

REPORT ON REMUNERATION

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

This chapter contains the reports required by the French Commercial Code and the tables recommended in:

- the AFEP/MEDEF Code of Corporate Governance as revised in November 2016, application of which is overseen by the High Committee on Corporate Governance;
- the AMF Recommendation of 22 December 2008 as amended on 10 December 2009, on directors' remuneration disclosures to be included in the registration documents of listed companies.

1.1 REMUNERATION OF EXECUTIVE OFFICERS AND CORPORATE OFFICERS

PRINCIPLES AND RULES FOR DETERMINING THE REMUNERATION OF THE EXECUTIVE OFFICER

General preliminary remarks

- The Executive Officer holds an employment contract with Bouygues SA.
- The Board of Directors has not granted the Executive Officer any entitlement to compensation for assumption, cessation or change of office, or for any non-competition undertaking in the event that he leaves the company.
- He has not been granted any deferred annual variable remuneration, multi-year variable remuneration or exceptional remuneration.
- The total remuneration of the Executive Officer takes into account the existence of a capped supplementary pension and the fact that he has not been granted any entitlement to compensation of the type mentioned above.
- Other than directors' fees (see Table 2 below), the Executive Officer does not receive any remuneration from any subsidiary of the Bouygues group.
- On 19 February 2016, Gilles Pélisson took office as Executive Officer, replacing Nonce Paolini.
- The principles governing the remuneration of the Executive Officer are exactly the same for Gilles Pélisson as they were for Nonce Paolini.

Role of the Board of Directors

The Board of Directors determines the criteria for awarding the variable portion of remuneration, and the overall amount of remuneration, to be paid to the Executive Officer of TF1. Before doing so, the Board consults the Remuneration Committee, which takes into account AFEP/MEDEF recommendations on the remuneration of executive officers of listed companies.

The remuneration determined by the Board of Directors is in line with the general interests of the company. Three factors are taken into account:

- the company's performance: the Board took the view that the remuneration should be commensurate with the work done and outcomes achieved in a highly complex economic, regulatory and competitive environment;
- stock market performance: the remuneration should reflect the company's performance on the stock market, in particular trends in its average share price;
- sector and intra-group comparisons: the remuneration is benchmarked against that awarded to other media sector executives in France and the rest of Europe, and is based on rules that are applied consistently across the Bouygues group's business lines.

This remuneration and the associated social security charges are paid to the Executive Officer by Bouygues (which employs him) and then re-invoiced to TF1. Each year, the TF1 Board of Directors authorises the re-invoicing of this remuneration.

FIXED REMUNERATION

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

- the level and complexity of the Executive Officer's responsibilities;
- his experience in the post;
- his length of service with the Group;
- practices followed by the Group or by companies carrying on comparable businesses.



For 2016, Nonce Paolini's fixed remuneration was €383,333.

For 2016, Gilles Pélisson's fixed remuneration was €920,000, of which €122,666 was in his capacity as an employee and €797,334 in his capacity as Executive Officer with effect from 19 February 2016.

BENEFITS IN KIND

Benefits in kind consist of the use of a company car and the part-time assignment of a personal assistant and a chauffeur/bodyguard for the personal needs of the Executive Officer.

Those benefits have been valued at €2,098 for Nonce Paolini (Executive Officer until 18 February 2016) and at €6,220 for Gilles Pélisson (Executive Officer since 19 February 2016).

VARIABLE REMUNERATION

General policy on variable remuneration

The criteria for determining variable remuneration were adjusted by the Board in February 2007, and again in 2010, in light of AFEP/MEDEF recommendations.

The variable component is an integral part of the remuneration not only of the Executive Officer, but also of other executives.

Within the TF1 group, employees at and above department head level are also eligible for variable remuneration, which is paid annually in March in respect of the previous year on the basis of collective and individual criteria, both quantitative and qualitative.

The variable remuneration percentage rate increases in line with the employee's level of responsibility.

General description of the method used to determine the Executive Officer's variable remuneration

An objective is defined for each criterion.

Those objectives are precisely defined, but are not disclosed for confidentiality reasons.

When an objective is attained, a variable portion corresponding to a percentage of fixed remuneration is awarded. If all five objectives are attained, the sum total of the five variable portions equals the overall cap of 150%, which the variable remuneration of the Executive Officer cannot exceed.

If an objective is exceeded or not attained, the variable portion is adjusted on a straight line basis within a specified range: the variable portion is subject to an upper limit, and is reduced to zero below a specified threshold. In any event, the sum total of the five variable portions calculated on this basis cannot under any circumstances exceed the overall cap, which for the Executive Officer is set at 150% of his fixed remuneration.

No deferred annual or multi-year variable remuneration is awarded to the Executive Officer.

The five criteria used to determine the variable portion

On the advice of the Remuneration Committee, since 2010 a greater weight has been attached to qualitative criteria in the case of the Executive Officer, on the grounds that his performance must be measured by more than just financial results.

In accordance with the principles and rules for determining the remuneration paid to salaried directors of Bouygues, the Executive Officer's gross variable remuneration for 2016 is based on the performances of the TF1 and Bouygues groups, measured on the basis of significant economic indicators that are stable and relevant over the long term:

- Quantitative:
 - Criterion P1: change in "consolidated net profit attributable to the Group" for Bouygues (30% of fixed remuneration when the objective is met; captures the financial performances of the entire Bouygues group).
 - Criterion P2: variance in TF1 current operating margin relative to the business plan (10% of fixed remuneration when the objective is met; gives the Executive Officer an incentive to improve the financial performances of the TF1 group).
 - Criterion P3: variance in "consolidated net profit attributable to the Group" for TF1 relative to the business plan (25% of fixed remuneration when the objective is met; rewards the Executive Officer for meeting budget commitments).
 - Criterion P4: year-on-year change in "consolidated net profit attributable to the Group" for TF1 (35% of fixed remuneration when the objective is met; captures growth performance relative to the previous financial year).
- Qualitative:
 - Criterion P5: this criterion comprises four qualitative sub-criteria (50% of fixed remuneration when the objectives are met).



In 2014, the Remuneration Committee decided that a Corporate Social Responsibility (CSR) criterion would be added to the qualitative criteria.

This criterion was applied again in 2016, but was extended; it now requires that TF1 retain its place in four non-financial CSR indices, as opposed to three previously. During 2016, the TF1 group retained its place in four such indices (DJSI, Ethibel, Gaia and Oekom).

Starting in 2017, the Remuneration Committee has decided that if none of the P2, P3 or P4 components were to be payable, the total amount of the P1 and P5 components would be capped at 75% of fixed remuneration, i.e. half of the overall cap of 150%.

Overall cap

The overall cap for variable remuneration is set at 150% of fixed remuneration.

Nonce Paolini, who held office as Executive Officer until 18 February 2016, received no variable component as part of his remuneration for 2016.

The variable portion of the remuneration awarded for 2016 to Gilles Pélisson, who has held office as Executive Officer since 19 February 2016, amounts to €510,232 (55.5% of his fixed remuneration) because Gilles Pélisson voluntarily waived 50% of his variable compensation as determined using the specified criteria (€1,062,232).

As a percentage of his fixed remuneration, Nonce Paolini's annual variable remuneration in past years has been as follows:

- in 2009, 73%;
- in 2010, 150%;
- in 2011, 102%;
- in 2012, 50%;
- in 2013, 111%;
- in 2014, 150%;
- in 2015, 119%.

EXCEPTIONAL REMUNERATION

In exceptional circumstances, the Board of Directors reserves the right, after taking advice from the Remuneration Committee, to award an exceptional bonus.

No exceptional remuneration was awarded to Nonce Paolini for 2016.

No exceptional remuneration was awarded to Gilles Pélisson for 2016.

DIRECTORS' FEES

The Executive Officer receives and retains directors' fees paid by Bouygues, Bouygues Telecom and TF1.

STOCK OPTIONS AND PERFORMANCE SHARES

The Bouygues Board of Directors may award the Executive Officer, in connection with the office he holds at Bouygues, options giving entitlement to subscribe for new Bouygues shares.

Nonce Paolini has not been awarded any options to purchase or subscribe for TF1 shares since 2010.

In connection with the office he holds at Bouygues, Gilles Pélisson received during 2016 options giving entitlement to subscribe for new Bouygues shares; those options were awarded on 30 May 2016 following a decision taken by the Bouygues Board of Directors on 12 May 2016.

COMPENSATION FOR ASSUMPTION, CESSATION OR CHANGE OF OFFICE

The Executive Officer is not entitled to compensation or benefits due or potentially due as a result of cessation or change in office, or to any indemnity relating to a non-competition clause.

The Bouygues group and its subsidiaries have not made any commitment or promise regarding the payment of severance benefits to any salaried director. Although not a severance benefit as such, in the event of termination of the employment contract of a director who is an employee of Bouygues SA, that director would be entitled under the relevant collective agreement (in the case of Bouygues SA, the collective agreement for managers in the building industry in the Paris region) to compensation equal to approximately one year's salary.

The TF1 Board of Directors officially confirmed on 18 February 2014 that any such compensation would be re-invoiced to TF1 on a pro rata basis for the number of years of service as an employee or corporate officer of the TF1 group.



SUPPLEMENTARY PENSION OF NONCE PAOLINI, CHAIRMAN AND CHIEF EXECUTIVE OFFICER UNTIL 18 FEBRUARY 2016

Under a policy governed by the French Insurance Code, Bouygues offers the members of its Group Management Committee a supplementary pension scheme giving entitlement to an annual pension set at 0.92% of the reference salary (average of the three best years) for each year of scheme membership, subject to a cap set at eight times the annual upper limit for social security contributions; the 2016 value of the cap is €308,928, or about 33% of the Executive Officer's fixed remuneration.

This pension scheme is closed, and membership is obligatory. Nonce Paolini was a member of the Bouygues Group Management Committee. Entitlement to this supplementary pension scheme is acquired only after ten years' service with the Bouygues group and is contingent on the beneficiary still being with the Group at the date of retirement. The Bouygues group is not required to set aside provisions for this supplementary pension, which is provided via an insurance policy with an insurer from outside the Group. This annual supplementary pension has been submitted for approval under the procedure on related party agreements.

The supplementary pension expense for 2016, and the associated social security charges, were re-invoiced by Bouygues to TF1 under the related party agreement with Bouygues as authorised by the Board of Directors on 29 October 2014 and approved by the Annual General Meeting on 14 April 2016.

DEPARTURE OF NONCE PAOLINI

Nonce Paolini ceased to hold office as Chairman and Chief Executive Officer of TF1 with effect from 19 February 2016.

In accordance with AMF recommendation no. 2012-02, TF1 is disclosing the financial terms of his departure from the TF1 group.

For the year ended 31 December 2016, he was paid remuneration of €383,333, representing the fixed portion of his remuneration up to the end of May 2016. No variable component was added to this fixed remuneration.

Nonce Paolini was not awarded any stock options or performance shares by the TF1 Board of Directors during 2016.

The TF1 Board of Directors did not award Nonce Paolini any severance payment or non-competition indemnity. Following payment of the retirement benefits stipulated in the collective agreement that governs the employment contract between Bouygues and Nonce Paolini, and with Bouygues and TF1 having agreed to split those benefits in proportion to the time he spent working in each of the two companies, Bouygues invoiced TF1 the sum of €1,314,992.10.

Nonce Paolini receives a supplementary pension of €186,700 a year. In accordance with the AFEP-MEDEF code, that amount does not exceed 45% of the reference income.

The TF1 group did not record any provisions for this supplementary pension, which is provided via an insurance policy with an insurer from outside the Group.

ANNUAL GENERAL MEETING OF 14 APRIL 2016 – SAY ON PAY

The Annual General Meeting held on 14 April 2016 expressed a favourable opinion on the remuneration package awarded to Nonce Paolini in respect of the 2015 financial year (11th resolution, passed with 95.54% of votes in favour).

SUMMARY OF THE EXECUTIVE OFFICER'S REMUNERATION IN RESPECT OF THE 2016 FINANCIAL YEAR

No remuneration other than that mentioned in the table below was paid to the Executive Officer by the TF1 and Bouygues groups.

TABLE 1 – SUMMARY OF REMUNERATION, OPTIONS AND SHARES AWARDED TO THE EXECUTIVE OFFICER

Nonce Paolini – Chairman and CEO until 18/02/2016 (€)	2016	2015
Remuneration payable for the year (details in Table 2)	405,903	2,072,644
Value of options awarded during the year (details in Table 4)	0	431,906
Value of performance shares awarded during the year (details in Table 6)	-	-
TOTAL	405,903	2,504,550
Change		

TABLE 2 – REMUNERATION OF THE EXECUTIVE OFFICER

Nonce Paolini – until 18/02/2016 (€)	2016		2015	
	Gross amounts due before taxes	Gross amounts paid before taxes	Gross amounts due before taxes	Gross amounts paid before taxes
Fixed remuneration	383,333	383,333	920,000	920,000
Change	-	-	=	=
Variable remuneration	-	-	1,380,000	1,092,500
Change	-	-	-	-20.8%
% Variable/Fixed	-	-	-	119%
Cap	-	-	-	150%
Other remuneration ⁽¹⁾	-	-	-	-
Directors' fees ⁽²⁾	20,472	20,472	56,000	55,107
Benefits in kind	2,098	2,098	5,037	5,037
TOTAL	405,903	405,903	2,361,037	2,072,644

(1) Nonce Paolini received no additional remuneration whether from TF1, Bouygues, or subsidiaries of TF1.

(2) In 2016 : €2,597 for TF1, €5,375 for Bouygues, and €12,500 for Bouygues Telecom.

In 2015: €18,500 for TF1, €25,000 for Bouygues, and €11,607 for Bouygues Telecom.

The remuneration of the Executive Officer is reviewed annually by TF1's Board of Directors, in line with Article L. 225-53 of the French Commercial Code, after taking advice from the Remuneration Committee. This remuneration is in line with the general interests of the company.

For 2016, Nonce Paolini's fixed remuneration was €405,903.

He received no variable remuneration for 2016.

CHANGES WITH EFFECT FROM THE 2016 FINANCIAL YEAR

The Board of Directors decided at its meeting of 17 February 2016 that Gilles Pélisson would receive fixed remuneration of €920,000.

The cap on variable remuneration, and the quantitative and qualitative criteria for awarding variable remuneration, are the same as those previously set for Nonce Paolini.

SUPPLEMENTARY PENSION

The Annual General Meeting held on 14 April 2016 expressed a favourable opinion on Gilles Pélisson's supplementary pension entitlement with effect from 19 February 2016, the date on which his appointment as Chairman and Chief Executive Officer took effect (12th resolution, passed with 76.86% of votes in favour).

Subject to certain conditions, Gilles Pélisson will be entitled to benefit from a supplementary pension scheme on his retirement. The features of this scheme are in line with those described above.

- Performance conditions

Article 229 of the law of 6 August 2015 on growth requires that vesting of the pension rights of executive officers of listed companies in respect of a given financial year must now be subject to performance conditions.



Acting on the recommendation of the Remuneration Committee, the Board meeting of 26 February 2016 set those performance conditions, which were approved by the Annual General Meeting of 14 April 2016, as part of the vote on the 12th resolution covering regulated commitments (as stipulated in Article L. 225-42-1 of the French Commercial Code) in favour of Gilles Pélisson.

Because Gilles Pélisson has only just taken office, vesting of his annual supplementary pension rights will be subject to conditions relating to performances within his control. Those conditions relate to the attainment of objectives for average consolidated net profit relative to the annual budget:

- for the 2016 financial year: based on the 2016 annual budget;
- for the 2017 financial year: based on the 2016 and 2017 annual budgets;
- for the 2018 financial year: based on the 2016, 2017 and 2018 annual budgets;
- for subsequent financial years, based on the annual budget for that financial year and the two immediately previous financial years.

Depending on the level of attainment of the consolidated net profit objectives, the supplementary pension rights will be in a range from a minimum of 0% to a maximum of 0.92% of the reference salary.

SUMMARY OF THE REMUNERATION OF GILLES PÉLISSON AS EXECUTIVE OFFICER IN RESPECT OF THE 2016 FINANCIAL YEAR

No remuneration other than that mentioned in the table below was paid to the Executive Officer by the TF1 and Bouygues groups.

TABLE 1 – SUMMARY OF REMUNERATION, OPTIONS AND SHARES AWARDED TO THE EXECUTIVE OFFICER

Gilles Pélisson – Chairman and CEO since 19/02/2016 (€)	2016	2015
Remuneration payable for the year (details in Table 2)	1,329,809	-
Value of options awarded during the year (details in Table 4)	197,888	-
Value of performance shares awarded during the year (details in Table 6)	-	-
TOTAL	1,527,697	-
Change	-	-

TABLE 2 – REMUNERATION OF GILLES PÉLISSON AS EXECUTIVE OFFICER

Gilles Pélisson – Chairman & CEO since 19/02/2016 (€)	2016		2015	
	Gross amounts due before taxes	Gross amounts paid before taxes	Gross amounts due before taxes	Gross amounts paid before taxes
Fixed remuneration	797,334	797,334	-	-
Change			-	-
Variable remuneration	510,232	-	-	-
Change			-	-
% Variable/Fixed ⁽¹⁾	55.5%	-	-	-
Cap	150%	-	-	-
Other remuneration ⁽²⁾	-	-	-	-
Directors' fees ⁽³⁾	16,023	16,023	-	-
Benefits in kind	6,220	6,220	-	-
TOTAL	1,329,809	819,577	-	-

(1) Relative to his fixed annual salary of €920,000.

(2) Gilles Pélisson received no additional remuneration whether from TF1, Bouygues, or subsidiaries of TF1.

(3) In 2016: €18,500 for TF1.

For 2016, Gilles Pélisson's remuneration amounted to €1,329,809.

His variable remuneration for 2016 was €510,232. The quantitative criteria were not fully met, but the qualitative criteria were all met.

The following factors were taken into account in determining Gilles Pélisson's remuneration:

- the company's performance: the Board took the view that the remuneration was commensurate with the work done and outcomes achieved in a highly complex economic, regulatory and competitive environment, which weighed on the company's financial performance.

However, the Group did not manage to increase its net profit year-on-year, given an economic situation that continued to be a drag on advertising revenue and the level of non-current expenses in 2016.

- sector and intra-group comparisons: the remuneration is benchmarked against that awarded to other media sector executives in France and the rest of Europe, and is based on rules that are applied consistently across the Bouygues group's business lines.

DIRECTORS' FEES AND OTHER REMUNERATION RECEIVED BY NON-EXECUTIVE DIRECTORS

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

Directors' fees are allocated as follows:

- The theoretical annual fee for each director is €18,500. Since 1 January 2014, 30% of the fees have been allocated on the basis of the director's responsibilities, and 70% on the basis of attendance at Board Meetings.
- Committee members:
 - Audit Committee: €3,000 per member per quarter;
 - Remuneration Committee: €1,350 per member per quarter;
 - Director Selection Committee: €1,350 per member per quarter;
 - Ethics and CSR Committee: €1,350 per member per quarter. This fourth committee was created in 2014.

Not all of the €350,000 available for directors' fees was used in 2016.

The total gross amount of directors' fees before taxes paid to directors (including Nonce Paolini and Gilles Pélisson) was €274,439, as indicated in the table below.

TABLE 3 – DIRECTORS' FEES AND OTHER REMUNERATION PAID TO NON-EXECUTIVE DIRECTORS (€)

Non-executive director	Type of remuneration	Gross amounts before tax due for 2016	Gross amounts before tax due for 2015
Claude Berda	Directors' fees	4,828	16,650
Martin Bouygues	Directors' fees	20,200	23,900
Olivier Bouygues	Directors' fees	18,500	14,800
Fanny Chabirand ⁽¹⁾ (employee representative)	Directors' fees	23,900	18,500
Laurence Danon	Directors' fees	30,500	30,500
Catherine Dussart	Directors' fees	29,300	23,900
Pascaline de Dreuzy	Directors' fees	20,634	-
Janine Langlois-Glandier	Directors' fees	23,900	23,900
Sophie Leveaux Talamoni ⁽¹⁾ (employee representative)	Directors' fees	23,900	22,050
Philippe Marien	Directors' fees	35,900	35,900
Gilles Pélisson	Directors' fees	2,477	30,100
	Other remuneration	122,666	153,333
Olivier Roussat	Directors' fees	22,050	23,900
TOTAL		378,485	417,433

(1) Directors' fees due to the employee representative directors were paid directly to two trade unions: CFTC (€22,050) and FO (€18,500).

No other remuneration was paid to the non-executive directors in consideration of their corporate office.

The only remuneration paid by TF1 to Martin Bouygues, Olivier Bouygues, Olivier Roussat and Philippe Marien was TF1 directors' fees.

The salaried directors, Fanny Chabirand and Sophie Leveaux Talamoni, received no exceptional remuneration in consideration of their corporate office in the TF1 group.

Directors' fees paid to the two successive Executive Officers were as follows:

DIRECTORS' FEES PAID TO NONCE PAOLINI AS EXECUTIVE OFFICER

	Gross amounts before tax due for 2016	Gross amounts before tax due for 2015
Nonce Paolini	€20,472 ⁽¹⁾	€55,107 ⁽²⁾
TOTAL	€20,472	€55,107

(1) Includes €2,597 for TF1 (where Nonce Paolini ceased to be Executive Officer on 18 February 2016, €5,375 for Bouygues, and €12,500 for Bouygues Telecom.

(2) €18,500 for TF1, €25,000 for Bouygues, and €11,607 for Bouygues Telecom.

Directors' fees paid to the two successive Executive Officers were as follows:

DIRECTORS' FEES PAID TO GILLES PÉLISSON AS EXECUTIVE OFFICER

	Gross amounts before tax due for 2016	Gross amounts before tax due for 2015
Gilles Pélisson	€16,023 ⁽¹⁾	_ ⁽²⁾
TOTAL	€16,023	

(1) For TF1.

(2) Gilles Pélisson was not an Executive Officer in 2015; his directors' fees for 2015 in his capacity as a non-executive director are disclosed earlier in this report.

1.2 REPORT ON STOCK OPTIONS AND PERFORMANCE SHARES FOR 2016

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

This chapter contains the reports required by the French Commercial Code and the tables recommended in the AFEP/MEDEF Code of Corporate Governance or in AMF pronouncements on directors' remuneration disclosures to be included in the registration documents of listed companies.

During 2016, the Board of Directors awarded stock subscription options and performance shares.

PRINCIPLES AND RULES FOR AWARDS OF STOCK OPTIONS AND TF1 PERFORMANCE SHARES

AUTHORISATIONS GIVEN TO THE BOARD OF DIRECTORS BY THE ANNUAL GENERAL MEETING

The 11th resolution of the Annual General Meeting of 17 April 2014 renewed, for a 38-month period, the authorisation of the Board of Directors to award to employees and corporate officers of TF1 or related companies, on one or more occasions, options to subscribe for new or existing shares.

The 17th resolution of the Annual General Meeting of 14 April 2016 authorised the Board of Directors, for a 38-month period, to award to employees and corporate officers of TF1 or related companies, on one or more occasions, performance shares which at the Board's discretion may be either existing shares repurchased by the company or new shares issued for the purpose.

To that end, the Annual General Meeting delegated powers to the Board of Directors to set conditions for making such awards, with a view to linking the remuneration of key executives more closely with the performance and future of the Group and with the outcomes of their work.

The maximum amount of such awards was set at 3% of the share capital.

The 11th and 17th resolutions on stock options and performance share awards stipulate that:

- the Board of Directors determines the conditions, in particular the maximum amount for the awarding of stock options or shares to the Executive Officers, as well as the performance criteria applicable to such awards;
- the Board of Directors draws up a list or determines the categories of other beneficiaries of options or shares, and determines the performance criteria applicable to such awards.

Under the 11th resolution on stock options, no discount is permitted. Depending on the circumstances:

- the subscription price must be no less than the average quoted share price over the 20 trading days preceding the date of grant;
- the purchase price of shares must be no less than (i) the average quoted share price over the 20 trading days preceding the date of grant or (ii) the average price at which the shares were purchased by the company pursuant to Articles L. 225-208 and L. 225-209 of the Commercial Code.

The Board of Directors has granted options entitling their holders to subscribe for new TF1 shares, which have been subject to performance conditions since 2009 in the case of the Executive Officer, and since 2011 for all grantees.

GENERAL RULES ON AWARDS OF STOCK OPTIONS AND PERFORMANCE SHARES

The Board of Directors has taken into account the recommendations of the AFEP/MEDEF code and of the AMF.

The general rules applied are summarised below:

- Stock options or performance shares are awarded to attract key executives and employees, secure their loyalty, reward them, and give them a medium- and long-term interest in the company's development, reflecting their contribution to value creation.
- Stock option and performance share plans are awarded to approximately 130 corporate officers and employees of TF1 (or of Group companies) who sit on any of the three management bodies. Grantees are selected and individual awards decided so as to reflect each beneficiary's responsibilities and performance, with particular attention paid to high-potential executives.
- No stock options or performance shares have been awarded to Gilles Pélisson, who has been the sole Executive Officer since 19 February 2016.
- No discount is applied to grants of stock options.
- Awards of options and performance shares are contingent on two cumulative performance conditions which are set by the Board of Directors acting on the recommendations of the Remuneration Committee and are measured over at least three financial years. In addition, exercise of options and vesting of performance shares is subject to the grantee remaining with the Group, other than in exceptional cases.
- Executives who benefit from these plans are informed about insider trading. Various internal rules have been issued to prevent insider trading. These include establishing a list of individuals with access to privileged information, reminders of

prohibitions on trading, and information about stock market law. A dedicated compliance programme was approved and distributed during 2015.

- All TF1 stock option plans prohibit grantees from exercising their options, or selling shares derived from exercised options, during the period preceding publication of the financial statements. Since the issuance of the AMF recommendation of November 2010, this period extends for thirty calendar days up to and including the day of publication of the TF1 quarterly, half-year and full-year financial statements. This prohibition also applies during any period in which such persons are aware of privileged information, and on the date of publication of such information.
- The two most recent stock option plans were awarded in June 2015 and June 2016. No plans were awarded in either 2013 or 2014.
- A performance share plan was awarded in June 2016.

SPECIFIC RULES APPLICABLE TO CORPORATE OFFICERS

No stock options or performance shares have been awarded to Gilles Pélisson, who has been the sole Executive Officer since 19 February 2016.

Nonce Paolini, who served as Chairman and Chief Executive Officer until 18 February 2016, has never been awarded any performance shares, and has not been awarded any stock options since 2010.

The key features of the policy for awards to corporate officers, including the Chairman and Chief Executive Officer, comply with the recommendations of the AFEP/MEDEF code (with the caveat that the new version of the Code issued in November 2016 has not yet been applied), and are described below:

- prohibition on awards of stock options or performance shares to key executives on departure from the company;
- prohibition on speculative transactions or on hedging the risk relating to the exercise of stock options or the sale of performance shares;
- obligation for key executives to retain a specified number of shares derived from the exercise of options until they leave office.

This last obligation was applied for the first time to stock options granted in 2009. The Board set the percentage of shares derived from the exercise of options that executive officers would be required to retain until they left office at 25% (after selling the number of shares necessary to cover the cost of option exercise and paying any related taxes or social charges).

- performance conditions to which Executive Officers are subject as regards the granting and exercise of stock options.

POLICY ON STOCK OPTIONS AND PERFORMANCE SHARES

For some years, the Board of Directors has used stock option plans as its preferred mechanism for securing the loyalty of key executives and other employees, and for giving them a stake in the development of the Group. In 2016, it also awarded performance shares to certain key executives.

The decision to award performance shares reflected the need to give the individuals concerned a close interest in the deployment and success of the TF1 group's transformation plan.

APPLICATION OF PERFORMANCE CONDITIONS

Exercise of the stock options in plans nos. 12, 13, 14 and 15, and vesting of the performance shares, is subject to performance conditions. The Board of Directors has set two performance criteria, independent of one another, that determine the number of options that will be exercisable and the number of performance shares that will vest.

For each of these two criteria:

- if actual performance is equal to or better than 90% of the objectives, 100% of the options will be exercisable and 100% of the performance shares will vest;
- if actual performance is equal to or better than 70% but less than 90% of the objectives, the options will be exercisable and the performance shares will vest up to the actual percentage performance, calculated on a straight line basis;
- if actual performance is less than 70% of objectives, no options will be exercisable and no performance shares will vest.

For Plan no. 12, the calculation was made on the basis of the arithmetical average of performances in 2011, 2012 and 2013 on a constant structure basis, as compared with the budgets set in 2010, 2011 and 2012 for the 2011, 2012 and 2013 financial years, respectively.

On 18 February 2014, the Board of Directors was informed by the Remuneration Committee that in view of its analysis of the performance criteria on which exercise of the options in Plan no. 12 is contingent, 100% of the stock options (which are exercisable until 10 June 2018) had vested.

For Plan no. 13, the calculation was made on the basis of the arithmetical average of performances in 2012, 2013, 2014 and 2015 on a constant structure basis, as compared with the budgets set in 2011, 2012, 2013 and 2014 for the 2012, 2013, 2014 and 2015 financial years, respectively.

On 17 February 2016, the Board of Directors was informed by the Remuneration Committee that in view of its analysis of the performance criteria on which exercise of the options in Plan no. 13 is contingent, 100% of the stock options (which are exercisable until 12 June 2019) had vested.

For Plan no. 14, the calculation will be made on the basis of the arithmetical average of performances in 2015, 2016 and 2017 on a constant structure basis, as compared with the budgets set in 2014, 2015 and 2016 for the 2015, 2016 and 2017 financial years, respectively.

For Plan no. 15 and for the 2016 performance share plan, the calculation will be made (i) 50% on the basis of the arithmetical average of performances in the 2016 and 2017 financial years as compared with the budgets set for those financial years and (ii) 50% on the basis of the arithmetical average of performances in the 2017 and 2018 financial years as compared with the budgets set for those financial years. Performances for the 2016, 2017 and 2018 financial years will be assessed on a constant structure basis by reference to the budgets set in 2015, 2016 and 2017 for the 2016, 2017 and 2018 financial years, respectively.

The Remuneration Committee will examine the performance criteria on which exercise of the options and vesting of the performance shares is contingent.

GENERAL INFORMATION AND CHARACTERISTICS OF STOCK OPTIONS

- Terms of exercise:
 - Plans nos. 12 and 13: four years after the date of grant;
 - Plans nos. 14 and 15: three years after the date of grant.
- Exercise period:
 - Plans nos. 12 and 13: three years after expiry of the lock-up period;
 - Plans nos. 14 and 15: four years after expiry of the lock-up period;
- Options and performance shares are automatically forfeited on termination of the grantee's employment contract or corporate office, unless given special dispensation or in the event of disability or retirement.

STOCK SUBSCRIPTION OPTIONS GRANTED OR EXERCISED IN 2016

STOCK SUBSCRIPTION OPTIONS GRANTED OR EXERCISED DURING THE YEAR

Options giving entitlement to subscribe for TF1 shares were awarded in 2016.

On 26 April 2016, the Board of Directors approved the granting on 8 June 2016 of 642,000 options, equivalent to 0.3% of the share capital, to 100 grantees from the TF1 group.

The exercise price of €10.99 per share is the average of the quoted market prices on the 20 trading days preceding 8 June 2016.

On the date of grant, the value of each option (as measured using the method applied for the purposes of the consolidated financial statements) was €2.15.

Gilles Pélisson was not awarded any stock subscription options.

During 2016, a total of 316,693 options to subscribe for TF1 shares were exercised: 131,176 under Plan no. 11 and 185,517 under plan no. 13. Plan no. 11 has an exercise price of €5.98, and Plan no. 13 an exercise price of €6.17. No discount was applied.

As of 31 December 2016, the only potentially exercisable TF1 stock subscription options were those granted under Plan no. 13, representing a total of 1,117,683 options (0.53% of the share capital).

STOCK SUBSCRIPTION OPTIONS AWARDED BY TF1 OR ANY GROUP COMPANY, GRANTED TO OR EXERCISED BY THE EXECUTIVE OFFICER DURING THE YEAR

Gilles Pélisson was not awarded any options to purchase or subscribe for TF1 shares during 2016.

From 2010 to February 2016, Nonce Paolini was not awarded any options to purchase or subscribe for TF1 shares.

In connection with the office he holds at Bouygues, in 2016 Gilles Pélisson received options giving entitlement to subscribe for new Bouygues shares, awarded on 30 May 2016 following a decision taken at a meeting of the Bouygues Board of Directors on 12 May 2016.

TABLE 4 – OPTIONS GRANTED TO THE EXECUTIVE OFFICER IN 2016

Name of Executive Officer	Plan no. and date	Type of option (purchase or subscription)	Value of option based on method used in consolidated financial statements	Number of options granted during the year	Exercise price	Exercise period
Nonce Paolini	Bouygues plan Board Meeting date: 12/05/2016 Date of grant: 30/05/2016	Subscription	€2.4736	80,000	€29	30/05/2018 to 30/05/2026
TOTAL			€197,888	80,000		

The exercise price was calculated on the basis of the average of the opening quoted market prices on the twenty trading days preceding 30 May 2016; no discount was applied.

TABLE 5 – OPTIONS EXERCISED BY THE EXECUTIVE OFFICER OF TF1 IN 2016

Nonce Paolini, who served as Executive Officer until 18 February 2016, did not exercise any stock subscription options in 2016.

Gilles Pélisson, who has served as Executive Officer since 19 February 2016, did not exercise any stock subscription options in 2016.

STOCK SUBSCRIPTION OPTIONS AWARDED BY TF1 OR ANY GROUP COMPANY, GRANTED TO OR EXERCISED BY SALARIED DIRECTORS DURING THE YEAR

Options granted to salaried directors in 2016 were as follows:

Name of salaried director	Plan no. and date	Type of option (purchase or subscription)	Number of options granted/ exercised during the year	Exercise price
	Plan no. 15 Board Meeting date: 26/04/2016 Date of grant: 08/06/2016	Subscription	13,000	€10.99
Sophie Leveaux Talamoni				
TOTAL			13,000	

Sophie Leveaux Talamoni did not exercise any stock subscription options in 2016.

PERFORMANCE SHARES

A performance share plan was awarded in 2016.

TABLE 6 – PERFORMANCE SHARES GRANTED TO THE EXECUTIVE OFFICER

No performance shares were awarded by the company to the Executive Officer in 2016.

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

No performance shares became available as none has been awarded by the company to either of the successive Executive Officers, Nonce Paolini and Gilles Pélisson.

PAST STOCK OPTION AWARDS AND OTHER INFORMATION

TABLE 8 – PAST STOCK OPTION AWARDS

	Plan no. 11	Plan no. 12	Plan no. 13	Plan no. 14	Plan no. 15
Date of Shareholders' Meeting	17/04/2007	14/04/2011	14/04/2011	17/04/2014	17/04/2014
Date of Board meeting	18/02/2009	12/05/2011 & 25/07/2011	14/05/2012	29/04/2015	26/04/2016
Date of grant	20/03/2009	10/06/2011	12/06/2012	12/06/2015	08/06/2016
Type of plan	subscription	subscription	subscription	subscription	subscription
Total number of options granted	2,000,000	1,500,000	1,437,200	1,308,800	642,000
- to corporate officers	56,000	7,200	7,200	16,000	0
- to the 10 employees awarded the greatest number	340,000	272,000	302,000	368,000	114,000
Total number of options granted subject to performance conditions	50,000	1,500,000	1,437,200	1,308,800	642,000
Start date of exercise period	20/03/2012	10/06/2015	12/06/2016	12/06/2018	08/06/2019
Expiration date	20/03/2016	10/06/2018	12/06/2019	12/06/2022	08/06/2023
Subscription price	€5.98	€12.47	€6.17	€15.46	€10.99
Terms of exercise	May be exercised from 3rd anniversary of date of grant May be sold from 4th anniversary of date of grant	May be exercised and sold from 4th anniversary of date of grant		May be exercised and sold from 3rd anniversary of date of grant	May be exercised and sold from 3rd anniversary of date of grant
Number of shares subscribed at 31 December 2016	1,649,000	244,400	185,517	-	-
Cumulative number of options cancelled, not awarded, or forfeited	351,000	147,200	134,000	40,800	14,700
Number of options outstanding at end of period	0	1,108,400	1,117,683	1,268,000	627,300

For an analysis of the movement in the number of options outstanding, refer to note 7-4-6-2 to the TF1 consolidated financial statements for the year ended 31 December 2016. The expense recognised for the stock subscription option plans granted by TF1 is presented in note 7-4-6-3 to the consolidated financial statements. The value per option on the date of grant, calculated according to the Black-Scholes model, is €1.18 (Plan no. 12), €0.70 (Plan no. 13), €2.75 (Plan no. 14) and €2.15 (Plan no. 15).

The most recently lapsed plans are Option Plan no. 10 (lapsed on 20 March 2015) and OptionPlan no. 11 (lapsed on 20 March 2016).

PAST PERFORMANCE SHARE AWARDS AND OTHER INFORMATION

TABLE 8 – PAST PERFORMANCE SHARE AWARDS

	2016 performance share plan
Date of Shareholders' Meeting	14/04/2016
Date of Board meeting	26/04/2016
Date of grant	08/06/2016
Type of shares	new shares to be issued
Maximum number of shares awarded	170,000
to corporate officers	0
to the 10 employees awarded the most shares	maximum: 79,600
Vesting period	8 June 2016 to 7 June 2019
Lock-up period	8 June 2019 to 7 June 2020
Date available for sale	From 8 June 2020
Fair value of award (based on estimate at date of grant of the likely number of shares awarded)	€1.9 million
Continuing employment condition	Yes
Performance conditions	Yes
Number of shares vested as of 31 December 2016	-
Number of shares cancelled or forfeited	9,900
Number of shares not yet vested	160,100

TABLE 9 – STOCK OPTIONS GRANTED TO OR EXERCISED BY THE TEN TF1 EMPLOYEES (OTHER THAN CORPORATE OFFICERS) AWARDED THE MOST OPTIONS IN 2016

	Total number of options awarded/shares subscribed or purchased	Weighted average price	Expiry date	Plan no.
Options awarded during the year by TF1 (or any company within the scope of companies entitled to award options) to the ten employees of TF1 (or of any company within that scope) awarded the most options				
Jean Michel Gras	13,000	10.99	08/06/2019	15
Marie Guillaumond Tenet	13,000	10.99	08/06/2019	15
Christophe Marx	13,000	10.99	08/06/2019	15
Nathalie Toulza Madar	13,000	10.99	08/06/2019	15
Mathieu Vergne	13,000	10.99	08/06/2019	15
Frédéric Carne	10,000	10.99	08/06/2019	15
Anne Claire Coudray	10,000	10.99	08/06/2019	15
Frédéric Pedraza	10,000	10.99	08/06/2019	15
Laurent Bliaut	9,500	10.99	08/06/2019	15
Jérôme Dessaux	9,500	10.99	08/06/2019	15
Options exercisable vis-à-vis TF1 (or any other company as mentioned above) and exercised during the year by the ten employees of TF1 (or any other company as mentioned above) purchasing or subscribing for the highest number of shares				
Jean-Michel Counillon	30,000	6.17	12/06/2019	13
Catherine Nayl Perrot	20,000	6.17	12/06/2019	13
Patrice Bailly	12,000	5.98	20/03/2016	11
Hervé Pavard	12,000	5.98	20/03/2016	11
Elisabeth Durand Bernard	10,000	5.98	20/03/2016	11
Patrice Bailly	7,200	6.17	12/06/2019	13
Philippe Moncorps	6,000	5.98	20/03/2016	11
François Xavier Pietri	4,800	6.17	12/06/2019	13
Catherine Puisseux Kapko	4,800	6.17	12/06/2019	13
David Sedel	4,000	5.98	20/03/2016	11

TABLE 10 - PAST PERFORMANCE SHARE PLANS AWARDED

Performance shares awarded during the year by TF1 (or any company within the scope of companies entitled to award performance shares) to the ten employees of TF1 (or of any company within that scope) awarded the most shares

Grantee	Number of performance shares awarded in 2016	Vesting date
Ara Aprikian	10,000	07/06/2019
Régis Ravanans	10,000	07/06/2019
Olivier Abecassis	8,500	07/06/2019
Philippe Denery	8,500	07/06/2019
Catherine Nayl Perrot	8,500	07/06/2019
Arnaud Bosom	7,500	07/06/2019
Jean-Michel Counillon	7,500	07/06/2019
Christine Bellin	6,500	07/06/2019
Frédéric Ivernel	6,500	07/06/2019
Olivier Jacobs	6,100	07/06/2019

1.3 OTHER INFORMATION ON THE EXECUTIVE OFFICER

TABLE 11 – OTHER INFORMATION ON THE EXECUTIVE OFFICER

	Employment contract		Supplementary pension scheme ⁽²⁾		Compensation or benefits due or liable to become due on cessation or change of office ⁽³⁾		Non-competition indemnity	
	Yes	No	Yes	No	Yes	No	Yes	No
Nonce Paolini: Chairman & CEO until 18/02/2016	X ⁽¹⁾		X ⁽²⁾			X ⁽⁴⁾		X
Gilles Pélisson: Chairman & CEO from 19/02/2016	X ⁽¹⁾		X ⁽³⁾			X ⁽⁴⁾		X

(1) Nonce Paolini had an employment contract with Bouygues SA, and not with TF1 SA. Gilles Pélisson also has an employment contract with Bouygues SA, and not with TF1 SA.

(2) See the "Supplementary Pension" section of chapter 2.3.1 above. The annual supplementary pension entitlement is set at 0.92% of the reference salary (average of three best years) for each year of scheme membership, subject to a cap set at eight times the annual upper limit for social security contributions (2016 value of the cap: €308,928). This pension scheme is closed, and membership is obligatory. Entitlement is acquired only after ten years' service with the Bouygues group and is contingent on the beneficiary still being with the Group at the date of retirement. The Bouygues group is not required to set aside provisions for this supplementary pension, which is provided via an insurance policy with an insurer from outside the Group. This annual supplementary pension has been submitted for approval under the procedure on related party agreements.

(3) See chapter 2.3.1: The Annual General Meeting of 14 April 2016 approved (with 77% of votes in favour) Gilles Pélisson's supplementary pension entitlement. Subject to certain conditions, Gilles Pélisson will be entitled to benefit from a supplementary pension scheme on his retirement. This supplementary pension scheme is subject to performance conditions. Because Gilles Pélisson has only just taken office, vesting of his annual supplementary pension rights will be subject to conditions relating to performances within his control. Those conditions relate to the attainment of objectives for average consolidated net profit relative to the annual budget:

- for the 2016 financial year: based on the 2016 annual budget;
 - for the 2017 financial year: based on the 2016 and 2017 annual budgets;
 - for the 2018 financial year: based on the 2016, 2017 and 2018 annual budgets;
 - for subsequent financial years, based on the annual budget for that financial year and the two immediately previous financial years.
- Depending on the level of attainment of the consolidated net profit objectives, the supplementary pension rights will be in a range from a minimum of 0% to a maximum of 0.92% of the reference salary.

(4) Severance benefits: The Bouygues group and its subsidiaries have not made any commitment or promise regarding the payment of severance benefits to the Executive Officer. Nor has any such commitment or promise been made to the salaried directors of Bouygues. Although not a severance benefit as such, a director who is an employee of Bouygues SA is covered by the relevant collective agreement (in the case of Bouygues SA, the collective agreement for managers in the building industry in the Paris region) and consequently is entitled to any compensation stipulated by that agreement on termination of an employment contract. Any such compensation would be re-invoiced to TF1 on a pro rata basis for the number of years of service as an employee or corporate officer of the TF1 group.