstom, giving buyers working for the Group a distinct negotiating advantage. Long-term partnerships have been established so as to optimise procedures for technical, economic and commercial cooperation, such as with the AFP. Lastly, the new Purchasing Management team is keen to improve contract management whilst ensuring a policy of socially responsible purchasing.

Optimisation of personnel has taken place in Human Resources management.

In the Programme Management team, members have been designated with responsibility for

overall steering of negotiations, so that all projects can be overseen by a single manager.

There have been substantial changes **in the Group's News departments**: whereas previously, the editorial teams at TF1, LCI and e-TF1 were independent, they are now all managed by Jean-Claude Dassier and share support services, while optimum use is made of on-site resources. As for editorial content, a Group multichannel project has been implemented. This rationalisation of the News departments has enabled TF1 to improve performance and reduce costs in this area.

This major overhaul affected every level of the Group and resulted in increased productivity, improved cost control and sharper overall management.

Jean-Michel Gras
Purchasing Director, TF1 Group



Strategic directions

Maintain our television leadership

Maintaining leadership of the television media is one of the TF1 Group's strategic directions.

The leading position, to be kept, should rely on three main things:

- 1 STRENGTHEN THE TF1 PROGRAMME OFFERING
- 2 CONCENTRATE ON STRATEGIC SLOTS
- 3 RENEW OUR COMPLEMENTARY OFFERING

As leading television channel, TF1 has to continually renew its programmes so as to best meet the clients' expectations. The TF1 Group is determined to offer regularly renewed listings, whilst at the same time keeping its existing solid foundations. Thus, the Programme Management team strives to replicate the success of the channel and its winning partnerships, by regularly coming up with new ideas for every kind of programme. One way of finding new creative talent used by TF1 has been the introduction of TF1 Pitch, which brought together producers, authors, directors, agents etc. for a two-day conference.

TF1's power lies in its twin strengths: news and entertainment

In 2008, news broadcasts were adapted to better suit viewers' expectations. The eight o'clock news was revamped: the news bulletin was slightly repackaged but the main changes affected the hierarchy of the news items,

with sub-titles being added to the initial news summary. Another modification involved the inclusion of *l'Enquête du 20 heures*, or 8 pm special report, comprising longer items, and increased coverage of international news.

In 2009, just as in 2008, TF1 will continue to be an entertainment channel, concentrating above all on the most strategic time-slots: access, prime time and late evening.

The access slot continues to comprise popular, powerful brands like *La Roue de la Fortune*, and *A prendre ou à laisser*.

In 2008, the prime time slot went to three new series (*Dr House*, *Esprits Criminels*, *New York Section Criminelle*), which met with great success. At the same time, TF1 is reviewing the fiction drama it broadcasts. With *L'affaire Bruay en Artois* and *Françoise Dolto*, *le Désir de Vivre*, the channel is offering its viewers top-of-the-range, ambitious programmes, while *F.L.I.C.S.* is a quite different

style again. Flagship serials like *Julie Lescaut* have been renewed in view of their continued popularity. In addition, TF1 has acquired the rights to 7 of America's 10 strongest series, ensuring that the TF1 prime time slot will continue to unite audiences, making our screens the strongest on the market with respect to advertisement sales. TF1 is working on the follow-up to this by developing new entertainment ideas such as Game Show.

Since the start of 2009, TF1 has been consolidating its leading position with respect to unscrambled television, achieving excellent prime time audiences (the last episode of *Koh Lanta* was watched by 9.2 million viewers, *Astérix et Obélix: Mission Cléopâtre* attracted 8.9 million, *La Guerre des Mondes* 8.3 million, and the "97 seconds" episode in the 4th season of *Dr House*, 9.5 million) and strengthening its audience share in the late-evening slot.

So TF1 has not suffered from the effects of removing advertising from public service broadcasting. TF1's gamble concerning the "eighty three five crossroads" has turned out to be a success, for a number of reasons: the strength of the evening news, which continues to be unmissable, a revamped weather forecast, which has now become a programme in its own right, more popular than ever since the start of 2009, even stronger advertising clips, pragmatic choice of start-time for prime time programmes and, above all, the inherent value of the actual programme broadcast during prime time remains more important than the time it is broadcast. Strong programmes that unite audiences, plus special events – these are and always will be the foundations of TF1's strength.

TF1 continues its complementary offering

TMC's national audience share of 2.1% in 2008 makes it the leading DTT service. Second biggest channel of the TF1 Group, TMC's audience share continues to rise, achieving 2.4% in January 2009, just 0.6 point below the sixth biggest national television channel and attracting 30 million viewers every month.

As well as being the leading general-interest channel, TF1 is also developing its thematic and complementary services, with channels that are now major constituents of France's satellite, broadband, digital terrestrial and cable offerings.

The Eurosport Group, wholly owned by TF1, broadcasts programmes related to some hundred different sports as well as covering major international sporting events, and is without a doubt Europe's leading multi-media platform, incorporating Eurosport, Eurosport 2, Eurosport.com, Eurosport News, Eurosport Mobile and, since



May 2008, Eurosport HD. After a year that was particularly rich in sporting events (*Beijing Olympics, African Nations Cup and Euro 2008*), 2009 will also see a number of exceptional sports events (*Monte-Carlo Rally, Alpine Ski World Championships in Val d'Isere, Athletics World Championships*). High Definition broadcasting has enabled us to further improve the quality of the Eurosport product (picture and sound) and demonstrates yet again the company's capacity to respond rapidly to market developments.

The Discovery division, with its high-quality niche channels such as Ushuaïa TV, broadcasting

programmes about sustainable development in high definition, *Histoire*, whose mission is to increase the understanding of the present by explaining the past, and *Odyssée*, whose themes are centred around French lifestyle, offers a substantial advantage to pay-TV packages.

This highly promising collection will be further enhanced when it positions itself in the free-to-air DTT sector in 2011, which will have the added benefit of the complementary channel after analogue switch-off.

Source Médiamétrie

Strategic directions

TF1 New Media at the heart of the 360° strategy.

TF1 New Media are central to the group's 360° strategy and the strategic repositioning it has undertaken. An essential role of these new platforms is to increase the presence of the channel and its brands on every screen, strengthen the channel's relationship with all publics, capture mass audiences on the digital media and monetise this audience via the advertising revenue produced by the expertise of the TF1 advertising department.



These new media really do complement each other: there is no competition between television and the Internet. The viewing-Internet-browsing public goes happily from one to the other and back again, thus helping TF1 build a new relationship with an audience it accompanies wherever it goes.

TF1's new media activities have four main priorities.

Cross-media themes and the new tf1.fr

Television, Internet and mobile cannot fail to help build a permanent, continuous relationship with the public, by developing the cross-media rebound effect. A perfect example of TF1's success in this venture was Secret Story, broadcast in summer 2008. With an average 2.7 million television viewers daily (source: Médiamétrie), around 100 million videos watched on tf1.fr and WAT, and a million videos watched on mobile phones, it was a resounding success.

This 360° approach also means we can place our key brands beyond the television screen, as with LCI on LCI.fr and Eurosport on mobiles. Moreover, thanks to the coordinated efforts of the television channel and the New Media, a new tf1.fr website is in preparation and due to be launched in the first half of 2009, enabling synergies to benefit from

360° interaction:

- a website mirroring the television channel, increasing our strategy of engineering rebounds and coherent Internet-television pathways, and strengthening links to the programmes,
- an enhanced video catch-up offering promoted by TF1 and WAT, that goes beyond just catching-up on programmes missed,
- TF1 Interactif – audience areas, to address the issue of increasing proximity to the public.

This new website will be backed by the acquisition of exclusive new media rights, in partnership with producers such as Endemol.

This 360° strategy means the various platforms are mutually supportive. Firstly, the website taps the television audiences, enabling viewers to prolong the enjoyment engendered by the programme (watch it over and over again, react, share opinions, etc.). Next, the television channel benefits from online viral promotion, mainly via WAT, that creates a desire to see the programme before it is broadcast, maximises visibility and then further amplifies the event after it has been broadcast.

TF1 is now working on creating qualified client data bases, to take this mutual support strategy a step further.

Complementary thematic websites

TF1 has developed a full portfolio of websites covering the main centres of interest and preferences of Internet-users, with the aim of increasing TF1's Internet customers and ensuring that TF1 advertising reaches all the advertisers' priority targets.

Most of TF1's websites are organic in design, such as WAT, currently the third biggest community website, or plurielles.fr, which is solidly positioned as third largest website for women. Overblog, the leading French blog platform (December 2008), is the product of a partnership between TF1 and some young entrepreneurs.

TF1 remains open to proposals to acquire proven Internet players, at fair value, as with the acquisition in 2008 of Dualnet Communication, with the aim of launching a film / television series website.



Monetisation

TF1's penetration of the Internet and new media has enabled TF1 Publicité to become the leading French multi-media advertising company.

TF1 Publicité is unique in its capacity to orchestrate powerful, successful advertising campaigns across the media. In 2008, TF1 Publicité organised numerous special online operations (for example, a viral competition for BBox on WAT, for Bouygues Télécom). 361 operations have also been carried out (web TV "Smile People" Hollywood Chewing Gum).

Present on every platform

The TF1 Group is getting ready for tomorrow's 360°, by buying emerging platforms and businesses as soon as they appear to be in a position to eventually attract mass audiences. TF1 is carrying out a number of experiments in advance of the latest digital revolutions that are just around the corner:

- TF1 Outdoor markets dynamic public space display solutions (its first screen is currently in operation in Paris, in front of La Défense),
- TF1 is trialling innovative content and service offerings for IPTV and Internet television,
- TF1 has made three applications for Digital Terrestrial Radio.

With high definition broadcasting of big shows, and French subtitles to foreign language programmes and films on the television, the leading Internet-based media offering, and total 360° visibility every day on the new digital screens, TF1 is forming a new relationship with its public, that means it can accompany its audience wherever it may go.

360° is looking extremely promising for the TF1 Group, which is why TF1's New Media offering will be developed with determination and pragmatism in the months and years to come.

“ THE USHUAÏA BRAND IS VISIBLE ON EVERY PLATFORM ”

Public interest in subjects connected with the environment and sustainable development has greatly contributed to the success of the Ushuaïa brand. Selling over 20 million products every year, it is a well-known label in the retail sector. As well as the sustainable development portal *Ushuaïa, la Terre et Nous*, music CDs, DVDs of the programmes, games and competitions and the monthly Ushuaïa Magazine, the brand has also found its television channel, Ushuaïa TV, to be extremely promising. Three years since it was first launched, and armed with its success and the 2.1 million paid-up households, the channel has ventured into new territory. As from April 2, 2008, the new version of Ushuaïa TV has taken to the airwaves as “the sustainable development and planet conservation channel”.



Christophe Sommet
General Secretary
of the Discovery division

Outlook for 2009

2008 was a pivotal year for the TF1 Group. The four watchwords were: reorganisation, renewal, repositioning, returns. These actions will be further strengthened in 2009.

Reorganisation

In 2009, reorganisation will chiefly affect four main areas:

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

The News Department will be one of the areas most involved in the reorganisation, with the aim of both strengthening synergies and continuing cost reduction without impacting negatively on programme quality. The principal agent of this reorganisation will be Process News & Sports 2 (PNS 2). PNS 2 is a tool enabling channels to share the acquisition, management and production of stories, thus strengthening each channel's responsiveness.

Renewal

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

be a major advantage for TF1's two main areas of broadcasting, entertainment and special events.

Repositioning

In 2009, the TF1 Group will pursue its strategic positioning with respect to 360° media and the multi-media approach begun in 2008 (channels and brands throughout all media platforms, each strengthening and supporting the other).

Since January 1, 2009, TF1 Publicité has been marketing the advertising airtime for all 113 local radio stations belonging to the GIE Les Indépendants. This leading product⁽¹⁾, complemented by the Sud Radio and Wit FM duo, adds the link to the geographical radio coverage of the Indépendants group.

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

A new tf1.fr website is to be launched. The website will be a perfect example of the TF1 Group's bounce-back strategy, enriching and prolonging viewers' enjoyment with entertainment, news and interaction. Throughout the day, the new TF1.fr website will provide numerous opportunities to keep in touch with visitors to the site

Returns

In such a profoundly worrying economic situation (a 2% economic downturn in France according to the IMF, advertisers in financial difficulty, slowdown in household consumption), TF1 sees its likely



consolidated turnover for 2009 declining by 9%. A plan to reduce costs by €60 million, which will affect all the Group's activities, is to be implemented in response to this outlook.

This unprecedented cost-reduction programme has been decided in response to an unprecedented economic situation.

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

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

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

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

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

(1) Source: Médiamétrie 126,000 Radio Oct - Nov 2008 / Monday-Friday 5am - midnight: 17.7% commercial audience share, 25-49 year olds



TF1 Corporate citizen

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TF1: our commitments

TF1 Corporate Citizen



Gilles Maugars,
Director of Technology and IS, CSR Director

TF1, the leading French media group, must also be the leading media group with respect to sustainable development.

Over the past twenty years, environmentalist Nicolas Hulot has been using his magazine Ushuaïa to increase public awareness in France concerning the importance of respecting the environment. Similarly, over the last three years, TF1 has increased its contribution to this new socio-environmental momentum that is of such immense significance for both private individuals and businesses. Environmental issues are now regularly highlighted in news programs and short documentaries, as well as on the TF1 website and on the Ushuaïa TV channel, which is dedicated to sustainable development. There can no longer be anyone in France who is unaware of the challenges related to climate, energy, biodiversity etc. TF1 contributes to informing and mobilising the public.

Social aspects of sustainable development are another of TF1's priorities: associations are given air-time, access to programmes has been changed, news programmes reveal both the solidarity and the diversity that can be found in France. Within the company itself, this social dynamic is an integral part of its everyday business: cultural diversity, integration of the disabled, carbon footprints – all have been taken on board. This report describes all these commitments in detail.

----- Go to www.tf1finance.com/devdurable.php to read the whole sustainable development file.



The Global Compact

In 2008, alongside other French and international companies, the TF1 group renewed its commitment to respect and promote the ten principles of the Global Compact charter.
www.un.org/french/globalcompact/

Integrating the Corporate Social Responsibility (CSR) policy

To fulfill these commitments, the current system is intended to ensure that CSR is embedded in all company procedures and that the policy is managed at the highest level. This involves:

- a director, reporting directly to the General Manager, in charge of steering the operation,
- a task force for each challenge, led by a member whose role and position are directly related to

the challenge in question (CSA Relations Officer, Editorial Officer, Social Affairs Manager, Purchasing Manager, etc),

- a full-time person responsible for fuelling the process and coordinating the task forces, the various communications services and the Bouygues Group.

All those involved meet on a quarterly basis to see what progress has been made. The powerful dynamics set in motion by Martin Bouygues throughout the Bouygues Group enables skills and tools to be shared ("carbon" tool, eco-friendly attitude software, etc).

Progress of our sustainable development chapter in the 2008 report

The CSR approach undertaken in 2006 was deemed valid by corporate responsibility ratings

agencies. Their comments have been taken into account in order to improve reporting:

- challenges have been reorganised and condensed from six to four (two involving the social impact of content and two related to TF1's actions as a business),
- the very detailed text relating to social and environmental issues in the CSR section of the business report has been simplified.

Recognition of the Group's corporate responsibility performance

The TF1 Group's ethical and corporate responsibility performance has been recognised by several corporate responsibility ratings agencies. TF1 is included in four such indices: DJSI Stoxx, ASPI Eurozone, the FTSE4Good Europe Index and, since 2007, Ethibel.

In 2008, Kempen listed TF1 as a company in which ethical investment can be made.

TF1, leading French audio-visual company for corporate and social responsibility

Of the sixty or so media companies targeted by the 2008 MEEDDAT survey ("The media sector's response to the issue of environmental responsibility"), TF1 registered the highest compliance score by far, at 91.43%.

www.ecologie.gouv.fr/Le-secteur-des-medias-face-a-sa.html



Challenges, commitments, achievements 2008



Challenge N°1

Television for everyone: socially responsible programmes and broadcasting

Commitment: ensure compliance with the convention signed with the CSA and the recommendations of the ARPP and exceed the legal requirements, by:

- guaranteeing journalistic ethics and independence,
- protecting younger viewers from unsuitable content,
- ensuring that programmes are accessible,
- taking part in discussions concerning the role of advertising

Implemented:

- **Activities of the Programme Compliance Department**
- **Achieved in 2008:** development of audio-description service
- **Planned for 2009:** programme accessibility extended to all broadcasting networks



Challenge N°2

A major role in increasing public awareness of social and environmental issues

Commitment: use its position as media leader to revive links between members of society:

- reflect diversity of culture, origin and belief,
- act and encourage others to act with respect to social solidarity,
- help raise public awareness of environmental issues

Implemented:

- **Short and long programmes aimed at raising public awareness of social and environmental issues and air-time donated to associations**
- **Achieved in 2008:** new editorial line for Ushuaïa TV and on-line publication of Ushuaïa.com
- **Planned for 2009:** spotlight information concerning solutions and new practices



Challenge N°3

Virtuous and supportive management of the company's human resources

Commitment: maintain a quality working and social environment by promoting well-being, safety and professional fulfilment, as well as encouraging actions of social solidarity:

- promote equality of opportunity within the company (with regard to cultural diversity, gender and handicap)
- maintain a high quality social framework,
- support employees throughout their working lives,
- promote staff involvement in actions of social solidarity

Implemented:

- **measures promoting staff employability and good social benefits (family policy, savings scheme, insurance, quality of life, etc.)**
- **Achieved in 2008:** TF1 Corporate Foundation activities, negotiation of an agreement concerning the integration and retention of disabled workers, organisation of in-house events in aid of various associations
- **Planned for 2009:** pursue negotiations relative to HR planning (GPEC) and equal opportunities for men and women, and unite staff in support of the company's commitment



Challenge N°4

Action to neutralise the company's environmental impact

Commitment: implement best practice in environmental measures by involving suppliers and staff, with particular reference to:

- concrete action to limit the group's impact on the environment,
- raising the awareness of staff and suppliers concerning behaviour changes they need to make

Implemented:

- **Carbon balance and plans to save resources**
- **Achieved in 2008:** establishment of the MygreenTV intranet service for employees
- **Planned for 2009:** production of an environmental awareness-raising kit for all involved in the audio-visual sector (Ecoprod)

Indicators scores

100%

compliance with programming and production quotas

0

CSA fines

70%

of programmes sub-titled

Over

450

topics about climate change in the news bulletins

Over

70

associations visible on air

€221,794

Turnover realised with sheltered workshops

8

employees recruited in the context of the TF1 Corporate Foundation

500

parcels distributed to 13 charitable associations as part of the company's «Christmas of Solidarity»

- 4%

Water consumption reduced

THE BOUYGUES GROUP CSR CHARTERS ALSO APPLY TO TF1:

Bouygues Group Code of Ethics, Supplier Relations Code of Ethics, Bouygues Group Human Resources Code of Ethics. www.bouygues.com/en/sustainable-development/



Challenge N°1

Television for everyone: socially responsible programmes and broadcasting

Commitment: ensure compliance with the convention signed with the CSA and the recommendations of the ARPP and exceed the legal requirements, by:

- **guaranteeing journalistic ethics and independence,**
- **protecting younger viewers from unsuitable content,**
- **ensuring that programmes are accessible,**
- **taking part in discussions concerning the role of advertising**

TF1, the leading general-interest TV channel in France, has long committed to defend and promote the ethical values that have been part of its on-going mission as a developer and broadcaster of television programmes. These fundamental values are included in the convention signed with the CSA. (www.csa.fr).

Program Compliance Department

The station's Program Compliance Department is responsible for ensuring that these rules are followed. It is made up of legal advisors, who perform a number of duties for reporters, producers and directors including: advice, presence during filming of entertainment programmes, viewing and approval of recorded

content, etc. The department also advises programme units and the station itself regarding signage and younger viewers. Each channel is responsible for making its own decisions with respect to programme classification (under 10, under 12, under 16), which is compulsory for all programmes not intended for general viewing. TF1 does not broadcast programmes suitable for adult viewing only.

Journalistic Ethics

The Direction of News guarantees the independence of the editorial team, through dialogue and discussion. The editorial team pays particular attention to the quality of picture sources, and amateur videos are banned in so far as the source

cannot be properly checked. "Freedom and Responsibility" seminars, during which reporters are reminded of the legal conditions with which they must comply, are regularly organised for all staff involved in producing reports for TF1 news bulletins.

Responsibility concerning Internet content: child protection on the TFou website

TFou.fr, the children's website for all 4 to 10 year olds, is subject to particularly thorough safety procedures: restricted links to other sites, monitored community areas, forums moderated before publication, etc. A parents' charter, drafted in collaboration with the NGO Action Innocence, gives parents information about responsible attitudes to television. In early 2009, TFou will be launching a completely new website, called "TFou s'engage" which will deal with safety on the Internet, amongst others.

Disabled access to programmes

Over 70% of programmes are now sub-titled, including the news and weather. In 2008, TF1 began to broadcast audio-description, a process enabling the blind and partially-sighted to "see" a film thanks to a sound description of the action and background, a technique perfected by the AVH (Association Valentin Haüy). In 2009, TF1 will continue with its efforts to extend this service to all networks operating in the sector, some of which do not as leverage all the data associated with the signal.

Advertising regulation

TF1 follows ARPP recommendations regarding the advertising spots it broadcasts and takes part in the organisation's discussions. This body, which saw its remit renewed in 2008, now includes representatives of stakeholders outside the profession (www.arpp-pub.org).



OLIVIA ASSAS – IN CHARGE OF RELATIONSHIP WITH THE CSA

« Our position as sector leader means that we have a best practice approach to fulfilling our commitments, which in turn means that the CSA is often prepared to listen to what we have to say. We take an active part in the industry's initiatives aimed at harmonising practices – in 2008 we prepared and signed a charter concerning minors taking part in television programmes as well as making acknowledged progress regarding access for the hearing-impaired, with the signature of the audio-description charter. »

Olivia ASSAS - Responsible for the Program Compliance Department and for relations with the CSA

CSA COMPLIANCE INDICATORS

- Number of convictions and fines issued by the CSA: 0 (since 1994)
- 100 % of production and broadcasting quotas respected
- One instance of formal notice (information)
- Total satisfaction with respect to signage
- Subtitling: 70% of program
- Audio-description: only channel to offer one movie per month

Challenge N°2

A major role in increasing public awareness of social and environmental issues

Commitment: use its position as media leader to revive links between members of society:

- **reflect diversity of culture, origin and belief,**
- **act and encourage others to act with respect to social solidarity,**
- **help raise public awareness of environmental issues.**

On screen portrayal of diversity

The TF1 Group's channels must help to increase the visibility of the whole national community in all its diversity and spot talent wherever its origins. This commitment can be seen in every kind of programme: audiences and competitors in games shows and reality TV programmes are always fully representative of cultural diversity.

In French TV dramas *R.I.S.*, *Seconde Chance*, *Brigade Navarro*, actors from key visible minorities have leading roles.

The TF1 and LCI editorial teams both include permanent reporters and newsreaders from visible minorities. In 2008, short programmes such as *Ensemble pour la Diversité* or *Citoyens Visibles* and



our partnership with *le Concert de la Tolérance* clearly demonstrated the channel's intention to continue with the work it has been undertaking in this respect since 1999. Nevertheless, TF1 is aware that further progress needs to be made in addition to these achievements and is keen to contribute to changing the attitude of the general public.

On screen solidarity

TF1 Publicité and the TF1 Channel give charitable associations direct assistance as well as giving their activities significant visibility. This takes the form of a wide range of operations, such as broadcasting prime time specials, producing and airing advertising spots free-of-charge, donating game-show winnings (*Qui Veut Gagner des Millions "Associations Special"*) or other benefits in kind, all of which is intended to make a contribution in what is a very broad field of social issues.

In 2008, TF1 broadcast such programmes as *Opération Pièces Jaunes*, *Les Restos du Cœur*, *Agir pour Ingrid*, *La Rose Marie Claire*, *Les Stars se dépassent pour ELA*, *Sidaction*, *Le Défi pour la Terre*, etc.

In 2008, sums donated⁽¹⁾ totalled €16 million.

TFOU children's programmes, committed to solidarity

Each year the channel's programmes for younger viewers have a theme intended to develop a social conscience. Following Peace, Tolerance and Protecting the Planet, in 2008 the aim was to show exactly what is meant by Solidarity, by asking children who are already involved to describe their experiences in working with charitable associations.



Timur is the presenter of the special "Move for your planet" in children's programs. He likes eating garbage and is actively and happily involved in cleaning our planet.

The environment on TF1

The issue of climate change is included in TF1 news bulletins every day: in 2008, over 450 topics related to the environment and how to protect it were broadcast.

Ushuaia Nature, the flagship programme produced and presented by Nicolas Hulot, is a powerful vehicle for increasing awareness of the beauty of our planet and the dangers that lie in wait. It is broadcast during prime time every quarter. Weather forecasts and other short programmes (e.g., *C'est ma Terre*) also deal with behaviour changes that we need to see become part of everyday life.

Ushuaia TV, Ushuaia.com: a channel and a website dedicated to sustainable development

In 2008, Ushuaia TV strengthened its editorial position, to become the channel for sustainable development and protecting the planet. TF1 also launched Ushuaia.com., a website completely dedicated to sustainable development with exclusive, real-time multi-media content intended for the general public: all the planet's "green news" as well as numerous practical sections with a mixture of photos, text and videos.



RAISING PUBLIC AWARENESS OF THE ENVIRONMENT

« With more than eight million viewers every evening, TF1's weather forecast is a fantastic opportunity to raise public awareness of the problems of climate change. Scientists have helped me draft short messages to get people to reduce greenhouse gas emissions. In the future, we will need to continue and further develop ways of informing our audiences, so that the many members of the public already involved do not give up their efforts »

Evelyne Dhéliat, TF1 weather presenter

(1) Value of air time, donations resulting from game shows, free advertising space for campaigns, direct donations of funds to associations.



The TF1 "youth" workshop

Challenge N°3 Virtuous and supportive management of the company's human resources

Commitment: maintain a quality working and social environment by promoting well-being, safety and professional fulfilment, as well as encouraging actions of social solidarity:

- promote equality of opportunity within the company (with regard to cultural diversity, gender and handicap),
- maintain a high quality social framework,
- support employees throughout their working lives,
- promote staff involvement in actions of social solidarity

PROMOTE EQUAL OPPORTUNITY WITHIN THE COMPANY

Policy for integrating disabled workers

TF1 has strengthened its procedures for welcoming and integrating employees with a handicap and has increased its use of services provided by

sheltered workshops. For some years it has been working with organisations involved in the disability field. In 2008, the Group went a step further and signed an agreement with its social partners concerning the integration and retention of disabled workers. In December 2007 the Handicap Mission was created to coordinate these various operations (see the NRE social section of the 2008 reference document).

Promote male/female equality of opportunity

TF1 continues to pursue its on-going policy of non-discrimination between men and women and, in accordance with the law, respects the principle of professional equality of the sexes, with respect to recruitment, access to information, professional development and salaries.

The significant work undertaken by the "Male/Female Professional Equality" commission of the works council has provided a comparison of the salary situation at TF1 SA for men and women according to a range of criteria (workforce, leave, training, pay) and led to corrections based on precise indicators, where any differences were discovered (see the NRE social section of the 2008 reference document).

MAINTAIN A HIGH-QUALITY SOCIAL FRAMEWORK

For some years, TF1 has been implementing a social benefits policy that goes well beyond its legal obligations, creating a high-quality social framework and thereby promoting employee well-being and security. The social rules set up by the Group are the foundation stones of an agreeable, fair and equitable work environment. A profit-sharing scheme has been agreed with most of the trade unions, with the aim of increasing employee motivation concerning the Group's performance – the objectives for each financial year will be negotiated annually.



INTERVIEW WITH JEAN-PIERRE ROUSSEAU, ASSISTANT DIRECTOR OF HUMAN RESOURCES

« Giving disabled people a place in the company is a way of fulfilling our responsibility to society here and now. The TF1 management teams are totally committed to this, and it is one of the objectives for every member of the Management Committee. Each is responsible for implementing the commitment made in signing the agreement. I am also delighted to see the enthusiasm with which the trade unions are supporting our strategy. »

Jean-Pierre Rousseau, Executive Vice President,
Human Resources and Internal Communications.
Chairman of the TF1 corporate Foundation.



THE INTEGRATION CHALLENGE (LE DÉFI INTÉGRATION)

TF1 has signed a three-year partnership agreement with *Défi Intégration*, an organisation that is entering a crew consisting of equal numbers of disabled and able-bodied members. Next event: in summer 2010 with *the Odyssée des Epices Yacht Race*. This operation is a perfect illustration of our commitment to integrating disabled workers, by uniting our teams around an exemplary, motivating project.

SUPPORT EMPLOYEES THROUGHOUT THEIR WORKING LIVES

From the moment an employee joins the company to the moment he leaves, suitable procedures and tools are in place to ensure they are supported throughout their career with the TF1 Group, including careful monitoring of progress and, in particular, continuing professional education and in-service training, to which TF1 devotes more than 3% of its payroll budget each year.

The TF1 Group is currently in the process of negotiating an agreement concerning HR planning.

EMPLOYEE ENGAGEMENT

TF1 promotes the involvement of its staff in social solidarity activities, by organising in-house events and donating various kinds of equipment through the association portal «jeveuxaider.com».

Engagement with suppliers: responsible purchasing

The central purchasing department supports our concern with jobs for the disabled by using suppliers working in the protected sector wherever possible. The Responsible Purchasing policy also covers taking social and environmental factors into account in specifications, the drafting of a code of ethics and the awarding of scores to suppliers according to their commitment to sustainable development.

DIVERSITY: THE TF1 COMPANY FOUNDATION

Established in 2007 with the aim of promoting diversity and professional integration, the *Fondation de la Réussite* started its work in 2008 by recruiting its first members.

The foundation's class of year one

In January 2008, a call for proposals was published, aimed at 18 to 30 year olds living in sensitive districts. Eight candidates, selected by a

jury consisting of members of the profession, were then offered the chance to join TF1 on two-year apprenticeships, which would also include training and individual tutoring. They are currently working as journalists, directors, graphic artists, editing technicians, sound technicians and traffic managers. Each is supported by a mentor, who gives him or her the benefit of their own personal network and experience. The operation will be repeated every year. Younger people (aged 12 to 17) will be given the opportunity to get to know the company through sport-related activities.

TF1 and Eurosport's editorial teams are getting involved by setting up work placements during which they will introduce youngsters to the editorial and technical professions available in television. www.fondationtf1.fr

Opening dialogue with schools in the suburbs

People from the media need to meet people living in disadvantaged areas in circumstances other than those that prevail at times of crisis. This is why the TF1 corporate Foundation has determined



NOUVELLE COUR



to establish a dialogue between the two by accompanying members of the editorial staff on visits to schools in the suburbs. Journalists, presenters, editors-in-chief, etc. explain the work of the various teams and answer questions in secondary schools in Paris and the provinces.

Nouvelle Cour celebrates its second anniversary

En 2006, TF1 and the TBWA France Group set up a communications agency in La Courneuve, called Nouvelle Cour. The agency offers students who have been awarded the Courneuve BTS in Communications, a first temporary job in the industry (one or two years at the most). The purpose of the venture is mainly to discover potential talent that may be lying in the suburbs and give the youngsters concerned some professional experience. This unusual initiative has been a great success. Nouvelle Cour was responsible for the TF1 Business Report layout...



INTERVIEW WITH SAMIRA DJOUADI, TF1 CORPORATE FOUNDATION GENERAL DELEGATE

« Diversity is an essential key to communicating with a public that is itself made up of differences, and this, the main thrust of the Foundation's work, is now beginning to show increasingly concrete results. We are trying to show that there is hope, not just for those young people who have succeeded, but also for the associations that support them and the districts they come from. There are plenty of qualified, motivated youngsters in the suburbs, we aim to prove that and free them from their shackles. »

Samira Djouadi, TF1 corporate Foundation general delegate
Sales manager at TF1 publicité



DOMINIQUE POUSSIER, MEMBER OF THE TF1 FOUNDATION JURY

« It was an incredibly enriching experience. These youngsters are all really creative, and you can see they are desperate to show they can be trusted. They taught me a real lesson, as I have rarely seen so many determined people, a real mine of potential for the country. You can't help wanting to help them. »

Dominique Poussier, TF1's Director of Programs for Younger Viewers

Challenge N°4

Action to neutralise the company's environmental impact

Commitment: implement best practice in environmental measures by involving suppliers and staff, with particular reference to:

- **concrete action to limit the group's impact on the environment,**
- **raising the awareness of staff and suppliers concerning behaviour changes they need to make.**



Nicolas Hulot takes part in production of Ushuaïa magazine and the definition of its content

Environmental policy

The TF1 Group's general services implement a pro-active environmental policy in all areas under its control, whether activities, property management or technical equipment. For example, the power and water saving action plan includes: more accurate programming of lighting, repairs to the air-conditioning circuit resulting in water saving, tests aimed at reducing the length of time during which buildings are heated/cooled etc. (see 2008 reference document). Criteria relating to environmental protection and, more generally, sustainable development, are included in suppliers' tenders (cleaning, catering, furnishing, etc).

Actions arising from the Carbon Balance

The action plan affects all sources of greenhouse gases mentioned in the assessment, whether of



internal or external origin. Two main sources were dealt with in 2008-2009:

Television set electricity consumption

TF1's CIO is involved in a number of discussion groups and technical standardisation committees (Simavelec, HD Forum etc.), composed of representatives of companies manufacturing equipment for use by the general public and has been able to influence matters relating to eco-friendly television design, electricity consumption (whether in use or on standby) and eco-friendly store display. This action resulted in proposals included in the findings of the *Grenelle de l'environnement* (French environmental summit). Technological supervision such as this will continue in 2009.

External productions made on behalf of the channel: the EcoProd advertising campaign

Purchased programmes were the second largest source of greenhouse gases found by TF1's carbon

assessment, after television set electricity consumption. At the end of 2008, with the help of its partners, the Group launched a campaign designed to help producers reduce greenhouse gas emissions, via a website with information on best practice and a carbon footprint calculator (simplified assessment modified for audio-visual productions). EcoProd tools will be introduced to businesses operating in the sector in April 2009.

Raising staff awareness: the MygreenTV Club

A collaborative Intranet network, MygreenTV, has been set up to help workers make the lifestyle changes that are necessary in order to protect the environment and conserve resources. Transport, food and energy are some of the issues addressed by way of equipment or service testing, surveys, brain-storming and portraits of associates already active on this front.

Form of dialogue established with each stakeholder

Stakeholders	Challenge	TF1 department involved	Example of form of dialogue
Regulatory authorities, CSA and ARPP	1,2	Compliance Department, General Secretariat, External Relations Department, TF1 Channel Management and TF1 Advertising Management	Participation in various working groups, drafting of assessments, proposals
Viewers	1,2	Viewers' Welcome Desk	Response to all private enquiries (e-mail, telephone, postal) by dedicated department and website
Advertisers	1,2,4	TF1 Advertising Sales Department with internal CSR support	Dialogue with the French Advertisers' Union Publication of our Sales Terms and Conditions Website - tf1publicité.fr
Employees and trade unions	3	Management, HR and Social Affairs managers	Internal communications (paper, Intranet), annual appraisal interview, conferences, videos, poster campaigns etc. Dialogue and negotiation of agreements, Intranet availability
Producers	1,2,4	Programme Units and Compliance Department	Compliance department represented on all locations
Associations, NGO	1,2,3,4	Channel, Solidarity Committee, Social Affairs Department including Disability Unit	Dialogue, participation in round tables staged by associations, on-going contracts (JVA, FNH, Défi Intégration), Partnerships (Action Innocence), Memberships (Tremplin)
Suppliers and service-providers	3, 4,	Central Purchasing Department	On-going, individual dialogues, inclusion of terms and conditions in calls for tender, scoring via questionnaire
Corporate responsibility ratings agencies	1,2,3,4	CSR Coordination and Investor Relations Department	Answers to questionnaires and face-to-face meetings
Shareholders and financial community	1,2,3,4	Investor Relations Department	Shareholders' guide, AGM, annual report, roadshows, analyst conferences, website



EXAMPLES OF STAKEHOLDERS: THE TF1 VIEWERS' WELCOME DESK

Ten workers on permanent contracts take turns to man the Viewers' Welcome Desk. Enquiries are usually about the channel's programmes or how to take part in recordings of programmes made in public, but may also involve expressions of opinion. The increasing number of broadcasting channels, the arrival of Digital Terrestrial Television (DTT), sub-titling, multi-lingual versions of programmes and High Definition have also resulted in enquiries related to these increasingly technical aspects of television, which is why the channel has set up both a help desk and a dedicated website (www.tf1.fr/recevoir-tf1/) to give viewers individual support.

All 147,000 calls or e-mails received a response within 48 hours.

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