

DISCLOSURES ON REMUNERATION OF CORPORATE OFFICERS IN RESPECT OF 2019

Report on remuneration in accordance with Article L. 225-37-3 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 January 2020, application of which is overseen by the High Committee on Corporate Governance;
- the AMF Recommendation of 22 December 2008 as amended on 26 November 2018, on disclosures on the remuneration of corporate officers to be included in registration documents.

1.1 REMUNERATION OF THE EXECUTIVE OFFICER

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 his remuneration as a corporate officer (see Table 2 below), he is not paid any remuneration by any subsidiary of the Bouygues group or of the TF1 group.

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 Selection and 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 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 was considered in light of 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 Selection and 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 difficulty 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 2019, Gilles Pélisson's fixed remuneration was set at €920,000.

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 €6,220 for the Executive Officer (Gilles Pélisson).

VARIABLE REMUNERATION

General policy on variable remuneration

The criteria for determining variable remuneration are set by the Board in light of AFEP/MEDEF recommendations.

The variable component is an integral part of the Executive Officer's remuneration.

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 four 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. The sum total of the four 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 four criteria used to determine the variable portion

On the advice of the Selection and Remuneration Committee, since 2010 the Board has attached greater weight 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.

The Executive Officer's gross variable remuneration for 2019 is based on the performances of the TF1 and Bouygues groups, measured by reference to significant economic indicators that are stable and relevant over the long term:

- Quantitative:
 - Criterion P1: variance in free cash flow¹ for Bouygues relative to the business plan (40% of fixed remuneration when the objective is met; captures the financial performances of the entire Bouygues group).
 - Criterion P2: variance in TF1 group current operating margin relative to the business plan (35% 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 TF1 group consolidated net profit² relative to the business plan (35% of fixed remuneration when the objective is met; rewards the Executive Officer for meeting budget commitments, and captures year-on-year growth performance). If TF1 group consolidated net profit as specified in the business plan is 20% or more below that of the previous year (2018), P3 is capped at 25%.
- Qualitative:
 - Criterion P4: this criterion comprises four qualitative sub-criteria, including one related to corporate social responsibility (40% of fixed remuneration when the objectives are met).

A corporate social responsibility criterion has been included in the qualitative criteria since 2014. This criterion is being applied again in 2019, and requires that TF1 retain its place in four extra-financial indices. During 2019, the TF1 group did indeed retain its place in four extra-financial indices: DJSI, MSCI, Gaïa, and ISS (formerly Oekom).

¹ Free cash flow after changes in working capital relating to operating activities and to non-current assets used in operations.

² This indicator will be adjusted to eliminate exceptional items.



Method used to determine annual variable remuneration

(FR = Fixed Remuneration)

P1, P2 and P3

The effective weight of each criterion used to determine each variable portion awarded (P1, P2 and P3) reflects the actual performance achieved during the year.

Each variable portion (P) is calculated as follows:

- 1) For P1:
 - If actual P1 performance is more than 20% below the Objective → P1 = 0
 - If actual P1 performance is between (Objective – 20%) and the Objective → P1 = 0% to 40% of FR
 - If actual P1 performance is between the Objective and [Objective + 20%] → P1 = 40% to 55% of FR

Between these limits the effective weight of each component is determined by linear interpolation.

- 2) For P2:
 - If actual P2 performance is more than 10% below the Objective → P2 = 0
 - If actual P2 performance is between (Objective – 10%) and the Objective → P2 = 0% to 35% of FR
 - If actual P2 performance is between the Objective and [Objective + 20%] → P2 = 35% to 45% of FR

Between these limits the effective weight of each component is determined by linear interpolation.

- 3) For P3:
 - If actual P3 performance is more than 10% below the Objective → P3 = 0
 - If actual P3 performance is between (Objective – 10%) and the Objective → P3 = 0% to 35% of FR
 - If actual P3 performance is between the Objective and [Objective + 20%] → P3 = 35% to 60% of FR

Between these limits the effective weight of each component is determined by linear interpolation.

This indicator will be adjusted to eliminate exceptional items.

If TF1 group consolidated net profit as specified in the business plan is 20% or more below that of the previous year, P3 is capped at 25%.

P4

The Board of Directors determines the effective weight of P4, subject to a strict cap of 40% of FR.

The method used to determine annual variable remuneration will be published in the TF1 group Universal Registration Document, due to be filed with the AMF on 10 March 2020.

Overall cap

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

The variable remuneration awarded to Gilles Pélisson (Executive Officer since 19 February 2016) for 2019 was €1,113,200, or 121% of his fixed remuneration.

The variable remuneration paid to the Executive Officer (Gilles Pélisson) in previous years was:

- 2017: 150% of his fixed remuneration.
- 2018: 150% of his fixed remuneration.

In addition, the Selection and Remuneration Committee decided that from 2017 onwards, if neither of the P2 or P3 components were to be payable, the total amount of the P1 and P4 components would be capped at 75% of fixed remuneration, i.e. half of the 150% overall cap.

EXCEPTIONAL REMUNERATION

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

No exceptional remuneration was awarded to Gilles Pélisson for 2019.

REMUNERATION OF CORPORATE OFFICERS (PREVIOUSLY KNOWN AS DIRECTORS' FEES)

Like the other directors, the Executive Officer receives and retains remuneration paid by TF1 for his service as a director; such payments were previously known as "directors' fees" (see table 2).

STOCK OPTIONS AND PERFORMANCE SHARES

Because the Executive Officer (Gilles Pélisson) holds a contract of employment with Bouygues SA, the Bouygues Board of Directors may award him options giving entitlement to subscribe for new Bouygues shares.

During 2019, Gilles Pélisson received options giving entitlement to subscribe for new Bouygues shares; those options were awarded on 31 May 2019 following a decision taken by the Bouygues Board of Directors on 15 May 2019³.

TERMINATION BENEFIT – SALARIED POSITION

A termination benefit may be paid in respect of salaried positions within the Group, excluding any period of service as a corporate officer, in accordance with the French Labour Code and the national collective agreement applied by the company in question.

Corporate officers are not paid any non-compete indemnity when they leave office.

ANNUAL GENERAL MEETING OF 18 APRIL 2019 – "SAY ON PAY"

The Annual General Meeting expressed a favourable opinion on the remuneration package awarded to Gilles Pélisson in respect of the 2018 financial year (6th resolution, passed with 80.4% of votes in favour).

The Annual General Meeting also approved the remuneration policy for the Chairman & Chief Executive Officer (principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components of the total remuneration and benefits of all kinds awarded to Gilles Pélisson, 7th resolution, passed with 81.4% of votes in favour).

SUMMARY OF THE REMUNERATION OF THE EXECUTIVE OFFICER (GILLES PÉLISSON) IN RESPECT OF THE 2019 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 (€)	2019	2018
Remuneration payable for the year (see Table 2)	2,057,920	2,324,720
Value of options awarded during the year (see Table 4)	108,800	148,144
Value of performance shares awarded during the year (see Table 6)	-	-
TOTAL	2,166,720	2,472,864
Change	-12%	-

³ For details of how such options are awarded, refer to the Bouygues Universal Registration Document.

TABLE 2 – REMUNERATION OF THE EXECUTIVE OFFICER (GILLES PÉLISSON)

	2019		2018	
	Gross amounts due before taxes	Gross amounts paid before taxes	Gross amounts due before taxes	Gross amounts paid before taxes
Gilles Pélisson – Chairman and CEO since 19/02/2016 (€)				
Fixed remuneration	920,000	920,000	920,000	920,000
Change	-	-	-	-
Variable remuneration	1,113,200	1,380,000	1,380,000	1,380,000
Change	-	-	-	-
% Variable/Fixed ⁽¹⁾	121%	-	150%	-
Cap	150%	-	150%	-
Other remuneration ⁽²⁾	-	-	-	-
Remuneration for serving as a director (formerly directors' fees)	18,500	18,500	18,500	18,500
Benefits in kind	6,220	6,220	6,220	6,220
TOTAL	2,057,920	2,324,720	2,324,720	2,324,720

(1) By reference to his fixed annual remuneration of €920,000.

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

For 2019, Gilles Pélisson's remuneration amounted to €2,057,920.

Gilles Pélisson's variable remuneration for 2019 was €1,113,200. The quantitative criteria were partially met, and the qualitative criteria were fully met. Payment is suspended pending adoption of the 5th resolution at the Annual General Meeting of 17 April 2020 ("Ex post approval of components of remuneration and benefits paid or awarded to Gilles Pélisson in respect of 2019").

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 the quality of outcomes. Factors taken into account included growth in Group audience figures, especially among commercial targets; revenue growth (+2.1%); an increase of €56 million in current operating profit (+28.3%); the attainment in 2019 of the objective set three years ago of reaching double-digit current operating margin (2019 figure: 10.9%); and the year-on-year increase of 21.5% in net profit attributable to the Group. In addition, the Group continued to grow the profitability of its core business thanks to complementary revenue streams (MYTF1, and distribution revenue from the agreements signed with telecoms operators and good control over the cost of programmes, in line with the objective set. In production, the Group stepped up the pace of its expansion as demonstrated by the results of Newen, driven mainly by international operations and acquisitions, including De Mensen and Reel One in 2019. Finally, the Group reorganised its Unify digital division to put it into shape to achieve its objectives in 2021, a key element being the launch of the Unify Advertising airtime sales agency. In line with the principles set for the remuneration of the Executive Officer, the Board also took account of the three objectives set in the budget for the 2019 financial year. Finally, the Board looked at trends in the TF1 share price in 2019. In a media sector that still operates in a challenging environment, the TF1 share price rose by 4.5%, while its main European peers enjoyed mixed fortunes during the year in a range from -10% to +21%.
- 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.

SUPPLEMENTARY PENSION

The Board meeting of 30 October 2018 authorised the award of a supplementary pension to Gilles Pélisson, Chairman and Chief Executive Officer of TF1, with effect from 1 January 2019. Vesting of his supplementary pension rights is subject to certain conditions, which will apply to the defined-benefit collective pension agreement signed by Bouygues. 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. Management of the scheme is contracted out to an insurance company.

Performance conditions

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

For 2019, vesting of Gilles Pélisson's annual supplementary pension rights was calculated by reference to the attainment of objectives for average consolidated net profit relative to the annual budgets for the 2017, 2018 and 2019 financial years.

Depending on the level of attainment of the consolidated net profit objectives, supplementary pension rights are in a range from a minimum of 0% to a maximum of 0.92% of the reference salary. The criteria were met for 2019, so his vested rights amounted to 0.92% of the reference salary.

The annual supplementary pension is capped at eight times the annual upper limit for social security contributions⁴; for 2019, that cap is €324,192, which is below the ceiling of 45% of reference salary specified in the AFEP/MEDEF Code.

The Board of Directors also authorised the re-invoicing by Bouygues to TF1 of the portion of the premium paid to the insurance company in respect of Gilles Pélisson, for a period of one year from 1 January 2019.

EXECUTIVE PAY RATIO

The executive pay ratios disclosures provided below comply with paragraphs 6 & 7 of Article L. 225-37-3 of the French Commercial Code.

A) PAY RATIO BETWEEN THE REMUNERATION OF THE EXECUTIVE OFFICER AND THE AVERAGE AND MEDIAN REMUNERATION OF TF1 SA EMPLOYEES

	2015	2016	2017	2018	2019
Executive Officer	Nonce Paolini	Gilles Pélisson	Gilles Pélisson	Gilles Pélisson	Gilles Pélisson
Ratio to average remuneration paid to employees	28	13	19	30	30
Ratio to median remuneration paid to employees	35	16	23	37	37

B) TABLE COMPARING THE REMUNERATION OF THE EXECUTIVE OFFICE RELATIVE TO THE PERFORMANCE OF TF1 SA AND TO THE AVERAGE REMUNERATION OF TF1 SA EMPLOYEES

	Change 2015 vs 2014	Change 2016 vs 2015	Change 2017 vs 2016	Change 2018 vs 2017	Change 2019 vs 2018
Annual remuneration paid to the Executive Officer	+0.3%	-54.4%	+45.5%	+72.6%	+2.6%
Company performance: Current operating profit	+35.6%	-18.1%	+43.2%	+5.4%	+30.3%
Company performance: Net profit attributable to the Group	0%	-58.2%	+226.4%	-6.2%	+21.0%
Average remuneration paid to employees	+2.0%	+1.7%	-0.3%	+6.9%	+2.2%
Pay ratio based on average remuneration paid	28 (-1.6%)	13 (-55.2%)	19 (+45.9%)	30 (+61.5%)	30 (+0.4%)

Comments

- 2015 vs 2014: In 2015, Nonce Paolini served as Chairman & Chief Executive Officer for the entire year.
- 2016 vs 2015: Gilles Pélisson took office as Chairman & Chief Executive Officer on 19 February 2016; his fixed remuneration is computed on an annualized basis. No variable remuneration was paid to the Executive Officer in 2016.
- 2017 vs 2016: In 2017, Gilles Pélisson served as Chairman & Chief Executive Officer for the entire year. In 2016, he waived 50% of his variable compensation which as calculated based on the specified criteria would have been €1,062,232.
- 2018 vs 2017: In 2018, Gilles Pélisson served as Chairman & Chief Executive Officer for the entire year.
- 2019 vs 2018: In 2019, Gilles Pélisson served as Chairman & Chief Executive Officer for the entire year.
- The financial statements of the TF1 group for the 2015, 2016 and 2017 financial years include non-current items (restructuring costs, amortisation of audiovisual rights remeasured at fair value in the acquisition of Newen) that could explain the significant changes in net profit attributable to the Group for those years.

⁴ The annual upper limit for social security contributions for 2019 is €40,524.

REMUNERATION OF NON-EXECUTIVE CORPORATE OFFICERS⁵

The Annual General Meeting of 23 April 2003 set the total amount of remuneration of corporate officers for serving as directors at €350,000 annually, leaving it to the Board of Directors to determine how this amount should be allocated.

That amount was allocated as follows:

- The theoretical annual amount for each director is €18,500.
- Committee members:
 - Audit Committee: €3,000 per member per quarter;
 - Selection and Remuneration Committee: €1,350 per member per quarter;
 - Ethics and CSR Committee: €1,350 per member per quarter.

Not all of the €350,000 available for the remuneration of corporate officers for serving as directors was used in 2019.

The total gross amount of such remuneration before taxes (including Gilles Pélisson) was €269,750, as indicated in the tables below.

TABLE 3 – REMUNERATION OF NON-EXECUTIVE CORPORATE OFFICERS FOR SERVING AS DIRECTORS (FORMERLY KNOWN AS DIRECTORS' FEES) (€)

Non-executive corporate officer	Type of remuneration	Gross amounts before tax due for 2019	Gross amounts before tax due for 2018
Marie Allavena ⁽¹⁾	Remuneration for serving as director	14,438	-
Martin Bouygues	Remuneration for serving as director	23,900	23,900
Olivier Bouygues	Remuneration for serving as director	13,644	18,500
Fanny Chabirand ⁽²⁾ (employee representative)	Remuneration for serving as director	22,281	23,900
Laurence Danon Arnaud	Remuneration for serving as director	30,500	30,500
Pascaline de Dreuzy	Remuneration for serving as director	31,310	30,500
Catherine Dussart	Remuneration for serving as director	28,490	27,142
Janine Langlois-Glandier ⁽¹⁾	Remuneration for serving as director	9,462	23,900
Sophie Leveaux Talamoni ⁽²⁾ (employee representative)	Remuneration for serving as director	22,281	21,922
Philippe Marien	Remuneration for serving as director	34,281	33,742
Olivier Roussat	Remuneration for serving as director	20,662	23,900
TOTAL		251,250	257,906

(1) The Annual General Meeting of 18 April 2019 approved the appointment of Marie Allavena as a director, replacing Janine Langlois-Glandier.

(2) Remuneration for the employee representative non-executive corporate officers was paid directly to two trade unions: CFTC (€22,281) and FO (€22,281).

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

The only remuneration paid by TF1 to Martin Bouygues, Olivier Bouygues, Olivier Roussat and Philippe Marien was remuneration of corporate officers for serving as a director (formerly known as directors' fees) (see table 3).

⁵ Formerly known as directors' fees.



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

The remuneration paid to the Executive Officer for serving as a director (formerly known as directors' fees) was as follows:

REMUNERATION OF THE EXECUTIVE OFFICER FOR SERVING AS A DIRECTOR (FORMERLY KNOWN AS DIRECTORS' FEES) (€)

	Gross amounts before tax due for 2019	Gross amounts before tax due for 2018
Gilles Pélisson	18,500	18,500
TOTAL	18,500	18,500

1.2. DISCLOSURES ON STOCK OPTIONS AND PERFORMANCE SHARES

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 executive remuneration disclosures to be included in registration documents.

During 2019, the Board of Directors awarded stock subscription options.

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

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

Currently valid authorisations: The 26th resolution of the Annual General Meeting of 18 April 2019 renewed, for a 38-month period, the authorisation of the Board of Directors to award to employees and senior executives of TF1 or related companies, on one or more occasions, options to subscribe for new or existing shares.

The 27th resolution of the Annual General Meeting of 18 April 2019 authorised the Board of Directors, for a 38-month period, to award to employees and senior executives 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.

A limit for the combined amount of such awards was set at 3% of the share capital.

The 26th and 27th 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 26th 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 French Commercial Code.

Since 2011, the Board of Directors has granted options entitling their holders to subscribe for new TF1 shares subject to performance conditions. The Board of Directors has decided not to award any TF1 stock options or TF1 performance shares to the Executive Officer.

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 150 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 are awarded to the Executive Officer (Gilles Pélisson).
- No discount is applied to grants of stock options.
- Awards of stock options and performance shares are subject to performance conditions.
- 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 and TF1 performance share plans prohibit employees who are on the TF1 insiders list from exercising their options, or selling shares derived from exercised options or awarded shares, during the period preceding publication of the financial statements. That period extends for thirty calendar days up to and including the day of publication of the TF1 half-year and full-year financial statements, and for fifteen calendar days up to and including the day of publication of the quarterly 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.
- Options are automatically cancelled on termination of the grantee's employment contract or corporate office, unless given special dispensation or in the event of disability or retirement.

PERFORMANCE CRITERIA APPLICABLE TO STOCK OPTIONS AWARDED IN 2019

The following performance criteria determine the number of stock options that will vest:

- Actual consolidated revenue on a constant structure basis versus budget:
 - if actual performance is equal to or better than 95% of the objectives: 100% of the options will be exercisable;
 - if actual performance is equal to or better than 85% but less than 95% of the objectives: the options will be exercisable up to the actual percentage performance, calculated on a straight line basis;
 - if actual performance is less than 85%: no options will be exercisable.
- Actual ratio of current operating profit to consolidated revenue versus budget, provided that the ratio of net profit to consolidated revenue is at least 3%:
 - if actual performance is equal to or better than 90% of the objectives: 100% of the options will be exercisable;
 - if actual performance is equal to or better than 75% but less than 90% of the objectives: the options will be exercisable up to the actual percentage performance, calculated on a straight line basis;
 - if actual performance is less than 75%: no options will be exercisable.

The options will vest:

- 50% on the basis of the performances for the 2019 financial year on a constant structure basis, as compared with the budget for that year;
- 50% on the basis of the performances for the 2020 financial year on a constant structure basis, as compared with the budget for that year.

SPECIFIC RULES APPLICABLE TO CORPORATE OFFICERS

No stock options or performance shares are awarded to the Executive Officer (Gilles Pélisson).

POLICY ON STOCK OPTIONS AND PERFORMANCE SHARES

Acting on a proposal from the Selection and Remuneration Committee, the Board has authorised the use of two forms of performance-related medium/long-term incentive plan for key executives.



These plans are intended to:

- keep key executives motivated to deliver growth in revenue and profitability (performance shares);
- foster team spirit by setting collective objectives and giving everyone an interest in sustaining the transformation of TF1 over time;
- build the loyalty of executives over the long term (stock options).

APPLICATION OF PERFORMANCE CONDITIONS FOR PREVIOUS PLANS

2017: For the 2017 stock option plan and the performance share plan awarded in 2017, the performance conditions have been met. The calculation was made (i) 50% on the basis of the arithmetical average of performances in the 2017 and 2018 financial years on a constant structure basis, as compared with the budgets set for those financial years and (ii) 50% on the basis of the arithmetical average of performances in the 2018 and 2019 financial years on a constant structure basis as compared with the budgets set for those financial years. Performances for the 2017, 2018 and 2019 financial years were assessed on a constant structure basis by reference to the budgets set in 2016, 2017 and 2018 for the 2017, 2018 and 2019 financial years, respectively.

2018: For the 2018 stock option plan and the performance share plan awarded in 2018, the calculation will be made (i) 50% on the basis of the arithmetical average of performances in the 2018 and 2019 financial years on a constant structure basis, as compared with the budgets set for those financial years and (ii) 50% on the basis of the arithmetical average of performances in the 2019 and 2020 financial years on a constant structure basis as compared with the budgets set for those financial years.

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

GENERAL INFORMATION AND CHARACTERISTICS OF STOCK OPTIONS

- Terms and periods of exercise: see Table 8.

STOCK SUBSCRIPTION OPTIONS GRANTED OR EXERCISED IN 2019

STOCK SUBSCRIPTION OPTIONS GRANTED OR EXERCISED DURING THE YEAR

Options giving entitlement to subscribe for TF1 shares were awarded in 2019 (see Table 8).

On 14 February 2019, the Board of Directors approved the granting on 12 June 2019 of 1,810,500 options, equivalent to 0.86% of the share capital, to 139 grantees from the TF1 group.

The exercise price of €8.87 per share is the average of the quoted market prices on the 20 trading days preceding 12 June 2019.

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 €0.97.

Gilles Pélisson was not awarded any stock subscription options.

During 2019, a total of 568,285 stock subscription options were exercised, all of them under plan no. 13 (exercise price: €6.17). No discount was applied.

As of 31 December 2019, no TF1 stock subscription options were potentially exercisable.

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 in 2019.

In connection with the office he holds at Bouygues, Gilles Pélisson received during 2019 options giving entitlement to subscribe for new Bouygues shares; those options were awarded on 31 May 2019 following a decision taken by the Bouygues Board of Directors on 15 May 2019.

TABLE 4 – OPTIONS GRANTED TO THE EXECUTIVE OFFICER IN 2019

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
Gilles Pélisson	Bouygues plan Board Meeting date: 15/05/2019 Date of grant: 31/05/2019	Subscription	€1.36	80,000	€32.59	31/05/2021 to 31/05/2029
TOTAL			€108,800	80,000		

The exercise price was calculated by reference to the average of the opening quoted market prices on the twenty trading days preceding 31 May 2019; no discount was applied.

TABLE 5 – OPTIONS EXERCISED BY THE EXECUTIVE OFFICER OF TF1 IN 2019

The Executive Officer (Gilles Pélisson) did not exercise any stock subscription options in 2019.

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 2019 were as follows:

Name of salaried director	Plan no. and date	Type of option (purchase or subscription)	Number of options granted/ exercised during the year	Exercise price
Sophie Leveaux Talamoni	2019 plan Board Meeting date: 14/02/2019 Date of grant: 12/06/2019	Subscription	13,000	€8.87
TOTAL			13,000	

Sophie Leveaux Talamoni did not exercise any stock subscription options in 2019.

PERFORMANCE SHARES

No performance share plan was awarded in 2019.

TABLE 6 – PERFORMANCE SHARES GRANTED TO THE EXECUTIVE OFFICER

No performance shares were awarded by TF1 to the Executive Officer (Gilles Pélisson) in 2019.

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 the Executive Officer (Gilles Pélisson).

PAST STOCK OPTION AWARDS AND OTHER INFORMATION

TABLE 8 – PAST STOCK OPTION AWARDS

	Plan no. 13	Plan no. 14	Plan no. 15	2017 plan	2018 plan	2019 plan
Date of Shareholders' Meeting	14/04/2011	17/04/2014	17/04/2014	13/04//2017	19/04/2018	18/04/2019
Date of Board meeting	14/05/2012	29/04/2015	26/04/2016	27/04/2017	25/04/2018	14/02/2019
Date of grant	12/06/2012	12/06/2015	08/06/2016	12/06/2017	08/06/2018	12/06/2019
Type of plan	Subscription	Subscription	Subscription	Subscription	Subscription	Subscription
Total number of options granted subject to performance conditions	1,437,200	1,308,800	642,000	710,400	700,900	1,810,500
- to corporate officers	7,200	16,000	13,000	13,000	13,000	13,000
- to the 10 employees awarded the greatest number	302,000	368,000	114,000	118,000	103,000	460,000
Start date of exercise period	12/06/2016	12/06/2018	08/06/2019	12/06/2020	08/06/2021	12/06/2021
Expiration date	12/06/2019	12/06/2022	08/06/2023	12/06/2024	08/06/2025	12/06/2029
Subscription price	€6.17	€15.46	€10.99	€11.45	€9.83	€8.87
Terms of exercise	Options may be exercised and shares sold from 4th anniversary of date of grant	Options may be exercised and shares sold from 3rd anniversary of date of grant	Options may be exercised from 3rd anniversary of date of grant and shares sold from 4th anniversary of date of grant	Options may be exercised from 3rd anniversary of date of grant and shares sold from 4th anniversary of date of grant	Options may be exercised from 3rd anniversary of date of grant and shares sold from 4th anniversary of date of grant	Options may be exercised and shares sold from 2nd anniversary of date of grant
Number of shares subscribed at 31 December 2019	568,285	-	-	-	-	-
Cumulative number of options cancelled, not awarded, or forfeited	39,200	105,600	30,000	22,600	41,100	36,000
Number of options outstanding at end of period	-	1,090,300	543,300	620,000	659,300	1,741,000

For an analysis of the movement in the number of options outstanding, refer to note 7-4-5-2 to the TF1 consolidated financial statements for the year ended 31 December 2019. 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 €0.70 (plan no. 13), €2.75 (plan no. 14), €2.15 (plan no. 15), €1.85 (2017 plan), €0.89 (2018 plan) and €0.97 (2019 plan).

The most recently lapsed plan is stock option plan no. 12, which expired on 10 June 2018.

STOCK OPTIONS GRANTED TO THE TEN EMPLOYEES (OTHER THAN CORPORATE OFFICERS) OF TF1 (OR ANY COMPANY WITHIN THE SCOPE OF COMPANIES ENTITLED TO AWARD STOCK OPTIONS) WHO WERE AWARDED THE MOST OPTIONS IN 2019

Employee	Total number of options awarded/shares subscribed or purchased	Exercise price	Expiry date	Plan no.
Ara Aprikian	60,000	€8.87	12/06/2029	2019
Thierry Thuillier	50,000	€8.87	12/06/2029	2019
Philippe Denery	50,000	€8.87	12/06/2029	2019
Jean-Michel Counillon	50,000	€8.87	12/06/2029	2019
Arnaud Bosom	50,000	€8.87	12/06/2029	2019
François Pellissier	45,000	€8.87	12/06/2029	2019
Christine Bellin	45,000	€8.87	12/06/2029	2019
Maylis Çarçabal	40,000	€8.87	12/06/2029	2019
Xavier Gandon	35,000	€8.87	12/06/2029	2019
Fabrice Bailly	35,000	€8.87	12/06/2029	2019

STOCK OPTIONS EXERCISED BY THE TEN EMPLOYEES (OTHER THAN CORPORATE OFFICERS) OF TF1 WHO EXERCISED THE MOST OPTIONS IN 2019

Employee	Total number of options exercised	Exercise price	Expiry date	Plan no.
Arnaud Bosom	30,000	€6.17	12/06/2019	13
Philippe Denery	20,000	€6.17	12/06/2019	13
Fabrice Bailly	16,000	€6.17	12/06/2019	13
Eric Jaouen	16,000	€6.17	12/06/2019	13
Tanguy Descamps	12,800	€6.17	12/06/2019	13
Damien O'Neill	12,800	€6.17	12/06/2019	13
Santiago Casariego	9,600	€6.17	12/06/2019	13
Thomas Crosson	9,600	€6.17	12/06/2019	13
Antoine Guélaud	9,600	€6.17	12/06/2019	13
Sylvie le Meignen	9,600	€6.17	12/06/2019	13

PAST PERFORMANCE SHARE AWARDS AND OTHER INFORMATION

TABLE 9 – PAST PERFORMANCE SHARE AWARDS

	2016 performance shares	2017 performance shares	2018 performance shares
Date of Shareholders' Meeting	14 April 2016	14 April 2016	14 April 2016
Date of Board meeting	26 April 2016	27 April 2017	25 April 2018
Date of grant	8 June 2016	12 June 2017	8 June 2018
Type of shares	New shares to be issued	New shares to be issued	New shares to be issued
Maximum number of shares awarded subject to performance conditions	170,000	172,000	172,300
- to corporate officers	0	0	0
- to the 10 employees awarded the greatest number	79,600	80,500	86,500
Vesting period	8 June 2016 to 7 June 2019	12 June 2017 to 11 June 2020	8 June 2018 to 7 June 2021
Lock-up period	8 June 2019 to 7 June 2020	12 June 2020 to 11 June 2021	8 June 2021 to 7 June 2022
Date available for sale	From 8 June 2020	From 12 June 2021	From 8 June 2022
Continuing employment condition	Yes	Yes	Yes
Performance conditions	Yes	Yes	Yes
Number of shares vested as of 31 December 2019	160,100	-	-
Number of shares granted, cancelled or forfeited	-	16,500	18,500
Number of shares not yet vested	-	155,500	150,400

The value per performance share on the date of grant, calculated according to the Black-Scholes model, is €11.40 (2016 plan), €11.72 (2017 plan), and €9.38 (2018 plan).

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 PERFORMANCE SHARES

Name	Number of performance shares awarded in 2019	Vesting date
NONE	NONE	NONE

PERFORMANCE SHARES VESTED DURING 2019 IN THE TEN EMPLOYEES (OTHER THAN CORPORATE OFFICERS) OF TF1 WITH THE HIGHEST NUMBER OF PERFORMANCE SHARES

Employee	Total number of performance shares vested	Vesting date	Plan no.
Ara Aprikian	10,000	07/06/2019	2016
Philippe Denery	8,500	07/06/2019	2016
Arnaud Bosom	7,500	07/06/2019	2016
Jean-Michel Counillon	7,500	07/06/2019	2016
Christine Bellin	6,500	07/06/2019	2016
Sylvia Tassan Toffola	6,100	07/06/2019	2016
François Pellissier	5,400	07/06/2019	2016
Fabrice Bailly	5,400	07/06/2019	2016
Sébastien Frapier	5,400	07/06/2019	2016
Maylis Çarçabal	4,400	07/06/2019	2016

1.3 OTHER DISCLOSURES ABOUT THE EXECUTIVE OFFICER'S REMUNERATION

TABLE 10 – MULTI-YEAR VARIABLE REMUNERATION OF THE EXECUTIVE OFFICER

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

TABLE 11 – OTHER DISCLOSURES ABOUT THE EXECUTIVE OFFICER'S REMUNERATION

	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
	Gilles Pélisson	X ⁽¹⁾		X ⁽³⁾			X ⁽⁴⁾	

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

(2) See "Supplementary Pension" 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 (2019 value of the cap: €324,192). 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 takes the form of an insurance policy with an insurer from outside the Group. This annual supplementary pension has been subject to the approval procedure for related party agreements.

(3) See "Supplementary Pension" above. "The Annual General Meeting of 13 April 2017 approved the supplementary pension awarded to Gilles Pélisson with 75% of the votes cast. 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. 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 2019 financial year: based on the 2017, 2018 and 2019 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: A termination benefit may be paid in respect of salaried positions within the Group, excluding any period of service as a corporate officer, in accordance with the French Labour Code and the national collective agreement applied by the company in question. 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.