

REPORT ON REMUNERATION

Report on remuneration in accordance with Article 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 as well as the tables recommended in the Code of Corporate Governance issued by AFEP/MEDEF, revised in June 2013, and in the AMF Recommendation of 22 December 2008, amended on 10 December 2009, on the information related to the remuneration of Directors of listed companies to be included in their registration document.

1. Remuneration of executive and non-executive directors

REMUNERATION OF THE EXECUTIVE DIRECTOR FOR 2013

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

Fixed remuneration and benefits in kind

Nonce Paolini

The fixed remuneration paid to Nonce Paolini stood at €920,000 in 2013, which has been stable since 2011. Fixed remuneration is determined according to the level and complexity of the person's responsibilities, his experience in the post and his length of service with the Group, as well as the practices followed by the Group or companies carrying on similar businesses.

The in-kind benefits received by Nonce Paolini in 2013 remain unchanged consisting of the use of a company car and the part-time assignment of a personal assistant and a *chauffeur/bodyguard*. The benefits are valued at €5,037.

Variable remuneration

Nonce Paolini

Nonce Paolini's variable remuneration for 2013 is based on the performance of the TF1 and Bouygues groups, which is measured on the basis of significant economic indicators that are stable and relevant over the long-term, namely:

- quantitative:
 - the trend in consolidated net profit attributable to the Bouygues group,
 - the trend, compared to the business plan, in consolidated net profit attributable to the TF1 group,
 - the year-on-year trend, in consolidated net profit attributable to the TF1 group;
- qualitative, a greater importance to qualitative criteria has been granted, on the grounds that the performance of senior managers extends to areas other than simply financial results. These criteria depend both on the duties assigned to the manager and on special situations.

These objectives have been drawn up in a precise manner but for reasons of confidentiality are not disclosed.

The theoretical level of the variable portion has not been changed. Depending on their nature, these bonuses are individually weighted and capped. Overall, the variable remuneration corresponding to the aggregate value of these bonuses is capped at 150% of fixed remuneration.

Nonce Paolini's variable remuneration for 2013 amounted to €1,024,512 (111% of the theoretical cap).

As a reminder, Nonce Paolini earned:

- in 2009, 73% of the theoretical cap on variable remuneration;
- in 2010, 150% of the theoretical cap on variable remuneration;
- in 2011, 102% of the theoretical cap on variable remuneration;
- in 2012, 50% of the theoretical cap on variable remuneration.

No annual deferred or multi-year variable remuneration is attributed to Nonce Paolini.

Acting on the opinion of the Remuneration Committee, in 2010 the Board decided to give more importance to these qualitative criteria, since the performance of directors during an exceptional period of crisis should include areas other than the financial results alone.

In 2013, the Remuneration Committee decided to include a qualitative criterion relative to Corporate Social Responsibility on maintaining TF1 in at least three extra-financial market indices in 2014.

Other information concerning remuneration and supplementary pension

Nonce Paolini

Nonce Paolini's fixed and variable remuneration is set by TF1's Board of Directors, in line with Article L.225-53 of the French Commercial Code, following an opinion from the Remuneration Committee. The remuneration decided by the Board of Directors reflects the wider interests of the corporation. Remuneration is assessed in relation to the Group's different business lines and to the remuneration of other directors in the sector and the market. Moreover, the Board considered that this remuneration should reflect the work accomplished and the results achieved over more than five years in a highly complex economic, regulatory and competitive environment.

The remuneration is paid to Nonce Paolini by Bouygues, his employer, and re-invoiced to TF1. TF1's Board of Directors authorises the re-invoicing of this amount.

Under a policy governed by the French Insurance Code, Bouygues offers the members of its Executive Committee a supplementary pension set at 0.92% of the reference salary (average of three best years) for each year of membership. Nonce Paolini is a member of that committee. The supplementary pension is capped at eight times the upper earnings limit for social security contributions, which is currently set at €300,384.

Entitlement to this supplementary pension is only acquired after ten years of service within the Bouygues Group, on condition that the beneficiary is still employed by the Group when he retires. Furthermore, the Bouygues is not required to set aside provisions for this supplementary pension, which is an insurance policy with an insurer from outside the Group. This annual supplementary pension is governed by the procedure on related party agreements.

Bouygues re-invoices the supplementary pension to TF1 in accordance with the related party agreement.

Lastly, Nonce Paolini does not benefit from payments, benefits in kind or advantages owing or likely to owe from any discontinuation or change in function. No payment relative to a non-compete clause has been planned.

No exceptional remuneration was attributed to Nonce Paolini in respect of 2013.

Nonce Paolini's total remuneration takes into account the existence of a capped supplementary pension and the fact that no entitlement to severance pay has been granted.

Summary of remuneration of the executive director

No remuneration other than those mentioned in the table below has been paid to the Executive Director by TF1 and Bouygues Groups.

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

Paolini Nonce – Chairman and CEO since 01/08/2008 (in euros)	2013	2012
Remuneration paid for the year (details in Table 2)	2,005,549	1,441,037
Value of options awarded during the year (details in Table 4)	81,192	44,465
Value of performance shares awarded during the year (details in Table 6)	-	-
TOTAL	2,086,741	1,485,502
% change 2013 / 2012	+ 40.5%	- 27.7%

TABLE 2 – REMUNERATION OF THE EXECUTIVE DIRECTOR

	2013		2012	
	Amounts due Gross before tax	Amount paid Gross before tax	Amounts due Gross before tax	Amount paid Gross before tax
Paolini Nonce – Chairman and CEO since 01/08/2008 (in euros)				
Fixed remuneration	920,000	920,000	920,000	920,000
Change	=	=	=	=
Variable remuneration ⁽¹⁾	1,024,512	460,000	460,000	936,284
Change	+123%		-51%	
% Variable/Fixed	111%		50%	
Cap	150%		150%	
Other remuneration ⁽²⁾	-	-	-	-
Directors' fees ⁽³⁾	56,000	56,000	56,000	56,000
Benefits in kind	5,037	5,037	5,037	5,037
TOTAL	2,005,549	1,441,037	1,441,037	1,917,321

(1) The variable remuneration to be paid in March 2014 to Nonce Paolini for his service as CEO in 2013 is €1,024,512, or 111% of fixed remuneration, reflecting the performance of the companies.

The variable remuneration paid in March 2013 to Nonce Paolini for his service as CEO in 2012 was €460,000, or 50% of fixed remuneration, reflecting the performance of the companies. The variable remuneration for 2011 paid in March 2012 was €936,284 (102% of fixed remuneration), reflecting the performance of the companies.

The cap chosen for these three periods is 150% of fixed remuneration.

(2) Nonce Paolini received no additional remuneration, either from TF1, Bouygues or TF1's subsidiaries.

(3) In 2013 this comprised €18,500 for TF1, €25,000 for Bouygues, and €12,500 for Bouygues Telecom.

In 2012 this comprised €18,500 for TF1, €25,000 for Bouygues, and €12,500 for Bouygues Telecom.

Full year 2014

The Board of Directors meeting of 18 February 2014 decided that no increase in fixed remuneration would be granted.

The theoretical level or the variable share have not been changed. The Remuneration Committee decided to include a qualitative criterion relative to Corporate Social Responsibility on maintaining TF1 in at least three extra-financial market indices in 2014.

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

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

Directors' fees for 2013 were allocated as follows:

- to Directors: the theoretical fee for each Director is €18,500 per year, of which half is allocated on the basis of his or her responsibility, and half on the basis of the attendance at Board Meetings;
- to committee members:
 - Audit Committee: €3,000 per quarter to each member,
 - Remuneration Committee: €1,350 per quarter to each member,
 - Selection Committee: €1,350 per quarter to each member.

Not all of the €350,000 available for Directors' fees was used in 2013.

Directors' fees totalling €269,190 (gross amount before tax) were paid to Directors including Nonce Paolini, as indicated below.

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

Non-Executive Directors	Gross amounts before tax due for 2013	Gross amounts before tax due for 2012
BARBIZET Patricia	9,422	31,295
BERDA Claude	16,958	15,801
BOUYGUES Martin	23,900	21,587
BOUYGUES Olivier	15,801	16,958
CHABIRAND Fanny ⁽¹⁾⁽²⁾ (staff representative)	16,958	-
DANON Laurence	28,958	28,208
DUSSART Catherine	13,427	-
LANGLOIS-GLANDIER Janine ⁽³⁾	18,500	13,417
MARIEN Philippe	35,900	35,150
PÉLISSON Gilles	30,008	15,417
PERNAUT Jean-Pierre ⁽¹⁾ (staff representative)	16,958	14,645
PETTON Céline ⁽²⁾ (staff representative)	-	18,500
POUYAT Alain ⁽⁴⁾	-	6,626
ROUSSAT Olivier	23,900	18,501
TOTAL	250,690	236,105

(1) Directors' fees due to staff representatives were paid to two trade unions: CFTC (€16,958) and FO (€16,958).

(2) Fanny Chabirand replaced Céline Petton as staff representative director on 19 April 2012.

(3) Appointed as a Director on the recommendation of the Board of Directors on 15 February 2012.

(4) Director whose term expired on 19 April 2012.

No other remuneration was paid to the non-executive directors in consideration of their corporate office in TF1 group.

The only remuneration paid by TF1 to Martin Bouygues and Olivier Bouygues were TF1 directors' fees.

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

Directors' fees paid to the Executive Director were as follows.

DIRECTORS' FEES PAID TO THE EXECUTIVE DIRECTOR

	Gross amounts before tax due for 2013	Gross amounts before tax due for 2012
Nonce PAOLINI	€56,000 ⁽¹⁾	€56,000 ⁽²⁾
TOTAL	€56,000	€56,000

(1) Of which €18,500 for TF1, €25,000 for Bouygues, and €12,500 for Bouygues Telecom.

(2) Of which €18,500 for TF1, €25,000 for Bouygues, and €12,500 for Bouygues Telecom.

2. Stock options and performance shares

Disclosure 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 as well as the tables recommended in the Code of Corporate Governance issued by AFEP/MEDEF, revised in June 2013, and in the AMF Recommendation of 22 December 2008, amended on 10 December 2009, on the information related to the remuneration of Directors of listed companies to be included in their registration document.

The Board of Directors did not award any stock options or bonus shares (performance shares) in 2013.

POLICY ON GRANTING STOCK OPTIONS AND BONUS SHARES (PERFORMANCE SHARES)

Authorisations granted to the Board of Directors by the Annual General Meeting

The 28th and 29th resolutions of the Combined Annual General Meeting on 14 April 2011 authorised the Board of Directors on one or more occasions to allot stock options, calls and/or bonus shares, whether in existence or to be issued in the future. This authorisation was given for a period of thirty-eight months and requires the beneficiaries of these shares to be employees and/or corporate officers of TF1 or companies related to it.

To that end, the General Meeting delegated powers to the Board of Directors to set rules for grants of bonus shares, with a view to establishing closer links between senior executives and the performance of the Group and its future and also the results of their work.

There are plans for a common ceiling set at 3% of the authorised capital.

The 28th and 29th resolutions on options and bonus shares provide that:

- the Board of Directors sets the conditions, notably the maximum cap, for options or shares allotted to the Executive Directors, as well as the performance criteria applicable to them;
- the Board of Directors draws up a list or determines the categories of other beneficiaries of options or shares, as well as the performance criteria applicable to them.

Furthermore, the 28th resolution rules out any discounts. Depending on the case:

- the subscription price of shares will be equal to or greater than the average share price over the 20 days prior to their allotment;
- the purchase price of shares will be equal to or greater than the average share price over the 20 days prior to their allotment, or to the average price at which they are purchased by the company, according to Articles L. 225-208 and L. 225-209 of the Commercial Code.

The Board of Directors granted options entitling their holders to subscribe for new TF1 shares, subject to company performance, in 2011 and 2012.

Rules applicable to grants of stock options and bonus shares

It should be noted that:

- stock options or bonus shares are granted to attract senior executives and employees and thereby to secure their loyalty, reward them and give them a medium- and long-term interest in the company's development, in the light of their contribution to value creation;
- around 150 corporate officers or employees of TF1 or Group companies who sit on any of the three management bodies have benefited from the plan. The beneficiaries are selected and individual grants are decided upon in accordance with each beneficiary's responsibility and performance, with particular attention paid to high-potential managers;
- no discount is applied to grants of options;
- the managers benefitting from these plans are informed about insider trading;
- a rule has been set that prohibits employees from exercising their options or selling option shares in the thirty calendar days leading up to release of the quarterly, half-year and full-year financial statements, or the day of this release.

Exercise of the options under plan no.12 or 13 is subject to performance conditions. The Board of Directors has set the performance criteria, independently of each other, that determine the number of options that can be definitively acquired. Options are acquired depending for one half on the trend in consolidated revenue on a consistent basis and for the other half on the ratio of ordinary operating income to consolidated Group revenue on a consistent basis.

For each criterion:

- if performance is equal or superior to 90% of objectives, 100% of the options may be exercised;
- if performance is equal or superior to 70% and inferior to 90% of objectives, the options may be exercised at the percentage of the performance achieved in a linear manner;
- if performance is lower than 70% of objectives, no options may be exercised.

Under plan no.12, the calculation will be made on the basis of the arithmetic average of performances in 2011, 2012 and 2013 on a consistent basis, compared with the budgets set in 2010, 2011 and 2013 for the respective fiscal years of 2011, 2012 and 2013. Under plan no.13, the calculation will be made on the basis of the arithmetic average of performances in 2012, 2013, 2014 and 2015 on a consistent basis, compared with the budgets set in 2011, 2012, 2013 and 2014 for the respective fiscal years of 2012, 2013, 2014 and 2015.

The Remuneration Committee reviews the fulfilment of performance criteria on which the exercising of options depends.

The Remuneration Committee informed the Board that he has examined the fulfilment of performance criteria relative to plan no.12. 100% of the options are permanently assigned and may be exercised before the expiry date set at June 10, 2018 on the basis of his analysis of data needed for the calculation of performance criteria for such options.

Specific rules applicable to directors

The 28th and 29th resolutions on options and bonus shares provide that the number of options granted to Executive Directors of the company may not represent more than 5% of each of the allotments made by the Board during this 38 month period.

The Board of Directors has incorporated the following AFEP/MEDEF recommendations into its rules of procedure:

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

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

It should be noted that options granted to the Chairman and CEO have since 2009 been subject to performance criteria.

General information and characteristics of stock options

- Lock-up period:
 - Plans 10 and 11: three years following the date the options are granted (negotiable from fourth anniversary),
 - Plans 12 and 13: four years following the date the options are granted.
- Exercise period: four years after the lock-up expires.
- Automatic cancellation if the employment contract or corporate office is terminated, unless given special authorisation or in the event of disability, departure or retirement.

STOCK OPTIONS GRANTED OR EXERCISED IN 2013

Subscription options granted to or exercised by the beneficiaries during the year

No option to subscribe for shares was granted in 2013.

In 2013, 1,004,376 options were exercised to subscribe for TF1 shares under Plan No. 11. The exercise price was €5.98. No discount was applied.

On 18 February 2014, the only TF1 subscription options that could be exercised were those granted under Plan no. 11 (which are no longer under lock-up and whose exercise price was lower than the market price on that date), representing a total of 672,013 options in circulation (0.3% of the authorised capital).

Stock options granted to the Executive Director by the issuer and by any group company or exercised by the Executive Director during the year

Nonce Paolini did not benefit from TF1 subscription options in 2011 or 2012. As such, he received no option subscription in Plans no. 12 and 13.

Nonce Paolini did not benefit from TF1 purchase or subscription options in 2013.

As part of his position at Bouygues, in the 2013 fiscal year, he received options entitling him to subscribe new Bouygues shares, granted, effective on 28 March 2013, by the Board of Directors of the Bouygues company at a Meeting on 26 February 2013.

TABLE 4 – OPTIONS GRANTED TO THE EXECUTIVE DIRECTOR IN 2013

Name of Executive Director	Plan number and date	Type of options (purchase or subscription))	Valuation of options according to method used in consolidated financial statements	Number of options granted during the year	Exercise price	Exercise period
Nonce Paolini	Bouygues Plan Board Meeting date: 26/02/2013 Grant date: 28/03/2013	Subscription	€1.0149	80,000	€22.28	28 March 2017 to 28 September 2020
TOTAL			81,192 €	80,000		

The exercise price was calculated on the basis of the average of the opening prices quoted on the 20 trading days prior to March 28, 2013, with no discount.

TABLE 5 – OPTIONS EXERCISED BY THE EXECUTIVE DIRECTOR OF TF1 IN 2013

The Executive Director, Nonce Paolini, exercised 50,000 subscription options granted under Plan 11.

In light of the retention obligation, Nonce Paolini asked for 25% of the shares issued from the exercise of his options (after selling the number of shares necessary to cover the cost of option exercise and paying related taxes and social charges) to be kept as registered shares until his term of office expires.

The Board of Directors indicates that the Remuneration Committee had examined the conditions governing the Chairman's exercise of Plan 11 options, in light of the associated performance criteria.

Name of Executive Director	Plan number and date	Number of options exercised during the year	Exercise price
Nonce Paolini	Plan 11 Board Meeting date: 18/02/2009 Grant date: 20/03/2009	50,000	€5.98
TOTAL		50,000	

Stock options granted to employee directors by the issuer and by any group company or exercised by employee directors during the year

No employee directors benefited from TF1 purchase or subscription options or exercised subscription options in 2013.

PERFORMANCE SHARES

There is no current performance share plan and none has been granted.

TABLE 6 – PERFORMANCE SHARES GRANTED TO THE EXECUTIVE DIRECTOR

No performance shares were granted by the company in 2013.

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

No performance shares became available since none was granted by the company to the Executive Director, Nonce Paolini.

STOCK OPTION ALLOCATION HISTORY AND OTHER INFORMATION

TABLE 8 – STOCK OPTION ALLOCATION HISTORY

	Plan 10	Plan 11	Plan 12	Plan 13
Date of General Meeting	17/04/2007	17/04/2007	14/04/2011	14/04/2011
Date of Board Meeting	20/02/2008	18/02/2009	12/05 et 25/07/2011	14/05/2012
Grant date	20/03/2008	20/03/2009	10/06/2011	12/06/2012
Total subscription options granted	2,000,000	2,000,000	1,500,000	1,437,200
<i>to Directors</i>	56,000	56,000	7,200	7,200
Nonce Paolini	50,000	50,000	0	0
Jean-Pierre Pernaut	6,000	6,000	7,200	7,200
<i>to the 10 employees receiving the highest grants</i>	340,000	340,000	272,000	302,000
Total subscription options granted subject to performance	0	50,000	1,500,000	1,437,200
Options exercisable beginning	20/03/2011	20/03/2012	10/06/2015	12/06/2016
Expiry date	20/03/2015	20/03/2016	10/06/2018	12/06/2019
Subscription price (euros)	€15.35	€5.98	€12.47	€6.17
Exercise rules	Exercisable on 3 rd anniversary. Negotiable on 4 th anniversary.		Exercisable and negotiable on 4 th anniversary.	
Number of shares subscribed at 31/12/2013	0	1,018,487	0	0
Total number of subscription and purchase options for cancelled, unallocated or forfeited shares	289,500	275,000	125,600	71,600
Subscription and purchase options outstanding at 31/12/2013	1,710,500	706,513	1,374,400	1,365,600

The above options are currently the only instruments issued by TF1 that have a potentially dilutive effect. In view of the average price of TF1 shares in 2013, a dilutive impact was taken into account in Plans 11, 12 and 13.

The change in the number of currently valid options is presented in note 31 of the notes to the consolidated financial statements of TF1 at 31 December 2013. The cost of option subscription plans granted by TF1 is presented in note 19.1 of the same notes. The value of the options on the grant date, calculated according to the Black-Scholes model, was: €1.49 (Plan 10), €0.86 (Plan 11), €1.18 (Plan 12) and €0.70 (Plan 13).

Earlier matured plans: Plan 1 lapsed on 10 October 2002, Plan 2 lapsed on 8 April 2004, Plan 3 lapsed on 18 March 2005, Plan 4 lapsed on 20 September 2006, Plan 5 lapsed on 6 December 2007, Plan 6 lapsed on 11 December 2008, Plan 7 lapsed on 12 March 2010 and Plan 8 lapsed on 16 September 2011. Plan 9 on the allocation of free shares lapsed on 31 March 2010.

TABLE 9 – STOCK OPTIONS GRANTED TO OR EXERCISED BY THE TEN TF1 EMPLOYEES (NON DIRECTORS) RECEIVING THE HIGHEST GRANTS IN 2013

	Total number of attributed options/ subscribed or purchased shares	Average weighted price	Maturity	Plan no.
Options granted during the fiscal year by the issuer, and any company included in the scope of option allocation, to the ten employees of the issuer and of any company included in this perimeter, with the highest number of granted options.	-	-	-	-
Options held by the issuer, and the aforementioned companies, exercised during the fiscal year by the ten employees of the issuer and said companies with the highest number of options thus purchased or subscribed.	259,200	€5.98	20/03/2016	11

3. Other information about the Executive Director

TABLE 10 – OTHER INFORMATION ABOUT THE EXECUTIVE DIRECTOR

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

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

(2) See §1. "Other information concerning remuneration and supplementary pension". The annual supplementary pension entitlement, i.e. 0.92% of the reference salary (average of three best years) for each year of scheme membership, is capped at eight times the annual upper limit for social security contributions (currently €300,384). This entitlement is acquired after ten years of service at the Bouygues group and applies only to those who are at the Group when they take their retirement. Note that the Bouygues group does not have to set aside a provision for the supplementary scheme, which takes the form of an insurance policy taken out with an insurer outside the Group. The annual supplementary pension has been brought within the scope of the regulated agreement procedure.

(3) Golden parachutes: neither the company nor its subsidiaries have made any commitment or promise to award severance pay either for the Executive Director. The Board of Directors of TF1 has recorded the fact that any severance pay would be re-invoiced to TF1 on a prorata basis for the number of years of service as an employee or director of the TF1 Group. No commitment or promise to award severance pay has been made for salaried Directors.

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