



2010 REGISTRATION DOCUMENT

INCLUDING THE ANNUAL FINANCIAL REPORT

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FINANCIAL REPORT**

Disclaimer

This report is an English translation of the French version of such report and is provided for informational purposes. This translation is qualified in its entirety by the French version which is available on the company's web site (www.groupeM6.fr). In the event of any inconsistencies between the French version of this report and the English translation, the French version will prevail

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MANAGEMENT REPORT



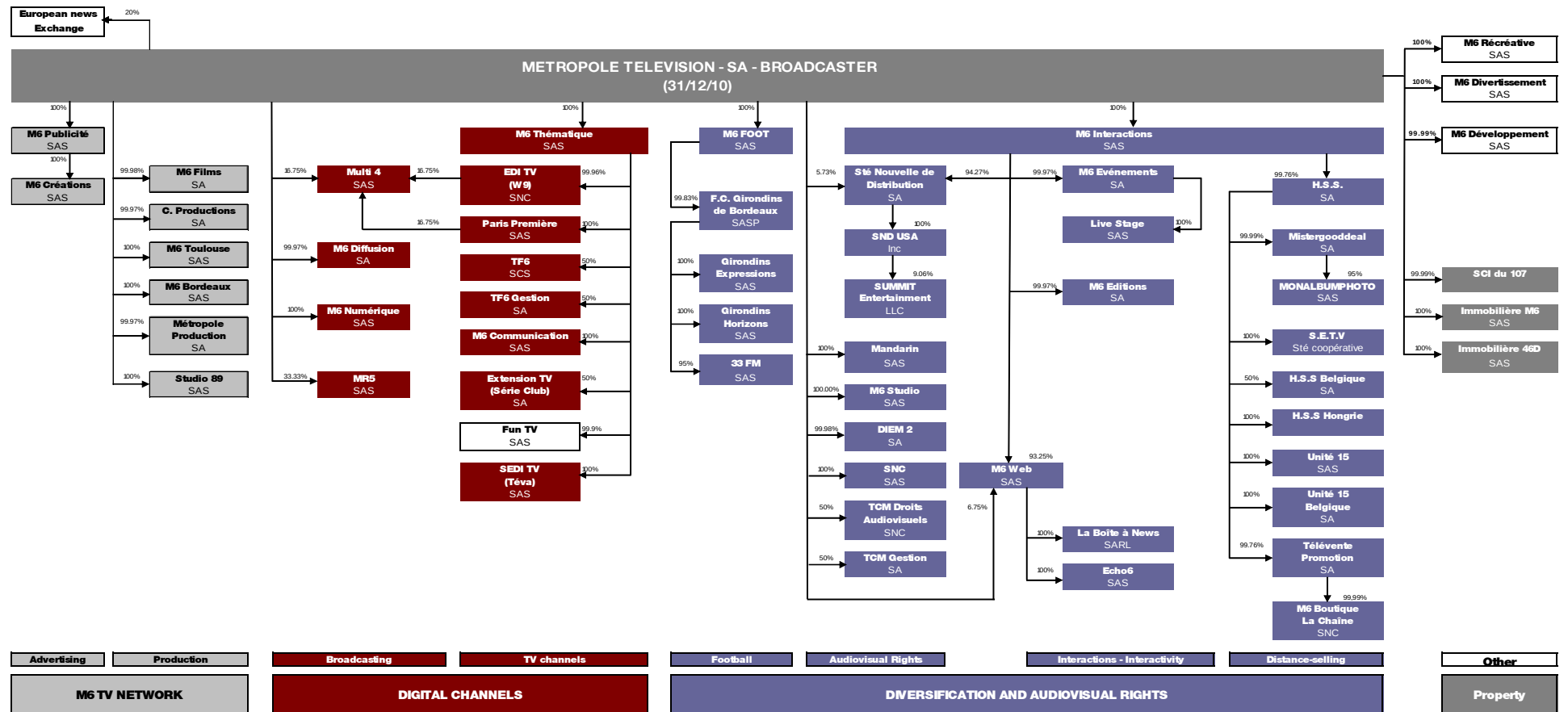
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1. M6 Group presentation in 2010

1.1. Group structure (% of share capital)



1.2. Changes in group structure

On 1 February 2010, in accordance with the schedule established by the memorandum of understanding concluded on 4 January 2007, the Group exercised the Vivendi put option on the 5.1% held in the share capital of Canal+ France by M6 Numérique, a direct subsidiary of Métropole Télévision. This exercise resulted in the payment by Vivendi of the guaranteed minimum price of €384.2 million on 22 February 2010.

On 1 October 2010, via its Mistergooddeal subsidiary, the Group finalised the acquisition of 95% of the share capital of MonAlbumPhoto.fr, one of the leading players in the French online photo book market. With this targeted acquisition, M6 Group continued to develop its e-commerce activities by expanding its product offering.

On 10 November 2010, Mistergooddeal disposed of its 32.67% investment in TyreDating, the publisher and operator of PopGom, an online tyre dealer. The disposal of the Group's investment to the company's original shareholders was implemented following the approval of the relevant competition authorities.

Furthermore, the Group continued to take steps to **streamline and simplify its group structure** by carrying out the following transactions:

- On 4 August 2010, Femmes En Ville and Citato were merged into M6 Editions;
- On 30 November 2010, M6 Web acquired the 50% of Echo 6 it did not previously own from Echovox, the joint shareholder since the creation of Echo 6 in July 2006;
- On 17 December 2010, M6 Web acquired 50% of La Boîte à News from the joint shareholders with a view to winding down the company; the assets contributing to the publication and operation of the Ozap.com website were transferred to Webedia;
- On 23 December 2010, Hugo Films was merged into Diem 2.

1.3. 2010 Highlights

1.3.1. History of key dates

1987: Authorisation to operate France's 6th analogue channel. Launch of the channel on 1 March 1987 at 11.15 am.

1987-1991: The channel expanded its programming: launch of Six Minutes, an all image newscast, original and innovative shows such as Fréquentstar, E=M6 and Turbo. Programme diversification with the M6 Boutique home shopping show.

1992: Creation of M6 Interactions, the first step to business diversification.

1993: Launch of the Série Club channel, the first thematic channel. Creation of the Zone Interdite and Capital magazines.

1994: M6 shares were listed on the Second Marché of the Paris Stock Exchange.

1996: M6 took part in the launch of TPS, making a 20% investment, and acquired 10% of Paris Première. Creation of the m6.fr website.

1997: The Group transferred to its new Neuilly head office.

1999: The Group took over Football Club des Girondins de Bordeaux (F.C.G.B) and extended its range of pay channels with the creation of TF6.

2000: Creation of the M6 Web subsidiary.

2004: Launch of the M6 Boutique home shopping channel. The Group made the full acquisition of Paris Première. Suez Group disengaged from M6, maintaining a 5% shareholding, thus increasing the percentage of shares held by the public.

2005: M6 channel becomes the leading free-to-air broadcaster of the 2006 FIFA World Cup (in number of matches).

2006: Acquisition of Mistergooddeal. Launch of W9 on free Digital Terrestrial Television (DTT). Launch of the M6 Mobile By Orange offering. Announced merger of TPS and Canal+ France pay-TV operations in France.

2007: The Group acquired Téva in full and transfers its TPS shareholding to the new Canal + France pay-TV business. SND became a shareholder of US producer and distributor Summit Entertainment L.L.C.

2008: The M6 channel tops the 100 best audiences of the year of all channels, with the France – Italy Euro football match. Acquisition of Cyréalys Group and launch of M6Replay the first catch-up TV service in France.

2009: F.C.G.B. was crowned Ligue 1 champion in France for the 2008-2009 season. M6 aired 19.45, the channels' new hosted newscast, for the first time.

1.3.2. 2010 highlights

January

12: The Swiss Federal Court announced that it had dismissed the complaint lodged by public television company SSR against M6. SSR considered that the broadcasting of M6 programmes that included advertising breaks targeting French-speaking Switzerland was in breach of the exclusive rights acquired by TSR for movies and series.

20: M6 learnt with great sadness of the death of Cathy Sarraï, who had played the lead part in SUPER NANNY on M6 since 2005.

21: A new addendum to M6's agreement was approved by the CSA, which primarily transcribed the terms and conditions of professional agreements regarding the channel's contribution to the production of audiovisual works, negotiated in 2008 and which led to a change in regulations.

February

1: M6 Group announced that in accordance with the schedule established by the memorandum of understanding concluded on 4 January 2007, it had exercised the Vivendi put option on the 5.1% it held in the share capital of Canal+ France. This exercise resulted in the payment by Vivendi of the guaranteed minimum price of €384.2 million on 22 February 2010.

2: M6 Group announced the launch of its Corporate Foundation, which focuses on promoting various initiatives in prisons.

8: The M6 channel made 100% of its programmes accessible to the deaf and hard of hearing by subtitling all of its programmes.

10: Interprofessional agreement signed between free DTT channels and audiovisual production companies' professional organisations.

March

1: The 7 historic terrestrial channels, TF1, France 2, France 3, CANAL+, France 5, M6 and ARTE agreed to simultaneously cease having their analogue signal carried by the AB3 satellite when the last region of mainland France, Languedoc Roussillon, switches over to the digital signal. The end of the analogue signal is planned for November 2011 for all channels, except for CANAL+ which avails of a specific timetable.

21: M6 & MSN, two partners in news, joined forces on the fully interactive night of the 2010 regional elections, hosted by Nathalie Renoux and broadcast exclusively online.

25: The Supervisory Board of Métropole Télévision, chaired by Albert Frère, reappointed the Executive Board for a further term of five years.

25: M6 Replay voted best catch-up TV service according to an NPA Conseil poll.

April

8: The M6 Group announced having entered into a strategic partnership with Mangas Gaming in France in the area of online gambling.

29: M6 Mobile and Orange innovated with the launch of the new pre-paid card "TooBenef".

May

26: M6 broadcast La Nouvelle Star live and in 3D in a Paris digital theatre and on Orange TV's 3D channel.

29: To celebrate the 5th anniversary of M6 Mobile, Taïg Khris made the headlines by beating the world record for high jump skating, jumping from the 1st storey of the Eiffel tower live on W9.

June

7: The panel of the CB News “Grand Prix des médias” awarded two prizes to M6 programmes: Best flow programme for TOP CHEF and best media coup for the Ireland-France match.

21: The M6 Group’s distance-selling business, Ventadis, achieved AFAQ ISO 9001 certification for all its supply chain operations (Customer relations and Logistics).

28: The Freebox TV and AliceBox included M6 Group’s two catch-up TV services: M6 Replay and W9 Replay.

July

7: Fifteen new audiovisual media, including M6, signed the diversity charter and committed to diversity in their personnel and programming.

8: The movie “Twilight chapitre 3, Hésitation” was released in theatres and achieved 590,000 box office sales on the very first day, the best start of the year. Over the full year, the movie totalled 3.9 million box office sales.

August

17: Further prime-time records for “L’amour est dans le pré”, the most watched programme of all channels and all time slots last summer with 5.7 million viewers.

September

7: Record audience ratings for the year with the BOSNIA-HERZEGOVINA / FRANCE match, with 8.1 million viewers (32.2% 4+ year-old audience ratings). This match was the channel’s 5th best audience ratings since its launch in March 1987.

15: First broadcast of a programme in audio description, “Victoire Bonnot, le secret”.

24: Launched the “m6store.fr” and “m6evenements.fr” websites.

27: Following the success of “Pass Séries” launched in March 2001, the M6 Group enhanced its VOD offering and launched a product unique in Europe, the “Pass Séries VIP”.

29: M6 application launched for iPhone and iPad.

October

1: MisterGoodDeal acquired MonAlbumPhoto.fr, a major player in the online photo book market.

18: M6 revamped its network design.

November

10: M6 Web launched a new video website, Minutefacile.com, which makes people’s daily life easier by letting them exchange ideas and know-how and help each other.

30: M6 Boutique la Chaîne changed its name and became M6 Boutique & Co.

December

10: After more than 23 years, Laurent Boyer elected to leave M6 and give a new direction to its career.

23: W9 achieved its record audience ratings with 2.0 million viewers thanks to the movie Star Wars - Episode 3 – La revanche des Sith.

30: Promulgation of the 2011 Finance Act, the Article 33 of which amended the tax rate on revenue from advertisements broadcast on original television channels to 0.5% for the 2010 financial year. For services other than those broadcast by analogue terrestrial signal, the rate was set at 0.25% for 2010 and 2011.

In addition, the final discontinuation of advertising on France Télévisions from 1 January 2016 was passed.

31: M6 Group took note that the Conseil d’Etat had dismissed its request for the decisions of the Autorité de la Concurrence (French Competition Authority) and the Conseil Supérieur de l’Audiovisuel to authorise the takeover of generalist terrestrial channels TMC and NT1 by TF1 Group to be overruled.

Annual assessment (*source Mediamat – Mediamétrie*)

The M6 channel concluded 2010 with average audience ratings of 10.4% of all audiences (compared to 10.08% in 2009) and 16.5% of under 50 year-old housewives (compared to 17.2% in 2009), thus achieving the best performance of all major historic channels in the face of growing competition from free DTT channels. One of these, W9, is a Group channel and achieved nationwide audience ratings of 3.0%

of all audiences in 2010, compared to 2.5% in 2009.

1.4. M6 Group operations and markets in 2010

In 2010, the Group's divisions generated the following revenue and contributions to EBITA:

- **M6 TV Network:** Revenue of €677.9 million (up 10.7%), representing 46.4% of consolidated revenue, with an EBITA of €162.7 million (up 37.9%), representing 66.5% of consolidated EBITA (excluding eliminations and unallocated items).
- **Digital TV:** Revenue of €168.9 million (up 14.8%), representing 11.6% of consolidated revenue, with an EBITA of €29.2 million, representing 11.9% of consolidated EBITA (excluding eliminations and unallocated items).
- **Diversification and audiovisual rights:** Revenue of €614.9 million (down 0.4%), representing 42.1% of consolidated revenue, with an EBITA of €52.9 million (up 1.3%), representing 21.6% of consolidated EBITA (excluding eliminations and unallocated items).
- **Unallocated revenue:** (primarily including revenue from the Group's property companies) totalled €0.3 million in 2010.

1.4.1. Business models

TV operations: Editing and broadcasting of free and pay channels

The editing and broadcasting operations of "free-to-air" channels, such as M6 and W9, i.e. that can be watched without subscription in either analogue or digital broadcasting (Terrestrial Digital TV or free-to-air DTT), are based on a business model entirely financed by advertising expenditure incurred by advertisers, who seek to optimise the efficiency/cost ratio of their media campaigns.

The editing and broadcasting operations of pay channels, such as Paris Première, Téva, TF6 and Série Club, as well as music channels, are based on a mixed financing model, based both on advertising revenue and royalties paid by distribution platform operators (primarily cable, satellite and broadband operators), in accordance with the terms and conditions of their commercial agreements. The Paris Première and TF6 channels also have a pay DTT licence.

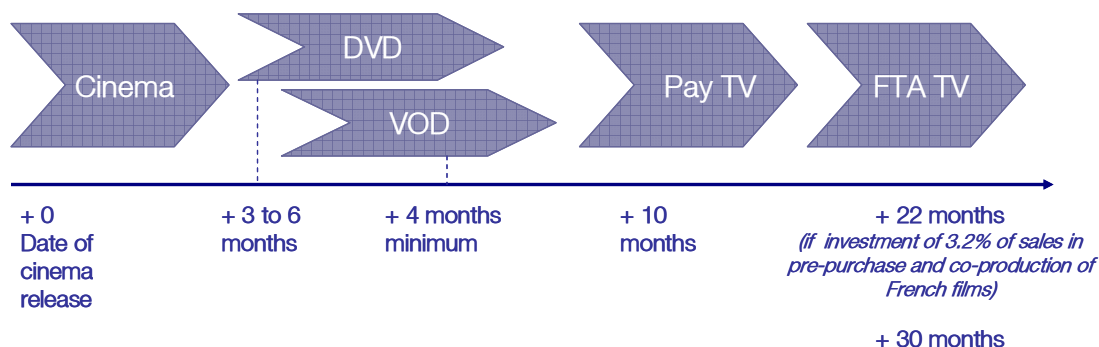
In addition, the TV network editing and broadcasting activities are governed by a legal and regulatory framework resulting from the 1986 law on freedom of communication, which marked the liberalisation of terrestrial TV. Public authorities stated at that time that this freedom should include guarantees in relation to content production and creation. The principle of broadcasting quotas and the contribution of service editors to production were laid down in the 1986 law, supplemented by decrees, in particular in 1990, and further amended between 1992 and 2010. (The legal and regulatory amendments initiated or implemented in 2010, affecting the channels' obligations structure, are presented in section 1.4.2. of this report)

Diversification and audiovisual rights operations

- ▶ M6 Interactions operates in the music, newsstand publications, books and magazine publishing and event organising markets. The majority of these operations are mass-market oriented, and as a result are sensitive to consumer spending, as well as to changes in viewing patterns, in particular for music products, due to the switch from physical (CD) to digital media and issues relating to illegal downloading. In order to adapt its revenue generation model to these changes, M6 Interactions gradually refocused on licensing activities, on behalf of which it acts as an agent and/or licensee for leading brands.

- ▶ The Audiovisual Rights business operates in the movie rights distribution market, throughout their operating cycle, to the general public (cinema, selling of physical and dematerialised videos) and subsequently to professionals (distribution of the rights portfolio to nationwide free-to-air and pay channels and international distribution). Catalogue operations, which consist in operating a portfolio of film rights after they have been shown in cinemas, enable the Group to distribute film works to the general public (selling of physical – DVD – and dematerialised videos) and editors of free and pay TV channels.

The operations of this business thus require recurring investment to build up audiovisual rights assets, which are subsequently marketed in accordance with a cycle defined by media chronology. The following timeframe was revised in 2010:



- ▶ The Distance selling division was renamed Ventadis. Its business is the remote distribution of consumer goods, through two main entities: Mistergooddeal.com, a multi-specialist e-commerce website (household appliances, furniture, sound and image, computers, DIY and gardening), and Home Shopping Service, a home shopping player operating multi-channel distribution, in particular through M6 Boutique, a 24/7 dedicated channel, sending catalogues, operating a website and opening points of sale. The growth in this business is linked to consumer spending, as well as to the change in purchasing behaviours with the development and generalisation of online purchases.
- ▶ The Interactivity business, based on M6 Web, operates on all technological devices that can be used to either enhance interactivity between Group channels and their viewers (games, participating in shows, etc.), or to extend the viewers' experience on other media, by putting into place convergence platforms (channel websites, thematic internet portals, such as teva.fr, deco.fr, clubic.com, turbo.fr, the m6replay.fr catch-up TV website, etc.) or, lastly, to provide community or service websites (habbo.fr, achetezfacile.com). In addition, the Interactivity business manages the MVNO (Mobile Virtual Network Operator) licence concluded with the Orange phone operator. The model of this licence is based on M6 Group's use of its brand and marketing power to promote the phone package provided by Orange, including a large quantity of content and many services. M6 Web thus avails of three distinct business models: advertising revenue from the proposed qualified audience levels, cost-per-click remuneration and transactions with customers.
- ▶ The Football Club des Girondins de Bordeaux has been owned by M6 Group since 1999. It plays in the French League 1 Championship. Club revenues primarily comprise TV rights, complemented by sponsorship and match day revenues. The TV rights are apportioned by the LFP (French professional football league) based on the Club's ranking (over the last season and previous seasons). These rights are paid by the broadcasters who have been awarded match batches following calls for tender (seasons 2008-2012 have been allocated). The Club receives additional revenues in the event it qualifies for European (Champions' League, UEFA Cup) and national competitions (League Cup, French Cup).

Risks attached to the Group's activities, including:

- Risks associated with the structure of the Group's market,

- Technological developments and changes in usage,
- Sensitivity to the economic situation,
- Cost structure downsizing and increases in price of content, and,
- Regulatory risks,

are specified in section 14 of this management report, which completes the description of the Group's activities and markets.

1.4.2. Main legal and regulatory developments

Numerous legal and regulatory developments, initiated in 2009 and 2010 have had an effect on M6 Group's operations.

Audiovisual production obligations (investment obligations)

As part of changes to relations between producers and broadcasters initiated in 2008, the television channels edited by the M6 Group have entered into several agreements:

- on 25 November 2008: M6 signed an interprofessional agreement with the Union syndicale de la production audiovisuelle (USPA), the Syndicat des producteurs de films d'animation (SPFA), the Syndicat des agences de presse télévisée (SATEV) and the Syndicat des producteurs indépendants (SPI), which defined the new regime governing its contribution to audiovisual production;
- on 22 October 2009: free DTT channels, including W9, signed an interprofessional agreement with the same professional organisations to adjust their contribution regimes, in particular in relation to independent production. The agreement also provides that the obligations of these channels will eventually be aligned with those of the historic channels.
- on 10 February 2010: pay-DTT channels, including Paris Première and TF6, also entered into an interprofessional agreement.

The provisions of all agreements entered into by the various channels gave rise to amendments of a legal nature, followed by several regulatory amendments. In 2010, two further decrees have repealed and replaced the provisions applicable since 2001.

Firstly, the Decree of 2 July 2010 reflected the above-mentioned three agreements relative to analogue and digital terrestrial television for free or pay TV channels.

As regards the investment obligations of cable and satellite channels, an agreement was signed between ACCeS (Association des Chaînes Conventionnées éditrices de Services) and producers' professional organisations on 22 October 2009. M6 Group did not participate but did amend certain obligations of its accredited channels following the publication of the second decree relative to these services, dated 27 April 2010.

The provisions of the two new decrees have been included, in agreement with the CSA, by amending the agreement of Group channels. In addition, two agreements of M6 Group music channels have been renewed for a further period of five years.

All of the M6 channel's obligations are set out in detail in section 1.2 of the Legal Information part of this document.

Advertising regulations

Two amendments to the advertising framework applicable to the M6 channel were introduced in 2010.

Firstly, product placement was authorised under the conditions defined by the CSA in its ruling adopted on 16 February 2010. This ruling product placement is authorised in film works, audiovisual drama and music videos, except those aimed at children.

Secondly, following the opening up to competition and regulation of certain sections of the online betting and gambling market, introduced by the law of 12 May 2010, the broadcast of advertisements for the benefit of a legally approved betting and gambling operator has been regulated. This was in compliance with the conditions defined by the CSA in its ruling adopted on 18 May 2010.

Sales tax

The Law relating to audiovisual communication and new public television services n° 2009-258 of 5 March 2009, which notably abolished commercial advertising on France Télévisions channels between 8pm and 6am, at the same time and in order to compensate France Télévisions for this loss, imposed a new tax on television network advertising revenue, after deducting amounts paid in respect of the COSIP tax and applying a 4% tax credit for estimated marketing costs.

For television services broadcast in terrestrial analogue mode, the tax is calculated by applying a rate of 3% to the portion of the annual amount paid, excluding VAT, pertaining to each television network, which exceeds €11 million.

The tax was initially capped until the year of the switch-off in Mainland France of the terrestrial analogue TV signal at 50% of the growth in advertising revenue recognised for the calendar year in respect of which the tax was payable compared to 2008, without the tax being possibly less than 1.5% of advertising revenue. Following a first amendment, exceptionally applicable to 2009, for which the tax rate had been reduced at 0.75% for channels whose advertising revenue had decreased compared to 2008, a further amendment was included in the 2011 Finance Act.

Therefore, from 2010 and until the complete discontinuation of advertising on France Télévisions channels, now planned for 1 January 2016, the tax rate is now 0.5%. It was specifically reduced to 0.25% for digital channels, including W9, but only for 2010 and 2011.

Digital broadcasting

Prior to the switch-off of the analogue signal, M6 participates in the gradual extension of the French mainland digital coverage, in accordance with the obligation provided by Article 96-2 of the Law of 30 September 1986, based on a schedule established by the CSA on 10 July 2007. The Company pays particular attention that the analogue broadcasting switch-off process is carried out within the GIP framework (Groupement d'Intérêt Public France Télé Numérique, see details in section 9 of the management report), without delay and without unjustified additional costs to the channel. By the Law n°2009-1572 of 17 December 2009 on combating the digital divide, the French government committed to maintaining the best possible coverage within the framework already defined by the CSA.

By January 2011, 11 regions earmarked by the national switch-off plan had already switched over to digital broadcasting: Nord-Cotentin, Alsace, Lower Normandy, Pays de Loire, Brittany, Champagne-Ardenne, Lorraine, Centre, Poitou-Charentes, Burgundy and Franche-Comté. By 30 November 2011, all regions will have switched over to full digital signal.

On-demand audiovisual media services

Pursuant to the law of 5 March 2009 transposing the Audiovisual Media Services (AVMSD) directive, the sector of new on-demand audiovisual media services (O-DAMS) has been regulated by specific audiovisual regulations.

Two following decrees and a ruling by the CSA regulated the sector in 2010:

- the Decree of 12 November 2010 relative to on-demand media services sets out the regime applicable to publishers of ODMAS. It aims at encouraging support for the production and broadcast of original European and French-speaking work and establishes obligations relating to advertising and the sponsorship of ODMAS publishers. This decree will come into force on 1 January 2011.

- concurrently, the Decree of 17 December 2010 relative to on-demand audiovisual media and television services broadcast from other European member states aims at preventing the by-pass of French regulations and unfair competition through relocating ODMAS publishers to other member states with less restricting regulations.

- lastly, on 14 December 2010, the CSA adopted a ruling regarding the protection of young viewers, the code of ethics and the accessibility of programmes on on-demand audiovisual media services.

Change to M6 agreement

A new addendum to M6's agreement was approved by the CSA on 21 January 2010. It primarily transcribed the terms and conditions of the interprofessional agreements negotiated in 2008, which had given rise to a regulatory change.

1.4.3. Main group markets and positioning of its operations

1.4.3.1. Structure of television market

► Structural changes

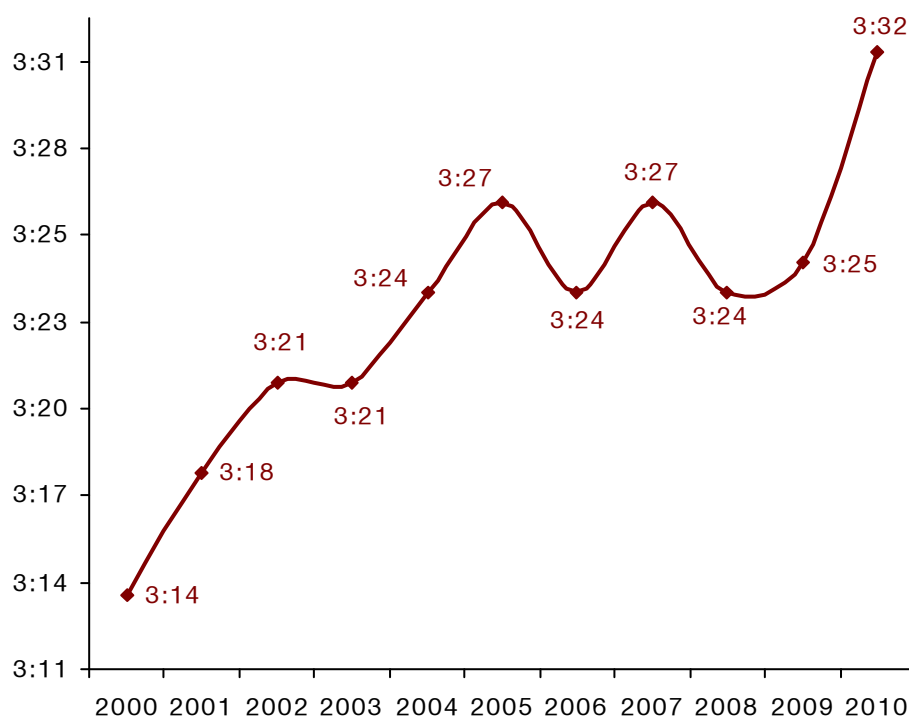
The television market has undergone significant structural changes over the past few years, including:

- The start of new media, with the rapid development of the internet, supported by the rollout of the telecom operators' high-speed broadband offerings and triple play (Internet, television, landline) packages. However, the growing penetration of the internet did not prevent the Individual Watching Time (IWT) of television from increasing and then stabilising over the past ten years.

Individual Watching Time (4+ year olds)

IWT of 4+ year old individuals	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Daily IWT (hours : minutes)	3:14	3:18	3:21	3:21	3:24	3:27	3:24	3:27	3:24	3:25	3:32

Source: Mediamat / Médiamétrie



Source: Mediamat / Médiamétrie

- The start of digital broadcasting, with the launch in March 2005 of the DTT, and the switch-off of the analogue signal planned for the end of 2011.

In addition to the switch-over of the analogue signal channels to digital, the arrival of a free DTT offering broadcast in digital terrestrial mode, resulted in the arrival of new channels, either coming from the pay environment or newly created, such as Direct8, W9, TMC, NT1, NRJ12, LCP/AN, France 4, BFM TV, iTélé, Virgin17, Gulli, which now represent a total of 18 nationwide free-to-air channels.

At the same time, in view of the planned switch-off of the analogue signal, French households are equipping themselves with TV sets or adapters able to receive the digital signal, as the DTT coverage is being extended.

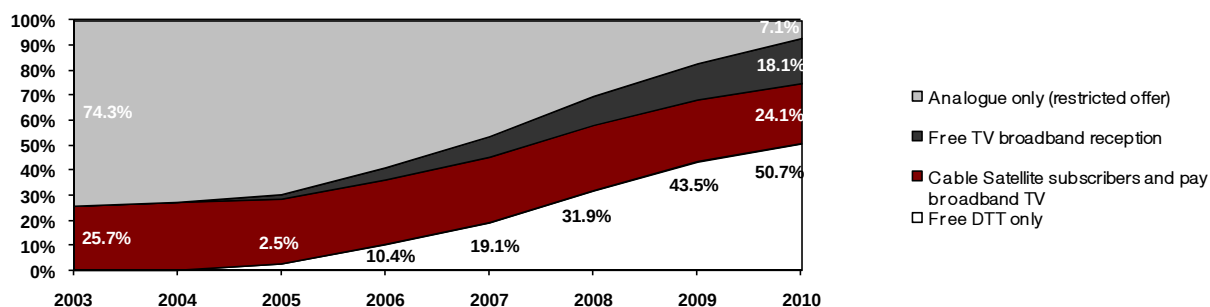
Given the DTT coverage of 93% of the population at the end of 2010, we consider that French households are equipped as follows: 7% of households benefit from a restricted analogue offering and 93% of households now has access to a multi-channel offering of 11 channels or more.

DTT coverage (% of population):

Mar-05	End 2005	End 2006	End 2007	End 2008	End 2009	End 2010	End 2011
35%	50%	65%	85%	87%	89%	93%	95%

Source: CSA, L'Observatoire de la télévision numérique, First half of 2010

Equipment of household by reception system at year-end
(source: M6, Médiamétrie):



Source: M6, Médiamétrie

- The rapid switchover of French households to digital reception and a multi-channel offering caused a change in the breakdown of audience shares between “historic” analogue channels and “Other TV”, which include:
 - Cable and satellite pay channels, whose nationwide 4 plus year olds audience share was 12.2% in 2010, compared to 12.8% in 2009
 - Free DTT channels, whose nationwide 4 plus year olds audience share was 19.7% in 2010, compared to 15.2% in 2009.

Overall in 2010, changes in TV audience shares on the 4 plus year olds target (i.e. all audiences) were as follows, reflecting the so-called “audience fragmentation” phenomenon. In 2010 historic channels attracted 68.1% of the nationwide TV audience, compared to 31.9% for “Other TV”.

Nationwide audience ratings (4+ year olds):

%	2010	2009	2008	2007	2006	2005
M6	10.4%	10.8%	11.0%	11.5%	12.5%	12.6%
TF1	24.5%	26.1%	27.2%	30.7%	31.6%	32.3%
France 2	16.1%	16.7%	17.5%	18.1%	19.2%	19.8%
France 3	10.7%	11.8%	13.3%	14.1%	14.7%	14.7%
Canal+	3.1%	3.1%	3.3%	3.4%	3.4%	3.6%
France 5	2.2%	2.4%	2.6%	3.0%	3.1%	3.1%
Arte	1.1%	1.3%	1.5%	1.7%	1.7%	1.8%
TOTAL historic channels audience share	68.1%	72.1%	76.3%	82.5%	86.2%	87.9%
Other TV	31.9%	27.9%	23.7%	17.5%	13.7%	12.0%
of which DTT channels	19.7%	15.2%	11.1%	5.8%		
of which cable and satellite channels	12.2%	12.8%	12.6%	11.7%		
TOTAL	100%	100%	100%	100%	100%	100%

Source: Médiamétrie 3am - 3am

- Changes caused by new technologies in TV viewing patterns: gradual extension of the offering of High Definition (HD) TV programmes and French households increasingly equipped with flat and HD compatible screens, adoption of new TV broadcasting media (TV on computer, TV on Demand), as well as Personal Mobile TV (PMT) eventually. These developments improve viewers' experience, who benefit from a markedly better picture quality and can now have access to it on demand format (catch-up TV platforms) or as mobile TV (3G reception, or future PMT).

These technological developments did not make French people buy fewer TV sets: on the contrary, the rollout of new technologies generated an increase in purchases. Therefore, in 2010, 98.5% of French households owned at least one TV set (53% owned at least two), compared to 97.1% in 2008 (Source: Gfk-Médiamétrie- INSEE).

► Changes in the multimedia and TV advertising market

Advertising expenditure (gross) – Multimedia:

	2010		2009		2008		2007		2006		2005
	€ millions	% change	€ millions	% change	€ millions	% change	€ millions	% change	€ millions	% change	€ millions
Press	7,368.5	7.4%	6,859.1	(13.0%)	7,888.3	3.1%	7,647.7	2.8%	7,438.1	9.5%	6,795.2
Total all TV *	8,850.1	15.3%	7,675.6	5.6%	7,271.6	(2.6%)	7,462.2	5.7%	7,057.5	8.8%	6,487.7
<i>Historic channels</i>	6,081.5	9.9%	5,534.4	(2.3%)	5,662.2	(9.1%)	6,228.1	0.3%	6,208.0	5.6%	5,878.5
<i>DTT channels</i>	1,963.7	39.6%	1,406.9	71.7%	819.2	101.2%	407.1	118.9%	186.0	355.9%	40.8
<i>Cab/Sat channels</i>	804.9	9.6%	734.3	(3.7%)	762.2	(4.3%)	796.7	25.6%	634.3	17.2%	541.3
<i>Regional channels</i>					28.0	(7.3%)	30.2	3.4%	29.2	7.4%	27.2
<i>France TV has ceased reporting the advertising revenue of its regional channels</i>											
Billboards	2,754.3	7.0%	2,573.4	(6.9%)	2,763.6	3.3%	2,675.6	2.7%	2,605.7	5.1%	2,479.7
Radio	3,909.5	6.2%	3,682.4	8.5%	3,393.5	2.5%	3,309.8	(1.1%)	3,345.6	6.6%	3,139.7
Cinema	256.8	18.9%	216.0	10.1%	196.2	(11.8%)	222.5	9.8%	202.7	13.6%	178.5
TOTAL (excluding Internet)	23,139.1	10.2%	21,006.5	(2.4%)	21,513.2	0.9%	21,317.8	3.2%	20,649.6	8.2%	19,080.8
Internet	3,281.8 **		3,958.9	3.8%	3,815.0	28.8%	2,962.1	35.5%	2,185.9	92.0%	1,138.4

* including self-promotion

** gross online advertising expenditure, excluding sponsored links

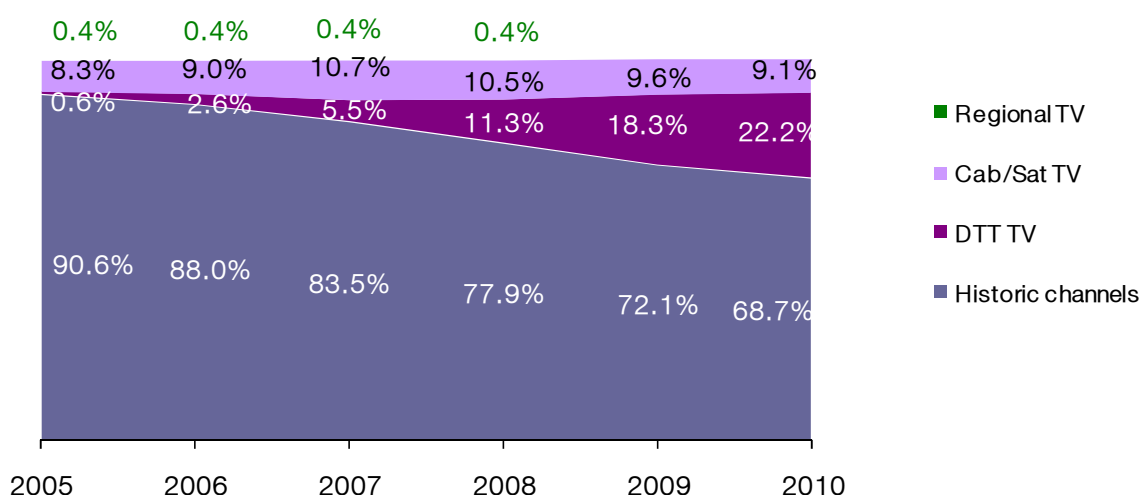
Due to a change of method effective from 1 January 2010 affecting revenue disclosed by advertising agencies, it is not possible to compare 2010 to previous years.

Source: Kantar Media

Developments in the multiyear multimedia advertising market (Press, television, Outdoor Advertising, Radio, Internet, and Cinemas) highlighted the following trends:

- A recovery in gross multimedia advertising expenditure in 2010 (up 10.2% excluding Internet), following a year in 2009 characterised by a market in decline, down 0.6% (down 2.4% excluding Internet) due to the impact of the economic slowdown. This featured contrasting developments depending on each media.
- Buoyant gross online advertising investment, following a significant slowdown in 2009 (up 3.8%) compared to growth rates recorded since 2005. However, the change in the calculation method of gross online advertising investment by Kantar Media made comparisons very difficult.
- Substantial but more moderate growth of so-called traditional media, the market shares of which continued nonetheless to deteriorate; Press represented 27.5% of gross multimedia investment in 2009, compared to 33.6% in 2005, and achieved growth of 7.4% in 2010; Radio went from 15.5% in 2005 to 14.8% in 2009 (growth of 6.2% in 2010), Billboard Advertising fell from 12.3% in 2005 to 10.3% in 2009 and grew by 7.0% in 2010; lastly, Cinema remained virtually stable at 0.9% of gross multimedia investment between 2005 and 2009, but outperformed the market in 2010 (up 18.9%).
- Television was the main beneficiary of the 2010 advertising rebound (up 15.3%); its market share was 30.7% in 2009, after having oscillated between 32.1% and 28.7% over the period.
 - Between 2008 and 2007, this development was partly due to the change in the marketing of advertising slots by France Télévisions (net as opposed to gross), which makes the comparison of the years 2008 and 2007 difficult, and contributed to the sharp fall in advertising revenue observed for terrestrial TV channels (TF1, M6, France 2, France 3, Canal+, France 5), in 2008, adding to the difficult economic climate.
 - Over the period under consideration, this development nonetheless reflected the TV media's strong resilience compared to other traditional media faced with the growth in advertising expenditure on the Internet.

Advertising expenditure (gross) – TV: market share analysis by segment (2005-2010):



Source: M6 based on Kantar Media data

In 2010, analogue channels represented nearly 68.7% of TV advertising expenditure (compared to 90.6% in 2005), whereas DTT channels represented 22.2% of gross TV expenditure (compared to 2.6% in 2006), the balance being invested in cable and satellite channels for 9.1% of the total. In 2010, gross expenditure on TV grew by 15.3%, this was driven by advertising expenditure allocated to free DTT channels (up 39.6%), and analogue terrestrial channels reported a rebound (up 9.9% gross data).

In this respect, note that even though variations in multimedia expenditure, the majority of which is measured in gross data (published prices), provides a significant indication of trends and expenditure distribution by media, it is nonetheless necessary to remain cautious when interpreting the data:

- which differs from net figures (price actually paid by advertisers to the media after discounts),
- with potentially significant differences between media,
- and that can also vary depending on the prevailing economic situation.

- Analogue, terrestrial channels: Distribution of advertising expenditure and market shares (gross data, historic channels, excluding self-promotion)

Gross terrestrial TV expenditure (historic channels, excluding self-promotion and regional channels:

	2010		2009		2008		2007		2006
	€ millions	% change	€ millions	% change	€ millions	% change	€ millions	% change	€ millions
M6	1,493.5	9.9%	1,358.7	4.8%	1,296.2	(2.3%)	1,326.3	4.6%	1,267.9
TF1	3,261.7	7.8%	3,024.7	1.2%	2,989.0	(1.3%)	3,027.2	0.9%	3,001.4
France 2	312.6	28.1%	244.1	(35.2%)	376.5	(37.6%)	603.2	(6.8%)	647.1
France 3	163.7	8.4%	151.0	(36.6%)	238.1	(37.5%)	381.2	(4.2%)	397.8
France 5	29.8	16.6%	25.6	(2.6%)	26.3	(54.8%)	58.2	3.4%	56.4
Canal+	160.0	4.5%	153.1	15.8%	132.2	18.6%	111.4	4.0%	107.1
TOTAL	5,421.2	9.4%	4,957.1	(2.0%)	5,058.2	(8.2%)	5,507.5	0.5%	5,477.8

Source : Kantar Media, gross data for TF1, M6, C+, net data for FTV from 2008

Historical data may have been subject to restatement

Gross terrestrial TV advertising market shares (historic channels, excluding self-promotion and regional channels):

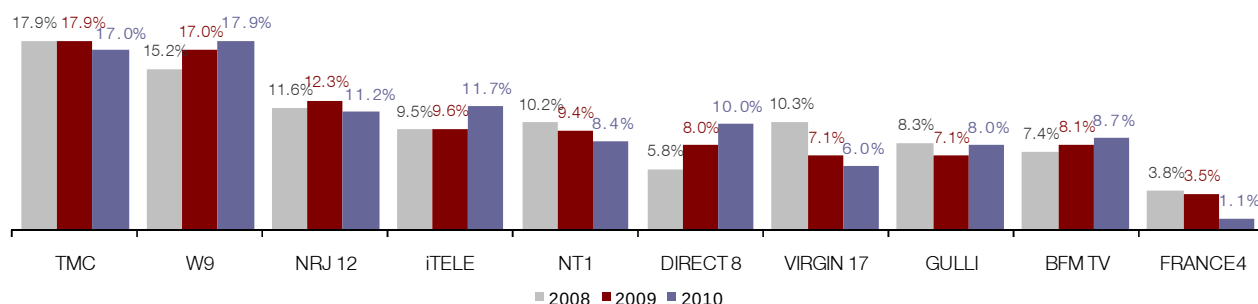
	2010		2009		2008		2007		2006
	Market share	% change	Market share	% change	Market share	% change	Market share	% change	Market share
M6	27.5%	0.1 pp	27.4%	1.8 pp	25.6%	1.5 pp	24.1%	0.9 pp	23.1%
TF1	60.2%	(0.9) pp	61.0%	1.9 pp	59.1%	4.1 pp	55.0%	0.2 pp	54.8%
France 2	5.8%	0.8 pp	4.9%	(2.5) pp	7.4%	(3.5) pp	11.0%	(0.9) pp	11.8%
France 3	3.0%	(0.0) pp	3.0%	(1.7) pp	4.7%	(2.2) pp	6.9%	(0.3) pp	7.3%
France 5	0.6%	0.1 pp	0.5%	(0.0) pp	0.5%	(0.5) pp	1.1%	0.0 pp	1.0%
Canal+	3.0%	(0.1) pp	3.1%	0.5 pp	2.6%	0.6 pp	2.0%	0.1 pp	2.0%
TOTAL	100%		100%		100%		100%		100%

Source : Kantar Media, gross data for TF1, M6, C+, net data for FTV from 2008

Historical data may have been subject to restatement

- DTT channels: Distribution of advertising market shares (gross data in %)

The distribution of the DTT channel gross advertising market, which totalled €1,963.7 million in 2010, up 39.6% was as follows (in %) :



Source : Kantar Media

- Cable and satellite channels: Distribution of advertising market shares (gross data, in %)

The distribution of the gross advertising market of cable and satellite channels, whose revenue model is based on mixed financing by advertising and subscription income, totalled €804.9 million in 2010, up 9.6%, and potentially involves more than a hundred channels.

According to Kantar Media data, the cumulative advertising market share of M6 Group channels (Paris Première, Téva, TF6 and 50% of Série Club, as well as the M6 Music channels) totalled 12.1% in 2010, compared to 13.0% in 2009, a decrease of 0.9 percentage point.

Overall, the Group's advertising agency, M6 Publicité, which markets the TV advertising space and slots for the M6, W9, Paris Première, Téva, M6 Music Hits, Black, Club, Série Club and Girondins TV channels, achieved a total market share of 23.8% in 2010 (total gross + net advertising market share, measured by adding analogue, DTT, cable and satellite revenue, source Kantar Media) of the whole TV advertising market, compared to 29.9% in 2009, thus confirming its position as the second advertising agency in France behind TF1 Publicité.

1.4.3.2. TV advertising 2010 market developments: M6 Group positioning and strategy

▶ FREE CHANNELS

▪ M6 TV Network

In a terrestrial advertising market (excluding self-promotion) which increased by 9.4% in 2010, (source: Kantar Media, formerly TNS MI) the M6 TV network saw its gross advertising expenditure increase by 9.9%, translating into a 10.6% increase in net advertising revenue.

The terrestrial advertising market (historic channels) did experience a significant upturn in 2010, following a year 2009 affected by the economic crisis. This rebound featured a strong rise in advertising volume (the advertising time of historic channels grew by 14.4% over the period). The number of brands featured on screen grew moderately (up 1.5%).

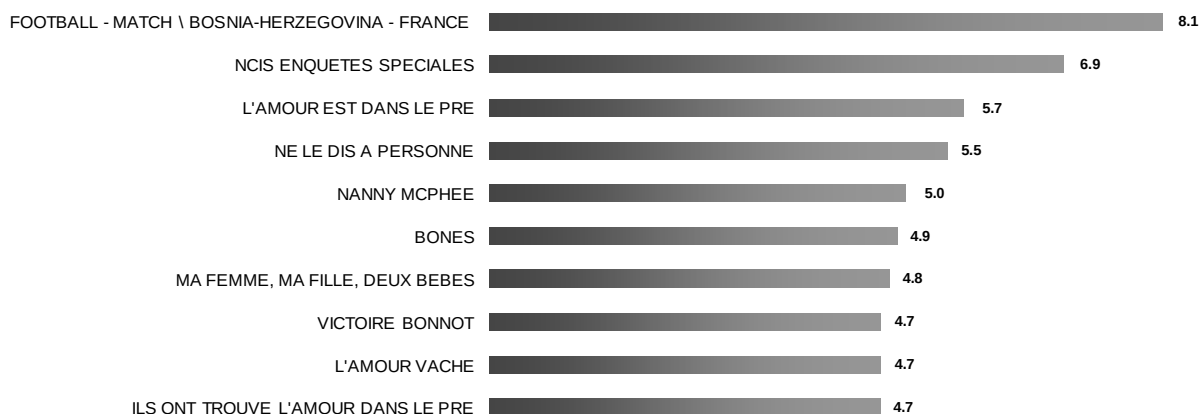
However, the M6 channel was able to increase its market shares in consumer goods industries (Food & Drink, Health & Beauty, Cleaning Products), as well as in the Travel and Tourism, Distribution and Services sectors. Overall, M6 achieved an increase in its gross advertising market share of 27.5%, thus confirming its position as the second TV network in the French advertising market.

This relative over-performance should be seen as coming hand-in-hand with the channel's strong performance in the face of audience fragmentation: with 10.4% audience share over the whole public in 2010, M6 is the major channel that showed the greatest resilience to the development of DTT channels.

This resilience vindicated the channel's positioning in a more intensely competitive environment, by appealing to an ever wider audience through programmes that are ever closer to the real life of the viewers (*L'Amour est dans le pré*, *Victoire Bonnot*, etc.), significant events (*French football team's match*, *Ne le dis à personne*, etc.), strong brands (*NCIS*, *Capital*, *La France a un incroyable talent*, etc.) and innovative programmes (*Top Chef*, *Ma femme, ma fille, deux bébés*, etc.).

The top ten M6 audience ratings of 2010 testify to success for all types of programmes:

Top ten M6 audience ratings in 2010 (millions of viewers, source: Médiamétrie):



Strategically speaking, the channel intends to focus its investment efforts in programmes of the midday-midnight time slot, which by itself represents 94% of TV advertising expenditure and 90% of daily audience levels.

Therefore, M6 managed to be the prime time leader for all viewers on more occasions in 2010 (19 nights in 2010, compared to 13 in 2009).

▪ **W9 channel**

In the fast-growing free DTT market, both from the point of view of the relative significance of these channels in the overall audience and their attractiveness to advertisers, with the prospect of the switch to all-digital at the end of 2011 (switch-off of the analogue signal), M6 Group wished to rapidly position W9 as a leading DTT channel, with a view to making it a generalist channel for under 50 year old audiences.

With a DTT-equipped population of 55.4 million people at the end of December 2010, in 2010 W9 attracted a 3.0% nationwide audience share (4+ year olds), compared to 2.5% in 2009, and achieved its best ever nationwide monthly audience rating in December, with an audience share of 3.2%.

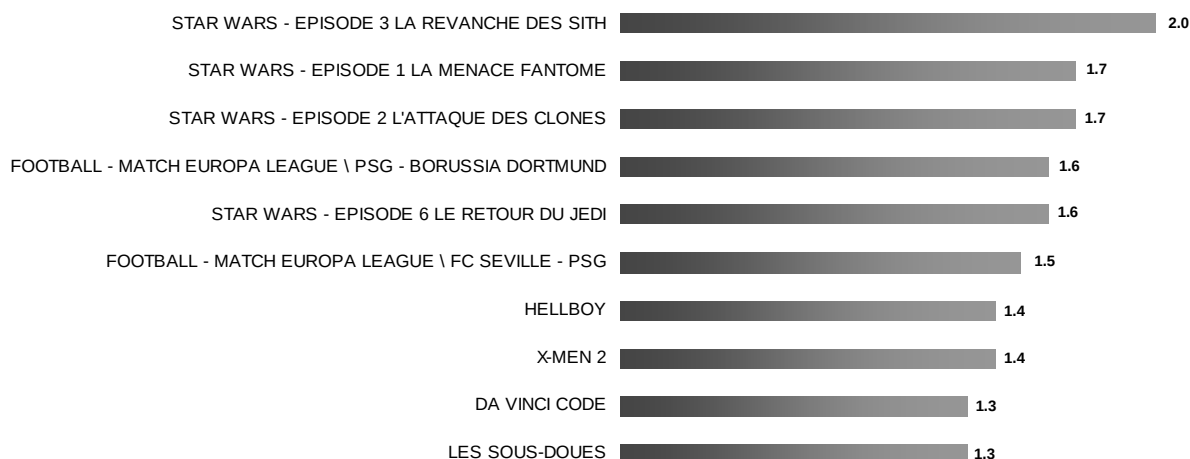
4+ year old individuals audience share (2010 vs. 2009)

	2010	2009	Change
TMC	3.3%	2.6%	+0.7 pp
W9	3.0%	2.5%	+0.5 pp
Gulli	2.2%	1.8%	+0.4 pp
Direct 8	2.0%	1.4%	+0.6 pp
NRJ 12	1.9%	1.5%	+0.4 pp
NT1	1.6%	1.4%	+0.2 pp
France 4	1.6%	1.1%	+0.5 pp
Virgin 17 / Direct Star	1.0%	0.7%	+0.3 pp
BFM TV	0.9%	0.7%	+0.2 pp
i>Télé	0.7%	0.5%	+0.2 pp

Source : Médiamétrie

The channel was responsible for 45 of the 100 best DTT audience ratings in 2010, including (source: Médiamétrie):

Top ten W9 audience ratings in 2010 (millions of viewers, source Médiamétrie):



Launched in March 2005, W9 continued to develop its programme in 2010, offering in the following five fields: music, series, cinema, entertainment magazines and sport.

Music represents 50% of airtime and is a major feature of W9, which puts it forward in all its forms: videos, concerts, shows, rankings and music games. 2009 marked a significant step forward with the launch of X-Factor, a singing class broadcast over 3 months. W9 continued its innovative programmes policy in 2010 with the broadcast of *A la recherche du nouveau Mickaël Jackson*, a musical competition who beat record audience ratings for an event programme on DTT.

W9 also broadcasts prestigious sporting events, including a number of Europa League matches, entertainment shows, magazines and reality TV shows, as well as series and cinema. W9 now holds the all-out DTT ratings record with 2.0 million viewers for the movie *Star Wars – Episode 3 La revanche des Sith*, broadcast on 23 December 2010.

In 2010, this audience performance was accompanied by a strong increase in the channel's gross advertising revenue, translating into a 17.9% market share of gross DTT advertising expenditure compared to 17.0% in 2009 (gross DTT expenditure, excluding self-promoting, *Source Kantar Média*).

All advertising sectors, including the major sectors of food and drink, health and beauty, telecommunications, transport and publishing sharply increased their expenditure on the channel.

W9 also confirmed its ranking as the leading digital channel on the main advertising targets: 15-24 year olds, 15-34 year olds, 15-49 year olds, under 50 year old housewives, etc. The subscription to a daily nationwide audience rating since 1 January 2009 is intended to better promote this offering to advertisers.

► PAY DIGITAL CHANNELS

The business model of pay channels is based on:

- an extensive distribution of these channels to all broadcasting platforms and media (cable, satellite, broadband, mobile), with a view to maximising the potential of subscribing households/individuals.
- thus enabling to the attraction of targeted or generalist audiences, depending on each channel's positioning and as a result offer commercial breaks that meet the objectives of advertisers' campaigns.

Within this logic, M6 Group rolls out a strategy for its pay digital TV channels based on:

- the presence of its channels on all broadcasting media. In this respect, the Group's music channels have been broadcast since 2008 on the Canal+ France platform, which have significantly increased the broadcasting pool, while the signal of other Group channels was taken up by new broadband

operators(depending on the channels: Orange, Darty, etc.);

- the development of a family of 7 complementary pay channels (excluding Girondins TV), with strong and identity-building positioning and the wish to make each of these channels a benchmark in its niche market (Paris Première for upper class targets, Téva for women) or to rank among the top 3 channels of the pay environment of their target and have strong growth potential.

Summary table of broadcasting network by channel (at 31 December 2010):

	Free DTT	Pay DTT	Cable	Satellite	DSL	Mobile
Paris Première	unscrambled					
Téva						
M6 Music Hits						
M6 Music Black						
M6 Music Club						
TF6*						
Série Club*						
Girondins TV						

* broadband via CanalSat

Source: M6

M6 Change in the number of individuals (4 plus year old) equipped to receive M6 Group's pay channels:

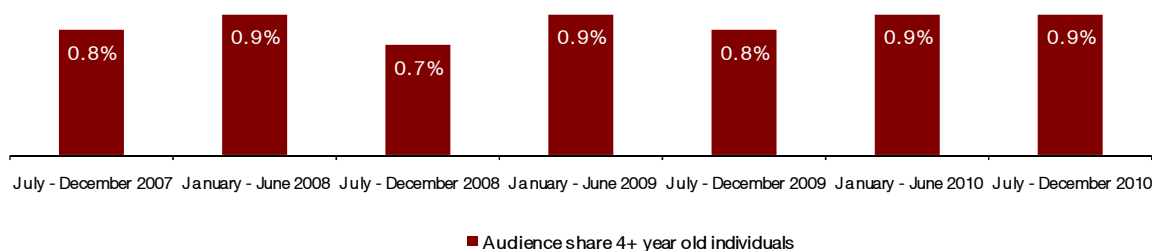
Millions of 4+ year old individuals	Dec.2006	Dec.2007	Dec. 2008	Dec. 2009	Dec. 2010
Paris Première	15.1	16.3	16.8	21.7	23.0
Téva	13.1	14.2	14.2	18.9	20.2
M6 Music Hits	5.0	7.6	5.6	10.9	12.0
M6 Music Black	2.8	2.1	3.8	5.3	5.5
M6 Music Rock/Club*	2.6	1.9	3.7	5.1	5.3
TF6	6.9	13.6	13.3	14.8	14.9
Série Club	5.6	11.8	11.1	11.8	11.8
Girondins TV	-	-	-	2.0	2.1

* M6 Music Club from 2009

■ Paris Première

On 15 December 1986 at 7pm, Paris Première was launched on Paris Cable's channel 8. Among a constantly changing audiovisual industry, Paris Première benefits today from growing visibility and a strong identity. Paris Première benefits from an extensive broadcasting network: cable, satellite, broadband, mobile TV (3G) as well as pay DTT since 21 November 2005, with a daily two-hour unscrambled time slot between 6.35pm and 8.35pm. Therefore, more than 55 million viewers (4+ year olds) can now access Paris Première's unscrambled time slot (accessible to households equipped with a DTT adapter).

Paris Première's audience share for 4+ year old individuals:



Source: Médiamétrie / MédiaCabSat, subscriber base to an extended package

Paris Première elected to be the show, debate and culture channel and as a result dedicates a significant portion of its budget to the production or acquisition of original formats: *Ça balance à Paris*, *Paris Dernière*, *OTTO* magazine on contemporary art, *Cinéquin*, a programme dedicated to cinema, *Lescure ... tôt ou tard*, new talk show hosted by Pierre Lescure, *Pif Paf*, *Do you Scopitone*, etc.

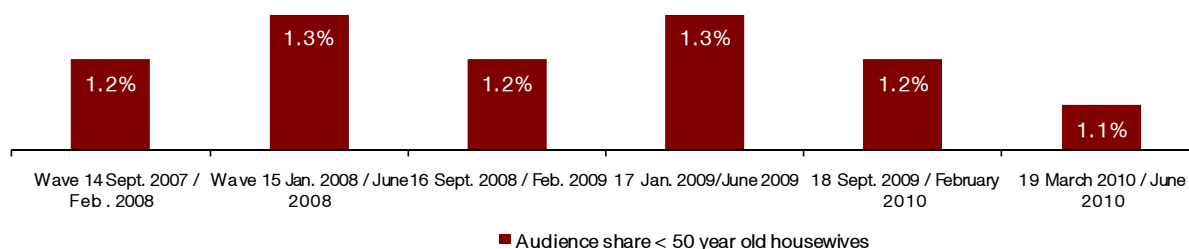
In 2010, Paris Première confirmed its event-driven programming, including, in particular, live broadcasts of theatre plays (*Sacha le magnifique* with Francis Huster, *Ciao Amore* with Christophe Alévêque, etc.), and also some thematic evenings and many comedy shows (*L'autre c'est moi* by Gad Elmaleh, *la revue de presse du théâtre des deux ânes*,...).

■ Téva

Téva, which was launched on 6 October 1996 and became a wholly-owned subsidiary of M6 Group in January 2007, is the only French channel to address women as a priority. With more than 4 million viewers watching it every week, in this respect it is essential to a complementary TV offer and is therefore widely broadcast on all channels (it can be received by 19 million 4+ year old individuals).

Diversified programming combines magazines, series and cinema. The ambitious original documentary coproduction policy was continued in 2010 with *Les Héritières*, *Les femmes en or*, and a documentary about autism. In 2010, Téva also launched a new collection of documentaries, "*Les héroïnes du quotidien*", and a new lifestyle magazine, "*Du temps pour moi*". Lastly, new series were in evidence with the launch of "*Drop Dead Diva*", "*Cougar Town*" and "*Parents par accident*".

Téva is the leader for under 50 year old housewives within the cable and satellite environment, with a 1.1% audience share:



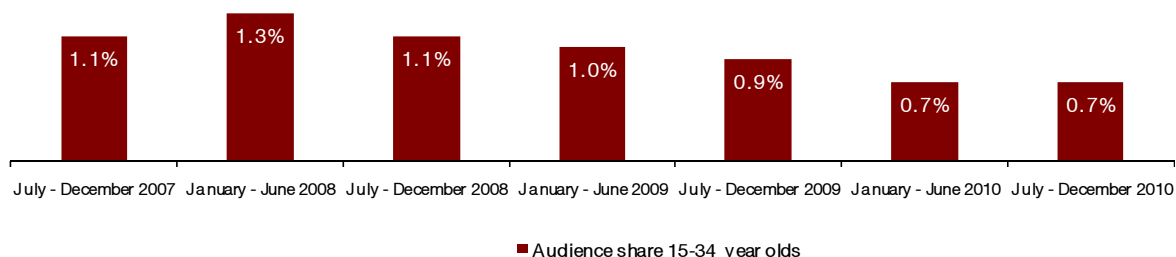
Source: Médiamétrie / MédiaCabSat, subscriber base to an extended package

■ TF6 and Série Club

TF6 and Série Club are 50% held by M6 (and 50% by TF1). They were created in 2000 and 1993, respectively, and ever since have occupied a clearly identified position in the complementary TV offering:

- TF6, a generalist channel aimed at a young adult audience (15-34 year olds), celebrated its tenth anniversary in 2010, and offers original entertainment, never shown-before series, recent drama and numerous feature films a year. In 2010 it enhanced its offer to its target audience, with the broadcast of additional entertainment and event-driven entertainment programmes. TF6 is received by 17.7 million individuals (4 plus year olds).

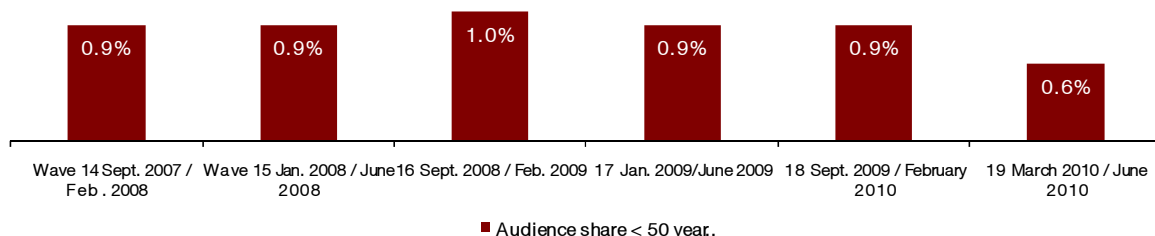
TF6 audience share of 15-34 year olds:



Source: Médiamétrie / MédiaCabSat, subscriber base to an extended package

- Série Club asserted its positioning as the “series channel”. The channel offers a complete range of never-shown-before series and full broadcasts of cult series. It also offers full digital and widescreen broadcasting.

Série Club audience share of under 50 year old housewives:



Source: Médiamétrie / MédiaCabSat, subscriber base to an extended package

■ Music channels

The Group's three music channels, M6 Music Hits, M6 Music Black and M6 Music Rock, each develop their music programming in a specific environment:

- M6 Music Hits develops a programming focusing on hits and stars for the 15-34 year olds;
- M6 Music Black dedicates itself to groove R'n'B urban music for the 15-34 years old;
- M6 Music Club, launched in January 2009, is the channel of “dance floor” sound's new trends.

The Group's three music channels, all available on cable, satellite, broadband and mobile phone, complement each other in terms of offers and audiences.

1.4.3.3. Other Group operations and markets

M6 was one of the first TV channels to capitalise on its brands, its marketing expertise and its knowledge

of the various audiences' expectations to extend its offer to products and services and diversify its sources of revenue, and as such pursue several complementary objectives: setting up new growth drivers, seizing new development opportunities, lessening its dependence on the advertising market, securing its access to audiovisual content and anticipating new viewing patterns by developing its brands and programmes in new formats.

► AUDIOVISUAL RIGHTS

Audiovisual rights operations comprise several subsidiaries:

- SND (Société Nouvelle de Distribution) is the flagship of M6 Group's audiovisual rights business, operating on all film distribution formats. SND's main activity is the acquisition, management and distribution of the licensing rights of audiovisual works, throughout their operating cycle (cinemas, video, sale of rights to pay TV and free TV broadcasters).
- In order to consolidate its rank in the audiovisual rights environment and secure its access to more diverse content, M6 Group owns a number of feature film rights catalogues:
 - SNC was acquired in full in April 2005. Its business is the distribution and management of the rights of a catalogue of nearly 450 European films.
 - TCM D.A was created in September 1996 and is jointly owned by M6 (50%) and TF1 (50%). Its business is the acquisition, distribution, sale, import and export, promotion, provision and negotiation of TV license rights of any cinema or visual works in all French speaking territories.
 - Mandarin, having absorbed Mandarin Films, which was fully-acquired in 2002, owns a catalogue of French feature films that were highly successful upon their release.
 - Diem 2 (into which Hugo Films has been merged), acquired in 2007, owns a catalogue of recently-released French feature films.
- Lastly, M6 Studio, created in 2003, is dedicated to the development and production of French animated feature films. In 2006, the company thus produced its first animated feature film, *Asterix et les Vikings* and in 2009 started the production of the cartoon series *Le Petit Nicolas* (52x13 minutes), adapted from René Goscinny and Jean-Jacques Sempé's work and broadcast in September 2009. The production of a second season started in 2010.

These various investments enabled M6 Group to benefit from a wide range of assets in an increasingly fragmented environment where access to quality content is ever more critical. The general public markets of audiovisual rights operations are facing an increasingly digitalised and dematerialised environment, which go hand-in-hand with a change in content viewing patterns.

Over the main general public markets of cinema distribution and video sales, in 2010 SND had to grow within an environment featuring both strong growth in the cinema market and a stabilisation of the video market.

▪ **The cinema market in 2010**

Cinema going grew by 2.7% in 2010 to a record 206.5 million box office sales, which was higher than the average of the past 10 years. This was the best performance that had been achieved since 1967, a year which totalled 211.45 million box office sales (source: CNC).

Against this background, SND reported 6.5 million box office sales, thus ranking in 14th place among distributors in France,

SND's main success stories of the year were *Twilight 3 – Hésitation*, which ranked 8th on the box office with 3.9 million ticket sales, and *Red*.

2010 distributor ranking

Ranking	Distributors	Number of films*	French box office*	Market share
1	Warner Bros.	18	26,119,139	12.60%
2	20th Century Fox	23	19,853,457	9.58%
3	Walt Disney Studios	7	19,801,503	9.55%
4	Paramount.	13	17,247,500	8.32%
5	Europacorp	11	15,168,515	7.32%
6	Universal.	15	13,559,852	6.54%
7	Pathé Distribution	14	13,125,860	6.33%
8	Metropolitan Filmexport	28	10,151,754	4.90%
9	Studiocanal	20	10,012,536	4.83%
10	Sony Pictures	17	8,080,808	3.90%
11	Mars Distribution	17	7,922,072	3.82%
12	Gaumont	11	6,840,861	3.30%
13	UGC Distribution	16	6,759,619	3.26%
14	SND	12	6,482,705	3.13%
15	Wild Bunch Distribution	10	2,867,962	1.38%

* Estimates: data based on French ranking

Source: 2010 distributor ranking (excerpt from Film Français)

▪ The video sales market in 2010

In 2010, the French market for retail physical video (DVD and High Definition formats) amounted to €1.39 billion, stable compared to 2009. However, this market has lost more than one third of its value (€600 million) over the past five years. This stability hides two contrasting developments: on the one hand, the growth in high definition sales, especially due to booming Blu-Ray Disc sales (€173.41 million, being growth of 62% compared to 2009), and on the other hand, the decline in DVD sales (down 0.1% in volume and 5.1% in value).

Video format consumption in VALUE

€ millions	2010	2009	Change	Market share	2010	2009	Change
DVD	1,211.89	1,277.10	(5.1%)	DVD	87.5%	92.2%	(4.7) pp
High definition formats	173.41	107.3	61.6%	High definition formats	12.5%	7.8%	4.7 pp
TOTAL	1,385.30	1,384.40	0.1%		100.0%	100.0%	

Source : Baromètre Vidéo CNC-GFK 2010

Video format consumption in VOLUME

(millions of units)	2010	2009	Change	Market share	2010	2009	Change
DVD	135.27	135.35	(0.1%)	DVD	93.3%	98.3%	(5.0) pp
High definition formats	9.66	5.3	82.3%	High definition formats	6.7%	1.7%	5.0 pp
TOTAL	144.93	140.65	3.0%		100.0%	100.0%	

Source : Baromètre Vidéo CNC-GFK 2010

At the same time, sales of intangible media (VOD) exceeded €135 million in 2010, compared to €80 million in 2009 (source: SEVN).

Bolstered by a diverse catalogue of more than 800 films published under the M6 Video label, the company edits and distributes all styles from all periods of cinema, from comedy to animation and from art house films to mass market productions. 2010 best-sellers include *Twilight 2 – Tentations*, the second best-selling DVD in France in 2010, *Twilight 3 – Hésitations*, *Démoneurs*, which was awarded an Oscar for

best movie, and TV successes such as *Scène de ménages*. In 2010 SND, under its M6 Vidéo label, retained its position as leading independent publisher in France (excluding major studios) (source SEVN).

▪ The TV rights transfer market

The operating cycle of the rights portfolio continues with the sale of TV rights when pay or free-to-air TV time slots open up. M6 Group's audiovisual rights subsidiaries work with all market players, including subscription-based pay TV packages, free-to-air TV (historic channels, DTT channels) or Cable and Satellite channels.

In 2010, SND continued its business of selling the broadcasting rights of French films internationally (Europe, Asia, North America).

► PUBLICATION, PUBLISHING AND MUSIC

With the creation of M6 Interactions in 1992 and M6 Événements in 1997, M6 very quickly decided to enter into fields other than television by initiating new expertise in publishing (press, music, collections, etc.), events and shows.

M6 Interactions' objective is thus to derive value and market the channel's brands and other M6 Group operations, as well as a number of products derived from audiovisual assets of which it has directly acquired the rights.

These activities are broken down in 4 product lines, for which M6 Interactions looks after or directs the design, manufacturing and marketing of corresponding derived products:

1. **Music:** production, co-production or co-distribution of short and long playing formats (singles and albums) and compilations on physical and digital formats (downloads, ring tones). M6 Interactions also develops a publishing business and produces music for M6 Group TV programmes (musical channel identification, rolling titles, drama dubbing...) and participates in the production or promotion of a number of shows (plays, stand up comedians, musical shows, etc.);
2. **Publishing and Press:** book publishing or co-publishing (comics, practical guides, youth, and general literature) and paying magazines derived from flagship TV programmes (*Un dîner presque parfait*, *Fan 2*);
3. **Publications and Games:** marketing, through newsstand networks, newspaper sellers, multimedia products and composite products in the form of collections, including an information sheet and an object (DVD, figurine, toy, etc.) and publishing of board games, based on M6 channel brands, on behalf of whose owners M6 Interactions acts as an agent or by which it was granted a licence;
4. **Licences:** As a complement, M6 Interactions develops an activity of licence sales to third parties and of developing and implementing promotional campaigns based on the brands or where it acts as an agent. It thus continued to operate the best-known TV brands such as *Nouvelle Star*, *D&CO* and *Un Dîner Presque Parfait*.
In addition, in partnership with Crédit Agricole, M6 Interactions launched a new bank card targeting the 12-25 year olds, Mozaïc M6.

In addition, M6 Interactions has an event-organising division operated by the M6 Événements structure.

Over the past few years, the new licensing operations have been able to offset the transition period that M6 Interactions is experiencing in its reference markets, such as the disc market.

In 2010, this market was marked by a further slowdown in retail sales (source: SNEP – Syndicat National de l'Edition net store sales and legal online downloading, excluding mobiles), of the same the magnitude as in 2009, a 8.6% decline to €817.4 million, of which €727.2 million for store sales and €90.2 million for Internet downloads, being 11.0% market share for digital supports. In volume, 90.9 million units were sold, compared to 90.7 million in 2009.

Store sales (incl. VAT) and legal internet downloading, excluding mobile:

<i>In value (€ millions)</i>	2010	Change	% change	Market share	2009	Change	% change	Market share
Store sales	727.2	(106.1)	(12.7%)	89.0%	833.3	(107.3)	(11.4%)	93.1%
Internet downloading	90.2	28.8	46.9%	11.0%	61.4	19.3	45.8%	6.9%
TOTAL	817.4	(77.3)	(8.6%)	100.0%	894.7	(88.0)	(9.0%)	100.0%

<i>In volume (millions of units)</i>	2010	Change	% change	Market share	2009	Change	% change	Market share
Store sales	52.2	(6.8)	(11.5%)	57.4%	59.0	(9.0)	(13.2%)	65.0%
albums	47.4	(5.2)	(9.9%)	52.1%	52.6	(6.1)	(10.4%)	58.0%
single	1.6	(1.2)	(42.9%)	1.8%	2.8	(2.8)	(50.0%)	3.1%
music videos	3.2	(0.4)	(11.1%)	3.5%	3.6	(0.1)	(2.7%)	4.0%
Internet downloading	38.7	7.0	22.1%	42.6%	31.7	9.7	44.1%	35.0%
single	33.4	5.6	20.1%	36.7%	27.8	8.2	41.8%	30.7%
albums *	5.3	1.4	35.9%	5.8%	3.9	1.5	62.5%	4.3%
TOTAL	90.9	0.2	0.2%	100.0%	90.7	0.7	0.8%	100.0%

* equivalent to 15 titles for 1 album

Source : SNEP

Against this background, co-production projects led by M6 Interactions performed well, with the success of the Nouvelle Star winners' albums, such as Camélia Jordana, or discoveries such as Ben l'Oncle Soul, etc.

In the publishing market, M6 Editions operates primarily in the magazine segment dedicated to young people and teenagers and in entertainment press magazines derived from TV programmes. M6 Editions is also a partner in publishing books derived from strong TV brands, such as *Un dîner presque parfait*.

In 2010, in the collection market (objects, multimedia items) distributed by the newsstand network, M6 Interactions continued its policy initiated in 2009 to reduce the number of launches and releases, by focusing its investments on the "Bourvil" and "Betty Boop" classic collections.

► INTERACTIVITY

As a result of constant developments in reception technologies (broadband, 3G, Wifi) and terminals (pads, smartphones, connected TV sets, IPTV decoders), viewers now have a many ways of consuming audiovisual content. Linear programme consumption is enhanced by many delinearised consumption modes (Catch-up TV, VOD per view or on subscription).

The internet market, now well established in France, will soon be mature with more than 20.8 million high speed connections in the 3rd quarter of 2010 (*Source: Arcep*). In the 4th quarter of 2010, nearly 38 million people in France had connected to the internet during the past month, which is 71.4% of the French population, compared to 65.0% in December 2009, and more than 34 million web users (being 96.5% of home web users) have a high speed connection (*Source: Médiamétrie NetRatings, internet audience in France, December 2010*).

Similarly, mobile phones internet access is developing rapidly: in March 2010, the percentage of mobile phone owners who could connect to the internet with their terminal (57%) had increased by 10% year on year, and the percentage of subscribers to an internet option (29%) had jumped by 62%. 4 million people in France connect to the internet on a daily basis using their mobile phone (*Source: GroupM survey – SFR Régie, June 2010*).

Within this climate, M6 Group is aggressively positioning itself on these new practices, drawing in particular on its M6 Web subsidiary to expand in all these new digital services.

M6 Web is structured into three operational units: editing of fixed, mobile and IPTV internet services, mobile phones with the M6 Mobile by Orange product line and operations relating to game shows and interactivity with TV programmes.

■ Internet division

The integration of internet in the life of French people has led advertisers to increasingly invest in this media. Soaring revenue of video advertising should also be noted (multiplied by 2.5 year on year to €30 million in 2010), on which M6 Web has been positioned since the launch of M6Replay. Lastly, the pay model of certain services (subscription on dating and VOD websites, one-off purchases for games and mobile applications) provide diversified revenue streams.

M6 Group has become a major player in this market, and now ranks in 16th position of the most visited Group websites in France (December 2010) with more than 13 million unique visitors.

Excerpt of the Top 50 most visited Group websites in France, all connection places, Internet applications included – December 2010:

Ranking	Group	Unique Visitors all connection places
1	Google	36,721,600
2	Microsoft	33,731,200
3	Facebook	27,181,800
4	France Telecom	24,987,700
5	CCM Benchmark Group	20,277,400
6	PagesJaunes	20,075,600
7	Groupe TF1	19,092,600
8	Vivendi Universal	18,517,100
9	Iliad	18,209,700
10	PPR	18,103,300
11	Wikimedia Foundation	17,871,000
12	Yahoo!	17,841,100
13	Groupe Lagardere	16,624,900
14	eBay	14,501,800
15	Amazon	13,845,300
16	M6	13,653,600
17	La Poste	13,613,400
18	Editions Aixoises Multimedia	12,781,500
19	Web 66 - Presse Regionale	12,568,000
20	Apple Computer	12,452,400

Source : Médiamétrie NetRatings - December 2010

M6 Web publishes a family of websites featuring complementary audiences, including TV channel websites (m6.fr, w9.fr, etc.), programmes websites (as Undinerpresqueparfait.m6.fr) and editorial and thematic websites.

The M6Replay catch-up TV service, launched in March 2008 and W9Replay, launched in December 2009 based on a free business model, continued to develop in 2010. Due to its strong ergonomics, M6 Replay and W9Replay provide access to the best of the M6 channel's content in two clicks, and enables viewers to view M6 leading programmes over the 7 to 15 days following their broadcast.

The number of viewings now exceeds 30 million video programmes viewed every month. Capitalising on the success of this PC offering, the distribution strategy of this service was continued on all screens and technologies where consumers can be addressed:

- IP TV: In line with the distribution agreements entered into in 2009 with the Orange, SFR, and CanalSat operators, the M6 Group's video on demand services are available on

virtually all French top box sets since their inclusion by Free, Numéricable and Bouygues Telecom.

- Connected TV: M6Replay is also available on web-connected TV sets since the agreement entered into with Sony for the distribution of M6Replay on its new Bravia TV range.
- Smartphones and pads: Launched in October 2010, the M6 application for iPhone and iPad has already been downloaded on more than 1 million touch screen terminals.

Based on the same business model of financing through advertising, M6Replay and W9Replay are complemented by M6Bonus, which shows video highlights and what happens behind M6 programmes. These services are complemented by M6VOD, which offers the option of watching M6's best series on your TV set, in HD and multilingual. Two monthly subscriptions are being marketed: the Pass Séries which provides access to more than 800 episodes for €5.99 per month, and the Pass Séries VIP which adds series the day after they are broadcast in the US for €9.99 per month.

The offering of M6 Web's leading theme-based portals was consolidated in 2010: Deco.fr became the leading portal for house improvement (2 million unique visitors in December, an increase of 32% compared to 2009); Clubic and Turbo.fr both celebrated their 10th anniversary with an in-depth graphic and editorial revamp for the former (5.1 million unique visitors), and record audience levels in motor news for the latter (1.3 million unique visitors at the Paris Motor Show); the new Jeuxvideo.fr website was enhanced by family-friendly content and an extensive video offering (1.5 million unique visitors).

At the same time, the price comparison engine Achetezfacile.com, which analyses the catalogues on online stores and provides an easy shopping guide, also enabled the Group to diversify online revenues since the business model is based on the cost-per-click billing of e-merchant partners. It is certified as complying with the FEVAD's "shopping guide charter" and guarantees transparency and service quality to the 3 million consumers who use it every month.

Over the past 5 years, as part of an exclusive partnership, M6 Web has been developing a leading service for 13 to 16 year olds, the virtual 3D environment Habbo, which totalled 13 million subscribers in France in 2010, and is based on "virtual goods" pay models.

▪ Mobile telephony

The M6 mobile brand licence continued to appeal to the 15/25 year olds, reaching the 1.9 million customer mark at end 2010. This continuing success since the launch in 2005, both in attracting customers and building the loyalty of the existing base, illustrates the relevance of the partnership between Orange and M6 Group, which combines mobile phone expertise and marketing power.

The mobile phone market in France had a total of 64.4 million customers in December 2010 (of which 18 million prepaid and 46.4 million bill pay), which is a penetration rate of more than 99.7% of the population (source: ARCEP – Autorité de Régulation des Communications and des Postes).

▪ Games and Programme Interactivity

M6 Web designs and operates all interactive processes offered to viewers on all programmes broadcast by the Group's channels. This maintains a relationship between the audience and the programmes broadcast on Group channels by providing them with the opportunity of playing an active role in how the programmes develop.

In this respect, M6 Web is gradually stepping up its presence on air, in particular within short programmes such as Pékin Express, and keeping abreast of technological developments, with for instance the option to vote using a dedicated iPhone application during the Incroyable Talent show.

M6 Web also oversees the partnership entered into with the Mangas Group in online betting and gambling. Within this framework, M6 Web launched the website of the *100% Poker* show and produced the *100% Foot les pronos* programme, as well as its online extension.

The online gambling market was liberalised in May 2010 following the promulgation of the law “relative to the opening to competition and regulation of the online betting and gambling sector”. Since then, the ARJEL (French online gambling regulatory authority) has granted 48 licences: 25 for poker, 15 for sports betting and 8 for horserace betting.

▸ DISTANCE SELLING – VENTADIS

Ventadis, which combines home shopping and e-commerce, is the new name of M6 Group’s distance selling business which combines stores specialising in selling household and personal goods.

M6 Group continued its strategy of diversifying its activities in markets other than advertising, while using the power of its media to develop its market share in distance distribution.

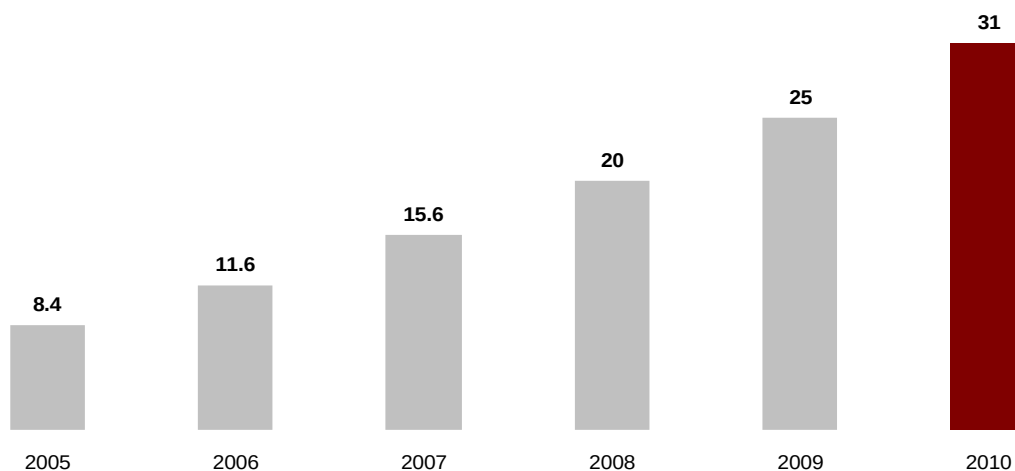
Ventadis operates in a competitive market, in the presence of many players, including supermarket distribution players operating an internet portal, traditional media players that have developed a distance-selling offer and internet players.

Over the past 12 months, there were 81,900 active merchant websites, which is a 28% increase compared to 2009.

Online spending grew by 24% in 2010 to €31 billion, according to a study published by the Fédération du e-commerce and de la vente à distance (Fevad) and the French State Secretary for Commerce, Small Industry, Small and Medium Enterprises, Tourism and Services.

Online revenue growth in France since 2005

€ millions



Source : FEVAD

Distance selling is one of M6 Group’s historic businesses. It started with the home shopping programme “M6 Boutique”, broadcast on the M6 channel, and was extended with “M6 Boutique la Chaîne”, the first French channel dedicated to home shopping.

The takeover in 2005 of Mistergooddeal, an e-commerce specialist, helped the Group develop its web expertise and benefit from the dynamic growth of e-commerce.

In 2010, Ventadis went a step further in its development by achieving ISO9001 certification for its supply chain, thereby stating its intent to better control its logistic chain and further consolidate the trust relationship it enjoys with its customers.

▪ M6 Boutique

M6 Boutique, the morning show on M6, has been on the air for the last 23 years: its business efficiency is based on clear demonstrations, specialist speakers, customer testimonials and strong special offers.

In addition, thanks to M6 Boutique & Co, a channel dedicated to home shopping and available on cable, satellite and broadband (and known as "M6 Boutique La Chaîne" until 29 November 2010), since 2004, viewers have been able to discover new products, including cooking implements, household equipment, health, wellbeing and beauty, viewers can discover new products, including cooking implements, household equipment, health, wellbeing and beauty products, hobbies, etc. through 8 hours of daily live programming. M6 Boutique also relies on its website, which attracts up to million unique visitors every month, on its catalogue, which is published 4 times a year, and on 4 stores located in Paris, the Paris region, Nantes and Strasbourg.

Due to its expertise, Ventadis develops home shopping formats on behalf of other broadcasters, such as Paris Première and Téva, entitled "Téva boutique" and "Paris Première Boutique", and also on behalf of Belgian TV channels for instance. This business also operates in the infomercial segment, and produces short news programmes and films demonstrating products and how to use them.

- **Mistergooddeal**

Mistergooddeal is a leading e-commerce website for house equipment and furniture, with an extensive range of technological products, electrical goods, gardening, DIY and household equipment. The website continued its differentiation strategy by focusing even more on the quality of customer service, from accessing the website to order follow-up and delivery/collection of purchases.

- **"monAlbumPhoto"**

At the end of 2010, Mistergooddeal acquired monAlbumphoto.fr, a leading player in the online photo book market. Using software that can be downloaded free of charge directly from the www.monalbumphoto.fr, users can create photo albums that are printed and bound like a book.

- **"Pop Gom"**

In partnership with a tyre industry player, in October 2008 Ventadis launched a new website dedicated to online tyre sales, which offers a range of 150,000 tyres of all types and for all models of major makes.

On 10 November 2010, Mistergooddeal disposed of its 32.67% investment in TyreDating, the publisher and operator of PopGom, an online tyre dealer. The disposal of the Group's investment to the company's original shareholders was implemented following approval from the relevant competition authorities.

- ▶ **FOOTBALL CLUB DES GIRONDINS DE BORDEAUX (F.C.G.B)**

The wholly-owned Football Club des Girondins de Bordeaux provides M6 Group with access to the football market, a reputation in the sports world and an opportunity to develop an asset.

The club must be rigorously managed due to the volatility of sporting results. Within this context, the results of the LFP's (French professional football league) call for tender for the League 1 and League 2 broadcasting rights made the most significant portion of the Club's revenues secure for four seasons, starting from the summer of 2008. The match broadcasting rights were allocated to Canal+ and Orange for an overall annual price of €668 million.

In addition to a fixed portion, the audiovisual rights were allocated by the LFP according to the following criteria: league ranking for the current season, league ranking over the past 5 completed seasons and popularity (number of matches broadcast on TV during the current season and over the past 5 completed seasons). Other Club revenues comprise TV rights generated by potential participations in European (Champions' League, UEFA Cup) or French competitions (League Cup, French Cup), match day sales

(subscription sales and match tickets), partnerships and sale of derivative products with the Club colours. Lastly, revenue may be recognised from transfers of players' contracts.

F.C.G.B had a contrasting sporting 2009/10 season, reaching the quarter finals of the Champions League and paying the French League Cup final. However, the Club ended up ranking 6th in the Ligue 1 championship, failing to qualify for the Champions' League.

2010 was marked by a continuation of the diversification policy. The F.C.G.B. has a diverse media offering, which includes the "Girondins TV" channel, accessible from Orange TV and on broadband, Numericable and CanalSat, a newsstand magazine, a website with 130,000 unique visitors per month and 3.5 million pages viewed, a mobile phone offering and a radio station. Furthermore, the Club operates 4 stores in the Girondins' colours and a travel agency.

In addition, investments made over the past few years in the Haillan training centre are currently giving tangible results as confirmed by the quality of the Club's players. FCGB asserts itself today as one of the most successful clubs in terms of young players training, with more than 50% of its professional team originating from the centre.

The Club also has the ambition of becoming the resident club at the stadium that may be built in Bordeaux in the prospect of Euro 2016. The stadium project is supported by the City of Bordeaux and should be carried out as part as a public-private partnership (PPP). The framework and financial terms and conditions of the Club's commitments have yet to be defined to date and are dependent on the results of the ongoing PPP call for tender.

1.5. Statement of comprehensive income

In 2010, M6 Group recorded consolidated revenue of €1,462.0 million, an increase of 6.2%. This increase was mainly due to the growth in multi-media advertising revenue (M6 TV network, digital channels, Press and Internet) for 12.5% against the background of a recovery of the advertising market.

M6 TV network's advertising revenue increased by 10.7% to €670.2 million. The channel enjoyed a level of revenue comparable to that of 2008 (€664.6 million) despite a more competitive environment.

Digital channels achieved significant revenue growth (up 14.8%) and amounted to €168.9 million compared to €147.1 million in 2009, primarily driven by W9, the DTT channel most heavily invested by advertisers, which achieved nationwide audience ratings of 3.0% (4-plus year olds).

Diversification and audiovisual rights recorded revenue of €614.9 million, a modest decline of €2.2 million, representing -0.4%.

Excluding FC Girondins de Bordeaux, which suffered from its failure to qualify for the Champions' League and reported a €20.8 million decline in revenue, other diversification activities reported a year of growth (M6 Web, M6 Interactions and Ventadis) or stabilisation at high activity levels (SND and other Audiovisual Right diversification operations). Overall, diversification revenue excluding football grew by €18.6 million (up 3.6%).

Other operating income amounted to €17.4 million, an increase of €6.2 million compared to 2009 due to the rise in transfer fees of FC Girondins de Bordeaux players.

Operating revenues thus totalled €1,479.4 million, an increase of €91.6 million (up 6.6%).

Excluding operating expenses relating to business combinations, operating expenses increased by €39.8 million (up 3.3%) to €1,237.2 million.

This growth was due to the following:

- Operating expenses of the M6 Free-to-Air segment increased by €20.6 million, primarily due to the effect of the rise in the M6 channel programming costs (up €16.3 million) and taxes on revenue (up €6.1 million); other operating expenses retreated slightly due to the decline in net amortisation,

depreciation and provision charges marked by the recognition of new risks, resulting in particular from the deteriorated business environment; in line with the cost saving plan initiated in 2008, other operating expenses, and more specifically fixed costs were also contained in 2010;

- Operating expenses of digital channels posted a strong increase, as in 2009, to €15.4 million. This was primarily attributable to W9, whose rise in its cost base was driven by increased programming and broadcasting costs and was the consequence of the channels' growing audience ratings and advertising revenue.
- Operating expenses of diversification and audiovisual right activities only increased by €3.8 million. They declined within the segment comprising FC Girondins de Bordeaux and its subsidiaries (down €9.4 million), essentially due to the movement in payroll, which is closely connected with the club's sports performance. In 2009, the club's ranking at the end of the sporting season and its participation in the Champions' League had given rise to the payment of very substantial performance-based bonuses to the players. However, expenses grew within the Ventadis division (up €11.1 million), as revenue growth went hand-in-hand with a slight deterioration in profitability.
- Operating expenses for the other segment activities increased overall by €2.1 million, but at a slower pace than revenue growth, testifying to improved operational profitability.

Analysis of expenses by nature is as follows:

- Consumables and other operating expenses increased by €59.4 million (up 7.8%) primarily in relation to M6 and W9 programming costs and Ventadis purchases;
- Personnel costs posted an increase of €6.8 million (up 2.8%); this development, although this on the face of it is consistent with the growth in the permanent workforce (also up 2.8%), reflects contrasting situations: the decline in personnel costs of the division comprising FC Girondins de Bordeaux and its subsidiaries was offset by the increase in Ventadis personnel costs, primarily due to the in-sourcing of its logistic function, and personnel costs of other operations, taking account of the recruitment drive of growth operations (M6 Web and W9) and the increase in variable remuneration related to the strong performance achieved during the year;
- Taxes and duties retreated by €2.0 million after the reclassification of CVAE as income tax, a component of CET which replaced the business tax; excluding this reclassification, taxes and duties would have increased by €6.2 million (up 11.0%) in line with the growth in their main tax base (advertising revenue).
- Amortisation, depreciation and provision charges, excluding those linked to acquisition-related intangible assets, declined by €24.5 million to €103.8 million; even though the Group continued to apply a cautious approach to asset amortisation and depreciation and risk provisioning in 2010, the business environment in 2009 and the emergence of other risks had led the Group to recognise higher writedown and impairment charges.

Operating income and expenses related to business combinations amounted to a net expense of €1.3 million. This charge included €1.3 million in amortisation of intangible assets (brands and technologies), identified as part of the acquisition of Mistergooddeal and Cyréal, and other various accounting entries, of a non-significant total amount, resulting from the application of revised IFRS 3, *Business combinations* (in particular the revaluation of Echo6 net assets following the acquisition of the 50% not previously held by the Group). In 2009, these income and expense items came to a net expense of €6.3 million, including €4.9 million in relation to the impairment of Paris Première and TCM's goodwill.

Group operating profit (EBIT), which also includes the €1.5 million capital gain on the disposal of Tyredating, totalled €242.4 million in 2010, which is significantly higher than in 2009 (€184.0 million).

Profit from recurring operations (EBITA), defined by the group as operating profit before capital gains on the disposal of subsidiaries and investments and operating income and expenses related to business combinations amounted to €242.2 million in 2010, compared to €190.3 million in 2009.

Net financial income declined substantially by €19.5 million to €2.8 million. However, 2009 net financial income included the €21.2 million upward revaluation of the financial asset comprising Canal + France shares and the attached put option. Excluding this specific impact, net financial income thus rose by €1.7 million, driven by the very significant increase in average cash deposits and in spite of lower average yields for deposits and the unfavourable foreign exchange movements due to the €/USD rate movement.

The Group's share of profit from associates (or share of profit from equity-accounted companies) was €0.6 million.

This income corresponds to the 2010 reversal of the provision for charges previously recognised in respect of the Group's share of losses incurred by Tyredating.

The income tax charge was €88.7 million. Excluding CVAE net of income tax, this was €83.3 million, an increase of €17.7 million compared to the €65.6 million recorded in 2009, primarily due to improved profitability and therefore taxable profit.

Net profit from continuing operations thus amounted to €157.0 million, a growth of €17.9 million (up 12.9%) compared to 2009.

After taking account of net profit from discontinued operations, which was nil in both 2010 and 2009, and profit and loss attributable to non-controlling interests, the Group share of net profit was €157.1 million.

2. Analytical presentation of 2010 results

The consolidated statement of comprehensive income below is based on the segmentation of Group activities selected within the framework of IFRS 8, Operating segments.

EBITA is defined as operating profit (EBIT) before amortisation and impairment of intangible assets (except for audiovisual rights) from acquisitions and capital gains on the disposal of investments or subsidiaries.

Operating income and expenses related to business combinations include the amortisation of intangible assets (brands and technologies) accounted for as part of the Mistergooddeal and Cyréalís acquisitions (a negative €1.3 million in 2010 and 2009), the revaluation net assets as part of acquisitions in stages (a positive €0.1 million in 2010) and other accounting entries resulting from the application of revised IFRS 3, *Business combinations* (a negative €0.1 million in 2010). In 2009, goodwill impairment (Paris Première, TCM) had also been recognised for the amount of €4.9 million.

Eliminations and unallocated income/expenses related to:

- The cost of share subscription options and cost of free share allocation plans, in accordance with IFRS 2 – Share-based payments;
- EBITA of property companies and dormant companies (€2.4 million in 2010 as in 2009);
- Unallocated consolidation restatements primarily corresponding to the elimination of intra-Group gains on the disposal non-current assets or inventories

Summarised consolidated income statement

(€ millions)	31/12/2010	31/12/2009	2010 / 2009 change (€ millions)	%
M6 TV Network				
Advertising revenue	670.2	605.6	64.6	10.7%
Other revenue	7.7	6.5	1.2	18.4%
(EBITA)	162.7	117.9	44.7	37.9%
Digital Channels				
Revenue	168.9	147.1	21.8	14.8%
(EBITA)	29.2	22.7	6.5	28.6%
Diversification & Audiovisual Rights				
Revenue	614.9	617.1	(2.2)	(0.4%)
(EBITA)	52.9	52.2	0.7	1.3%
Other revenue	0.3	0.2	0.0	19.9%
Eliminations and unallocated items	(2.6)	(2.6)	(0.0)	0.5%
Revenue from continuing operations	1,462.0	1,376.6	85.4	6.2%
EBITA from continuing operations	242.2	190.3	51.9	27.3%
Brand amortisation charges & Impairment of non-amortisable assets	(1.3)	(6.3)	4.9	
Capital gains on the disposal of non-current assets	1.5	(0.0)	1.5	
Operating profit (EBIT) from continuing operations	242.4	184.0	58.4	31.7%
Net financial income/ (expenses) from continuing operations	2.8	1.0	1.7	
Fair value movement of the Canal+ France asset	-	21.2	(21.2)	
Share of associates' net profit	0.6	(1.5)	2.0	
Profit before tax from continuing operations	245.7	204.8	40.9	20.0%
Income tax on continuing operations	(88.7)	(65.7)	(23.1)	
Net profit from continuing operations	157.0	139.1	17.8	12.8%
Net profit from discontinued operations	-	-	-	-
Net profit	157.0	139.1	17.8	12.8%
Minority interests	0.1	0.1	0.1	
Net profit - Group share	157.1	139.2	17.9	12.8%

2.1. M6 TV Network

Contributions to M6 TV network performance may be analysed as follows:

	31/12/2010			31/12/2009			change 2010/2009		
(€ millions)	Business segment total revenue	External revenue	EBITA	Business segment total revenue	External revenue	EBITA	Business segment total revenue	External revenue	EBITA
M6 TV Network*	754.3	671.7	160.4	684.1	607.0	121.5	70.1	64.7	38.9
Audiovisual and film production subsidiaries	106.8	6.2	2.2	97.2	5.1	(3.6)	9.6	1.1	5.8
Intra-group eliminations	(147.1)	-	-	(132.7)	-	-	(14.4)	-	-
Total M6 TV Network	714.0	677.9	162.7	648.6	612.1	117.9	65.4	65.8	44.7

* including M6 Publicité (advertising agency)

M6 TV network EBITA may be analysed as follows based on M6 channel gross margin in programming:

(€ millions)	31/12/2010	31/12/2009	2010 / 2009 change (€ millions)	%
Advertising revenue	678,4	614,9	63,5	10,3%
Advertising agency cost - (M6's share), taxes and copyright distribution costs	(129,9)	(130,1)	0,2	(0,1%)
Free-to-Air net revenue	548,5	484,8	63,7	13,1%
Programming costs	(319,8)	(303,5)	(16,3)	5,4%
Gross margin on programming	228,7	181,3	47,4	26,1%
as % of revenue	41,7%	37,4%		
Net other operating expenses	(79,0)	(69,2)	(9,8)	14,2%
Ex-segment commissions net of advertising agency costs not allocated to M6	10,8	9,4	1,4	14,3%
M6 TV Network other subsidiaries EBITA	2,2	(3,6)	5,8	(162,7%)
M6 TV Network EBITA	162,7	117,9	44,7	37,9%

Net advertising revenues: These consist of advertising revenue earned by the M6 television network, offset by the cost of services provided by M6 Publicité (TV network share), mandatory charges levied as a proportion of revenue and broadcasting costs.

Programming costs: these represent the cost of programmes broadcast on M6 channel (purchased, produced or coproduced), including charges relating to rights that are invalid or unlikely to be broadcast.

Gross margin on programming: this represents the difference between Free-to-air TV net revenue and programming costs.

- **Métropole Télévision (M6)**

M6 Métropole Télévision is the Parent Company of the M6 Group and broadcasts the M6 channel. It sets programming strategy, programme acquisition and production policy and the network's programme line-up.

M6 also collects revenue from advertising slots and sponsorships broadcast on the network.

In addition, M6 Métropole Télévision defines the strategic direction of the Group's various entities and manages the cross-organisational administrative and support functions. The majority of the Group's strategic economic assets are held by the Parent Company.

- **M6 Publicité: strong brands at the advertisers' services**

As the historical advertising agency of the M6 TV network, the growth of which it supported, M6 Publicité today markets the advertising space of 9 TV channels, all strong brands with a very strong positioning, including:

- M6,
- W9,
- Paris Première,
- Téva
- Série Club,
- M6 Music Hits, Black and Club
- Girondins TV.

- **M6 Films and production companies**

Other Free-to-Air activities include film and TV production.

In respect of film production, **M6 Films** is responsible for the Group's obligations in terms of cinema production. It co-produces French and European films and also manages the pre-purchase of TV broadcasting rights on behalf of the Group. This activity comes within the framework of all French broadcasting groups' obligation of financing the French cinema industry by contributing a portion of their advertising revenue. M6's investment obligation is 3.2% of the TV network's net advertising revenue, to be reinvested in French and European cinema production.

In 2010, investments corresponding to this obligation amounted to €16.8 million, in decline of 8.2% compared to 2009, due to the decline in advertising revenue of M6 between 2008 and 2009. For the second consecutive year, M6 Films coproduced the top French movie of the year, *Les Petits Mouchoirs*, which achieved 5.3 million box office sales. This film by Guillaume Canet was also the 2nd movie of the year all for all nationalities.

Generally speaking, in 2010 M6 Films continued its strategy of co-producing successful comedies. In addition to *Les Petits Mouchoirs*, movies worth mentioning include *Le Mac* (1.5 million tickets sold), *Tout ce qui brille* (1.4 million tickets sold), *L'Italien* (1.1 million tickets sold), as well as *Fatal* (1.2 million tickets sold).

The Group's production activities are driven by three separate production companies.

Métropole Production operates all of the Group's technical production resources and media management, and produces audiovisual works and programmes for the M6 TV network. In particular, in

produces some of the channel's flagship programmes such as, *Turbo*, *Zone Interdite* and *M6 Kid* (delegated production).

C. Productions is the second mainstay of this segment, which primarily produces M6 TV network news magazines, such as *Capital*, *Enquête Exclusive*, *66 Minutes*, *100% Mag*, as well as *Enquêtes Criminelles* on behalf of W9.

Lastly, Studio 89 Productions produces, both for the M6 TV network and the Group's digital channels, a significant number of different formats, including *Un dîner presque parfait* (access time and prime time), *Pékin Express season 4* and *Accès Privé* for M6, as well as *En quête d'action* for W9.

Over the financial year 2010, the M6 TV network generated revenue of €677.9 million, compared to €612.1 million in 2009, a 10.7% increase primarily caused by the increase the M6 channel advertising revenue. The segment's EBITA was up €162.7 million, compared to €117.9 million in 2009, an increase of 37.9%, taking account of the increase in programming costs (up 5.4%) to €319 million, compared to €303.5 million in 2009.

2.2. Digital channels

(€ millions)	31/12/2010			31/12/2009			2010/2009 change		
	Business segment total revenue	External revenue	EBITA	Business segment total revenue	External revenue	EBITA	Business segment total revenue	External revenue	EBITA
Digital Channels	171.5	168.9	29.2	149.3	147.1	22.7	22.3	21.8	6.5

In 2010, digital channels (W9, Téva, Paris Première, Série Club, TF6 and M6 Music Black, Hits and Club again represented a true growth driver for Group operations, with revenue growth of 14.8% to €168.9 million, and an increase in their contribution to EBITA, which was positive by €29.2 million, compared to €22.7 million in 2009 (up 28.6%). This dynamic was primarily due to the performance achieved by W9.

2.3. Diversification and audiovisual rights

In 2010, the contribution of diversification and audiovisual rights operations to consolidated revenue amounted to €614.9 million, a slight decline of -0.4%. Its contribution to EBITA was a positive €52.9 million, a 1.3% increase.

(€ millions)	31/12/2010			31/12/2009			2010/2009 change		
	Business segment total revenue	External revenue	EBITA	Business segment total revenue	External revenue	EBITA	Business segment total revenue	External revenue	EBITA
Audiovisual Rights	135.4	114.4	4.0	138.9	115.8	3.3	(3.5)	(1.4)	0.7
Interactions	46.5	41.0	5.4	42.0	37.0	2.2	4.5	4.0	3.2
Distance-selling	287.4	279.1	11.1	278.1	269.8	12.4	9.2	9.3	(1.3)
Interactivity	103.3	97.2	30.9	101.8	90.6	26.9	1.4	6.6	4.0
FCGB	83.7	83.1	1.6	104.7	103.8	7.4	(21.1)	(20.8)	(5.8)
Intra-Group eliminations	(17.5)	-	-	(16.9)	-	-	(0.6)	-	-
Total Diversification & Audiovisual Rights	638.7	614.9	52.9	648.7	617.1	52.2	(10.0)	(2.2)	0.7

The contribution of each division to the performance of diversification and audiovisual rights may be analysed as follows:

2.3.1. Audiovisual rights division

This business includes the activities of SND (Société Nouvelle de Distribution SA), SNC (Société Nouvelle de Cinématographie SAS), TCM Droits Audiovisuels, Mandarin SAS, DIEM 2 SA, Hugo Films SAS and M6

Studio SAS. These various companies are in charge of rights acquisition, management or distribution activities.

In 2010, SND cinema business recorded 6.5 million box office sales. The 10 films distributed include a new episode of the Twilight saga: *Twilight chapitre 3, Hésitations*, 8th best-cinema seller of the year with 3.9 million box office sales. SND's being granted the rights to the Twilight saga in France resulted from the equity investment made in 2007 in US company Summit Entertainment, of which 9.06% is owned by the group. Successful movies such as *Red* and *Remember me* are also distributed by SND.

The video business reported growth within a stable market environment. The top DVD sellers of the year included *Twilight chapitre 2, Tentation*, and *Twilight chapitre 3, Hésitations*, as well as the *Démineurs* and *Numéro 9* movies.

SNC reported a decline in revenue, primarily generated by the disposal of broadcasting rights of movies in its catalogue and the marketing of these rights on DVD. However, SNC innovated in 2010 by selling excerpts of movies for advertising campaigns, while at the same time continuing its efforts to restore heritage films, such as *Casanova un adolescent à Venise* by Luigi Comencini.

TCM recorded a revenue increase and consequently an improved contribution to EBITA.

Overall, the audiovisual rights business contributed €114.4 million to Group revenue, a modest decline of 1.4% compared to 2009. Its contribution to EBITA was €4.0 million compared to €3.3 million in 2009.

2.3.2. M6 Interactions division

The markets in which M6 Interactions has historically been operating (recorded music market, compound product sales market and press market) have experienced a significant decline over the past few years, adversely affected by technological developments and purchasing power and consumer spending issues.

Due to this unfavourable situation, the Group had to make a significant and rapid effort to adapt the organisation of the division and implement a strategy aimed at limiting the Group's exposure to launching and slow revenue risks in the most weakened markets.

In 2010, the Group continued the effort initiated in 2009: M6 Group curtailed the number of releases both in terms of publications and music production, in order to favour top quality products, which are selected following an improved selection and testing procedure. The division also continued to disengage from the press magazine segment by establishing partnerships for its publications. Generally-speaking, M6 Interactions continues to implement the transition of its revenue model by favouring the development of a portfolio of strong licences, on behalf of which the division acts as agent and/or licensee, in synergy with other Group operations, brands and expertise. The *Mozaiic M6* banking card, developed with Crédit Agricole, is a perfect illustration of the success of this strategy: at the end of December 2010, more than 420,000 cards had thus been sold since its launch in September 2009.

The Interaction business contributed €41.0 million to consolidated revenue, an increase of 11% compared to 2009, with a positive contribution to EBITA of €5.4 million - an increase of €3.2 million - marking a return to profitability made possible by the refocus on new activities.

2.3.3. Interactivity division

M6 Web continued its internet development with audience levels that continued to grow in 2010. Group websites attracted an audience of more than 13.6 million unique visitors in December 2010, compared to 12.4 million in December 2009 (source: Médiamétrie/NetRatings).

M6 Group is now in 16th position in the ranking of leading French online players (vs 18th in 2009), bolstered in particular by the success of its theme-based portals (deco.fr, teva.fr, turbo.fr). The Group benefited from synergies resulting from the integration of Cyréal, whose acquisition, finalised in May 2008, enabled the division to increase the supply of qualified audience for advertisers, while at the same time drawing upon the expertise of its teams.

The Group's catch-up TV services continued to develop in 2010, with more than 30 million videos

watched every month. M6 Web now offers a comprehensive online video offering, thanks to M6Replay, the pioneer catch-up TV website in France, launched in 2008, W9Replay, on which viewers can watch W9's flagship programmes free of charge for a period of 6 to 7 days after their broadcast, M6 Bonus, available online, which offers complementary TV content (M6 programmes highlights and backstage) and M6VOD, a pay service based on subscription to watch or watch again the best series broadcast on the channel.

The community website partnership and licensing strategy continued to bear fruit, with the M6 Mobile by Orange mobile phone offer totalling close to 2 million customers at end 2010 and continuing to benefit from a good revenue dynamics and innovative offering throughout the year.

Games, mobile phone content and programme interactivity operations, which declined substantially, reported more contrasting performance levels.

The Interactivity division as a whole (including M6 mobile by Orange) thus recorded a further year of growth in 2010, with revenue of €97.2 million, compared to €90.6 million in 2009, and an EBITA of €30.9 million for the current year.

2.3.4. Distance selling - VENTADIS

The distance-selling business operated within a difficult economic environment in 2010, which featured very strong competition between various market players, in particular between e-commerce websites, which continued to implement an aggressive promotional policy to offset slower sales, at the expense of profit margins.

Following a first half of the year driven by Mistergooddeal's increased business activity, a slowdown in sales was noted in the second half. Against this background, the brand favoured a strategy of preserving gross profit, with a view to make its offering more upmarket and to differentiate it, banking on the quality of products sold and associated customer service, in particular with the opening of new collection points. Home Shopping Services, which had reported a slight decline in revenue in 2010, contributed significantly to this year's divisional profitability.

Furthermore, the optimisation potential generated by the merger of these two entities continued to be exploited and the in-sourcing of logistics was finalised. In early June 2010, Ventadis achieved the AFAQ ISO 9001 Quality certification for its supply chain operations: customer relations, logistics and distribution centre of Chilly-Mazarin. This certification is proof that the Group intends to exercise as much control as possible over its logistic chain and the trust relationship it enjoys with its customers.

The Ventadis business contributed €279.1 million to consolidated revenue, compared to €269.8 million in 2009. Its contribution to EBITA slightly declined and was €11.1 million (€12.4 million in 2009).

2.3.5. Football Club des Girondins de Bordeaux (SASP)

F.C.G.B had a contrasting 2009/10 sporting season: the club's European campaign attracted considerable attention by reaching the Champions' League quarter finals. It also took part in the French League Cup final but ended up in sixth place in the Ligue 1 championship and thus failed to qualify for the Champions' league.

Following Laurent Blanc's departure at the end of the 2009/201 season, the team has been managed by Jean Tigana since the start of the 2010/11 season. The Club's team includes players able to compete on an international level, and continues its policy of focusing on training young players at its dedicated centre, which is recognised on a regular basis as one of the best French centres according to the French Football Federation, in order to guarantee that it will keep playing at the top level in the future and to maintain its performance level. Over the past 5 years, the training centre has produced half of the club's professional players.

FCGB's contribution to Group revenue totalled €83.1 million in 2010, compared to €103.8 million in 2009, due notably to F.C.G.B's failure to qualify for the Champions League 2010-2011. However, the club

made it a priority to retain a sound financial position and the contribution to Group EBITA was a positive €1.6 million.

2.4. Unallocated items

Immobilière M6 owns Métropole Télévision Group's 10,000 m² head office facilities located at Neuilly sur Seine. Immobilière 46D acquired a 4,000 m² building in Neuilly sur Seine in 2007.

These premises are leased to Group companies. All leasing and sub-leasing agreements provide for transparent billings, under normal conditions, to each tenant, of rent and related charges, based on their allocated area of space.

Furthermore, the SCI of 107 (wholly-owned by M6 Group) has initiated a major rebuilding programme on a property complex acquired in January 1995.

3. Financial position and cash flow statement

3.1. Financial position

At 31 December 2010, total assets were €1,361.3 million, a decrease of €114.4 million (down 7.8%) compared to 31 December 2009.

Non-current assets totalled €364.7 million, largely in line with year-end 2009 (€361.5 million).

However, this relative stability was the result of compensating events:

- Goodwill moderately increased (up €1.9 million), as goodwill generated during the year was partly offset by the restatement of the earn-out attached to the Cyréalès shares;
- The net value of intangible assets (excluding goodwill) declined by €24.5 million, primarily under the effect of writedowns and sales (which exceeded acquisitions) of FC Girondins de Bordeaux players ((a negative €19.3 million) and a high level of amortisation of SND's catalogue, which exceeded rights purchased during the year (net negative impact of €5.7 million);
- Property, facilities and equipment totalled €124.8 million, an increase of €9.1 million; this reflects the group's continuous effort to modernise its infrastructure and production and broadcasting equipment; more specifically, the programme for the reconstruction of a property complex, which the Group owns through SCI du 107, was continued in 2010;
- Deferred tax assets increased significantly (up €18.0 million) and were offset by the recognition of liabilities that are not immediately tax deductible.

Current assets, excluding cash and cash equivalents, amounted to €619.7 million, a significant decrease of €408.9 million (down 39.8%) compared to 31 December 2009

This movement primarily resulted from the disposal of the 5.1% shareholding in Canal + France on 22 February 2010. At 31 December 2009, this investment was recorded on the balance sheet under current assets for an amount of €384.2 million.

The balance of the movement in current assets (a negative €24.7 million) was due to the decline in broadcasting right inventories (down €34.0 million, of which €33.1 million for M6). This decrease was due to both an optimisation of acquired and stored rights and the high level of inventory writedowns recorded in 2010.

Furthermore, in line with steps initiated over the previous financial years, the collection of trade receivables was particularly monitored, which led to a virtually unchanged trade receivable total (down €1.6 million, down 0.6%) even though revenue grew by 6.2%.

Growth in other trade receivables (up €10.8 million) was due to the movement in receivables related to asset disposals, in particular in relation to FC Girondins de Bordeaux (up €12.9 million).

Cash and cash equivalents amounted to €376.9 million, an increase of €291.3 million compared to 31 December 2009.

Group equity totalled €681.8 million, compared to €820.8 million at 31 December 2009.

This negative movement (€139.0 million) was primarily attributable to:

- The payment of dividends for a negative €302.1 million (of which €192.8 million on an exceptional basis following the disposal of the Canal + France shareholding);
- The net profit for the year (a positive €157.1 million); and
- Treasury share transactions (a positive €9.2 million), following the decline in the number of treasury shares held after the delivery of 221,051 shares to beneficiaries of free share allocation plans in May 2010.

Other liability items (current and non-current) increased by €24.5 million to €679.5 million (up 3.7%).

Two main movements explained this growth:

- On the one hand, current provisions increased by €10.1 million, in line with the Group's assessment of all risks to which it is exposed;
- On the other hand, income tax payable increased by €10.7 million, as a result of the Group's growth in profitability.

Non-current financial liabilities of €6.5 million correspond to the present value of commitments resulting from forward purchases of treasury shares as part of free share allocation plans.

At 31 December 2010, none of the credit facilities at the group's disposal had been drawn down.

3.2. Cash flow statement

Cash flow from operating activities was €319.5 million in 2010, which is a significant increase on the €252.6 million achieved in 2009.

This €66.9 million or 26.5% increase was mainly due to the following developments:

- The self-financing capacity before tax generated by the Group increased by €45.7 million to €357.7 million. This was due to the growth in pre-tax profit (up €62.1 million, excluding revaluation of the Canal+ France shareholding in the first half of 2009); the balance of the movement (a negative €16.4 million) relates to accounting charges with no cash impact, in particular amortisation, depreciation and provision charges. Even though the Group applied the same cautious approach in 2010 as in 2009 to asset amortisation and risk provisioning, the total of charges net of reversals was lower in 2010 than in the previous year;
- The change in working capital requirements (WCR), excluding tax receivables and payables amounted to a €52.6 million cash flow generation, compared to a cash flow usage of €6.3 million in 2009. €35.3 million of this change in 2010 is due to the decline in inventories, which is primarily due to the optimisation of the broadcasting of acquired and stored rights.
In addition, as a result of the Group's active policy of monitoring and collecting trade receivables, the movement in net operating receivables was a surplus of €4.4 million, even though revenue grew by 6.2% during the financial year. The movement in net operating receivables also contributed to the positive movement in WCR (up €12.9 million), with a virtual stability of trade payables and growth in social and tax liabilities.
- Income tax outflows were €90.7 million, compared to €53.2 million in 2009, a variation that notably reflected the change in the income tax charge between 2008 and 2010 and the classification as

income tax of the CVAE, a component of the CET tax (a new tax regime established following the business tax reform), which is based on added value.

In 2010, cash flows applied to investments generated €275.2 million, whereas they had used cash flow from operating activities for the amount of €85.5 million in 2009.

- Growth or non-recurring investments resulted in a €379.3 million surplus in 2010, primarily comprising the disposal of Canal+ France for €384.2 million; in 2009, growth or non-recurring investments had a positive impact of €0.6 million, related in particular to the disposal of the Group's shareholding in Annonces Jaunes.
- Virtually recurring investments (licensing rights purchases by SND, purchase and sale of players by FC Girondins de Bordeaux and renewal of technical and IT equipment) increased from €86.1 million to €104.1 million. This development resulted from SND's increased activity in the licensing rights market (up €18.2 million), including in particular acquisitions of movies that are due to be released in cinemas in 2011. More specifically, SCI du 107 invested €8.4 million more than in 2009 in the construction of a new building complex in Neuilly-sur-Seine.

Cash flow applied to financing activities used up cash resources of €303.4 million in 2010 compared to €121.9 million in 2009.

This €181.5 million negative movement may be explained as follows:

- The dividends paid increased substantially (up €192.8 million) to €302.1 million under the sole effect of the exceptional dividend paid out following the disposal of the 5.1% shareholding in Canal + France;
- In 2009, shares bought back as part of free share allocation plans and the liquidity contract had an adverse effect of €10.9 million; in 2010, the balance of treasury share transactions was nil.
- In order to finance its cash outflows, in 2008 the Group arranged for two banking credit facilities totalling €85 million and a €50 million credit facility with its main shareholder, RTL Group, for a total of €135 million. During the year to 31 December 2010, none of these credit facilities had been drawn down.

The financial year thus resulted in a €291.3 million increase in cash and cash equivalents, significantly higher than the positive movement in 2009 (up €45.1 million).

Cash and cash equivalents thus totalled €376.9 million at 31 December 2010, compared to €85.6 million at 31 December 2009.

Considering the debt position, the Group thus went from a positive net cash position of €85.2 million at year-end 2009 to a positive €377.5 million at 31 December 2010.

3.3. Financial position of the parent company

At 31 December 2010, Métropole Télévision (M6) had total assets of €1,542.7 million, a significant increase of €210.2 million (up 15.8%) compared to 31 December 2009.

Non-current assets were virtually unchanged at €580.6 million (down €1.9 million). Current assets grew by €212.1 million to €962.0 million, primarily due to the increase in cash and marketable securities (up €257.2 million).

Under equity and liabilities, liabilities grew significantly by €401.7 million to €914.7 million, due to the effect of the increase in subsidiaries' creditor current accounts of €456.2 million. This was primarily due to the collection of €384.2 million by M6 Numérique following the disposal of shares held in Canal + France.

At 31 December 2010, none of the credit facilities held by the Company had been drawn down.

Shareholders' equity totalled €565.9 million, a decline of €199.2 million, as the net profit for the year (€103.5 million) was lower than the dividends paid (€302.1 million, of which €192.8 million were paid on an exceptional basis following the disposal of the Canal+ France shareholding).

During the financial year, the growth in cash and cash equivalents (cash and marketable securities less bank overdrafts) was €252.1 million, compared to an increase of €53.8 million in 2009.

The two main contributors to the movement between the two financial years were the very substantial improvement in Working Capital Requirements related to M6 Numérique's very substantial current account contribution and the payment of an exceptional dividend of €192.8 million.

4. Cash flow management policy

The Group carries out cash management with the objective of being able to rapidly mobilise short-term deposits and limiting capital risk. The Group's approach is decidedly cautious and non-speculative.

Selected funds comply with criteria established by IAS 7 – Cash Flow Statement. The corresponding deposits are thus considered as cash equivalents, since they are highly liquid, easily convertible into a known amount of cash and subject to a negligible risk of losing their value.

The Group has established the following precautionary rules to control its cash deposit policy:

- i) not to invest more than 20% of Group bank balances in a single counterparty or in a single company issuing commercial paper);
- ii) select banks holding deposits rated as investment grade (minimum BBB-);
- iii) not to hold more than 5% of the assets of a fund (control ratio);
- iv) to invest in funds that have the following features:
 - in the case of a management company with which the Group has had business relations for at least two years, the invested fund must have existed for at least two years;
 - funds managed amount to at least €1 billion;
 - annual volatility of less than 0.25%;
 - concerning the correlation of fund volatility with the fund's benchmark index, the volatility variance must be less than 5 basis points;
 - virtually all securities held by the fund (97%) must be rated as investment grade (minimum BBB-);
 - the percentage of unrated securities must remain below 5% of the total of the fund.

Nonetheless, due to the Group's current cash position and the yield curve, and as announced in its registration document for last year, the Group reserves the right to stimulate income from its cash holdings:

- on the one hand, by departing on a one-off basis and to a limited extent from one of the rules listed above, providing other prudential rules are strictly complied with, and more particularly by increasing the investment of its cash holdings in the same management company to 30% or by investing in fund rated at least B +;
- on the other hand, in compliance with the prudential rules listed above, by investing in funds that cannot be classified as cash equivalents; however, the Group did not avail of this latter option in 2010.

A follow up on all products in which the Group invests, as well as a list of products in which the Group may invest is produced on a daily basis; the Group then trades off between them in order to favour the most regular and most profitable funds, within the framework of above-mentioned constraints.

The yields of the deposits, regularly monitored in this way, are communicated to management on a monthly basis. Precise reporting of the various risks facing these deposits is also communicated every quarter.

In addition, the Group strengthened existing controls, more particularly by requiring:

- the full detail of each fund's investment portfolio, and their distribution by rating, on a monthly basis;
- an analysis by maturity dates and average life in portfolio;
- the size of the liquidity buffer.

All cash OPCVM selected by the Group are classified in the "Short-term monetary OPCVM" category, as defined by the CESR (Committee of European Securities Regulators) within the framework of recommendations coming into force on 1 July 2011.

5. Investment policy

M6's investment policy is guided by the following:

- providing the Group with the necessary resources to develop future growth drivers that meet the challenges resulting from new broadcasting modes and media viewing patterns;
- the strategic commitment to supply existing operations with the best content and products possible in order to confirm their positioning and attractiveness;
- the importance to provide the Group with a safe and efficient working environment, both in terms of infrastructures and equipment (offices, means of production, etc.) and information and broadcasting systems;
- TV network obligations and contractual commitment obligations, as well as regulations that govern these activities.

In order to develop its e-commerce activities, the Group acquired monAlbumphoto.fr in 2010, a leading player in the online photo book market.

In addition, with a view to supporting existing activities, guaranteeing a continuing policy of improving the reliability and optimising the production and broadcasting environment, and more generally speaking all technological resources implemented within the Group:

- SND was highly active in its market in 2010 and increased its level of investment in audiovisual rights with a view to marketing them (cinema and video distribution and TV sales);
- Given the timeframe for collection and disbursements related to players' transfers, FC Girondins de Bordeaux posted a net cash outflow from transfers of €10.4 million;
- la SCI du 107, one of the Group's property subsidiaries, has initiated a programme to rebuild the property complex of which it is the owner and invested €13.7 million during the year.

Overall, the Group's commitments for the production of cinematographic and audiovisual works represented €155.1 million in 2010.

6. Contingent assets and liabilities

At 31 December 2010, commitments given by the Group totalled €1.088.8 million, compared to €835.8 million at 31 December 2009.

This significant rise in commitments (up €253.0 million) was primarily due to the following:

- Rights purchase and co-production commitments, net of advances paid amounted to €848.7 million, an increase of €147.6 million; this movement primarily related to the M6 channel for €111.8 million and to SND for €32.1 million, which in relation to the latter reflected cinema releases expected in 2011 and 2012.
- Commitments relating to TV channel transmission and broadcasting increased significantly by €70.5 million compared to 31 December 2009, to €163.1 million. The decline was due to the completion of the analogue broadcasting contract of the M6 channel, whose switch-off is foreseen by Law (by 30 November 2011) and was significantly lower than the increase in commitments related to digital (DTT), standard definition (SD) and high definition (HD) broadcasting, given the extension of areas covered by the DTT signal in 2010 and the change of commitment calculation method: based on the number of broadcasting sites in service (more than 1,000), the cost of services provided by these sites was assessed over a period of 5 years, and not based on the residual period of the contract entered into with each site.
- The balance of the movement (a €34.9 million increase) was partly due to the level of guarantees provided by SCI du 107 as part of the construction of a new office building in Neuilly-sur-Seine.

At 31 December 2010, commitments received by the Group totalled €48.8 million, compared to €84.8 million at 31 December 2009 (down €36.0 million).

The movement primarily comprised the €27.5 million decrease in commitments received from Canal + France and other major distributors of the Group's channels, as contracts are concluded. The balance is due to the decline in revenue contractually guaranteed within the framework of other diversification activities and commitments to purchase audiovisual rights given to SND by its customers.

7. Agreements between M6 and its subsidiaries

7.1. Shareholders' agreements

To date, Métropole Television and its subsidiaries have entered into shareholders' agreements with a view to organising, as a complement to bylaws, relations with joint shareholders in jointly controlled companies. The companies concerned are Extension TV (Série Club), TF6, TF6 Gestion, TCM Gestion, TCM Droits Audiovisuels, Multi 4, MR 5 and HSS Belgique.

7.2. Direct shareholding interests over 5%, 10%, 20%, 33% or 50% of capital and of controlling interests (Article L 233-6 of the Commercial Code) acquired during the 2010 financial year

In accordance with legal provisions, the attached table states the direct shareholding interests acquired by Métropole Télévision or any one of its subsidiaries during the 2010 financial year.

Company name	Legal form	2010 equity investment	% shareholding		Company	Total
			Direct M6	Indirect M6		
MONALBUMPHOTO	SAS	95%		95%	MISTERGOODDEAL	95%
ECHO 6	SAS	50%		100%	M6 WEB	100%
LA BOITE A NEWS	SARL	50%		100%	M6 WEB	100%

The Group continued its development policy in the field of e-commerce with the acquisition of monAlbumPhoto. M6 Web also bought the shares it previously did not hold in Echo 6 from Echovox.

The Group also disposed of its shareholding of 32.67% in Tyredating in November 2010.

7.3. Parent company/subsidiaries relationships

Métropole Télévision has its own business activities and also defines the strategic objectives for the Group in its capacity as Parent Company.

It sets and defines the framework for oversight of the activities of Group entities as follows:

- through the strategic objectives defined for Group activities;
- through the specific features of its three core business lines: Free-to-Air TV, Digital TV and the Diversification and Audiovisual Rights;
- through the existing business-wide functional departments (Finance, General Services, Human Resources, Legal Affairs, Information Systems, Internal Communications, etc.) which operate as shared services within the Group. These functional responsibilities are held by specialists from each of the business lines. The provision of these resources is formalized in Technical Assistance Agreements and is invoiced to each subsidiary.

From a financial point of view:

- the cash pooling agreement with subsidiaries enables M6 to manage and consolidate the cash resources of most Group subsidiaries to optimise its use;
- Métropole Télévision is the head of a tax consolidation group pursuant to the provisions of Article 223 A of the General Tax Code.

At 31 December 2010, the Métropole Télévision Group had 59 subsidiaries and affiliates as follows:

- 25 significant consolidated subsidiaries;
- 29 insignificant consolidated subsidiaries;
- 5 non consolidated subsidiaries.

Significant consolidated subsidiaries are as follows:

Significant consolidated subsidiaries (25)	Country	Financial transactions with Métropole Télévision			Impact of minority interest
		Member of cash pooling agreement	Various significant transactions*	% interest (rounded up)	
M6 TV NETWORK					
M6 Publicité	France	yes	Advertising agency payment	100%	-
M6 Films	France	yes	NS	100%	-
Métropole Production	France	yes	Rights acquisition technical or support services	100%	-
C. Productions	France	yes	Rights acquisition	100%	-
Studio 89 Productions	France	yes	Rights acquisition	100%	-
DIGITAL CHANNELS					
M6 Thématique	France	yes		100%	-
Extension TV- Série Club	France	yes	NS	50%	-
Fun TV	France	yes	NS	100%	-
Paris Première	France	yes		100%	-
TF6	France			50%	-
EDI TV – W9	France	yes		100%	-
M6 Communication	France	yes		100%	-
(M6 Music Black - Hit - Club)					
SediTV - Téva	France	yes		100%	-
DIVERSIFICATION AND AUDIOVISUAL RIGHTS					
Football Club des	France	no	NS	100%	-
Girondins de Bordeaux					
Home Shopping Service	France	yes	NS	100%	-
Mistergooddeal	France	yes	Advertising	100%	-
M6 Interactions	France	yes	Advertising	100%	-
M6 Editions	France	yes	Advertising	100%	-
M6 Evénements	France	yes		100%	-
Société Nouvelle de Distribution	France	yes	Rights acquisition	100%	-
M6 Web	France	yes	Advertising	100%	-
TCM Droits Audiovisuels	France	yes	Rights acquisition	50%	-
Société Nouvelle de Cinématographie	France	yes	NS	100%	-
Diem 2	France	yes	Rights disposals	100%	-
Mandarin	France	yes	Rights disposals	100%	-

* Transactions valued in excess of €500 thousand

In view of the size of their business activities, the transactions between the following companies and Métropole Télévision are insignificant.

Non-significant consolidated subsidiaries (29)	% interest (rounded up)	Non-significant consolidated subsidiaries (29)	% interest (rounded up)
M6 Numérique (1)	100%	33 FM	95%
M6 Studio (1)	100%	M6 Récréative (1)	100%
M6 Toulouse (1)	100%	Immobilière M6 (1)	100%
SCI du 107 (1)	100%	Live stage (1)	99%
TF6 Gestion	50%	M6 Bordeaux (1)	100%
SND USA	100%	M6 Diffusion (1)	100%
M6 Développement (1)	100%	M6 Foot (1)	100%
Echo6	50%	Immobilière 46D (1)	100%
La Boîte à News	100%	M6 Divertissement (1)	100%
Girondins Horizons	100%	M6 Créations (1)	100%
Girondins Expressions	100%		
<i>Distance selling sub--group</i>			
M6 Boutique la Chaîne (2)	100%	Télévente promotion (2)	100%
HSS Belgique	50%	Unité 15 Belgique	100%
HSS Hongrie	100%	Unité 15 France (2)	100%
SETV Belgique	100%	MonAlbumPhoto	95%

(1) M6 cash pooling

(2) HSS cash pooling

In addition, the following companies were not consolidated, due either to a percentage of interest below 10% (Summit Entertainment), or to non-significant operations (ENEX, TCM Gestion, Multi 4 and MR5).

Unconsolidated companies (5)	% interest
ENEX	20%
TCM Gestion	50%
Summit Entertainment	9.06%
Multi 4	50.25%
MR5	33.33%

The contributions of major Group companies in terms of non-current assets, financial debt, balance sheet cash and cash equivalents, cash flow from operations and dividends paid by subsidiaries to the parent company during the financial year are presented below, to disclose the respective scale of each company within the Group and more specifically the relative size of the parent company compared to the direct and indirect subsidiaries.

The Group's financial debts amounted to €2.3 million and primarily included the share of liabilities of jointly-owned subsidiaries and conditional advances received by DIEM2.

Parent company - subsidiary relationships

(€ millions)	2010	2009
Non-current assets (incl. goodwill)	333.3	348.0
Ventadis *	53.9	49.5
SND	49.8	49.3
M6 Web	39.6	40.6
Immobilière 46D	37.6	39.5
Immobilière M6	28.6	29.1
FCGB	26.6	46.4
SCI du 107	25.9	12.0
Métropole Télévision	21.4	23.0
SND USA	11.3	10.3
SNC	9.0	11.4
Mandarin	6.7	7.1
Diem 2 (Hugo Films en 2009)	6.2	8.2
M6 Studio	4.1	4.4
TCM DA	3.5	4.7
Other	9.3	12.5
Balance sheet cash and cash equivalents	376.9	85.6
Métropole Télévision	351.6	56.0
Ventadis *	11.1	14.4
Edi - W9 Tv	8.3	8.2
SND USA	2.4	-
Paris Première	1.3	1.6
Sedi - Teva	1.2	1.3
FCGB	-	3.0
SND	-	0.3
Other	1.1	0.8
Cash flow from operating activities	319.5	252.6
Métropole Télévision	62.3	38.8
SND	61.1	59.1
M6 Publicité	52.5	43.9
M6 Web	46.8	25.6
Edi - W9 Tv	25.8	8.7
Ventadis *	13.4	16.9
M6 Interactions	8.1	5.1
Sedi - Teva	6.4	7.6
Paris Première	6.2	15.0
FCGB	5.0	15.0
TCM DA	4.9	3.2
Immobilière M6	4.3	4.4
SCI du 107	4.0	0.1
M6 Communication	3.7	2.7
M6 Numérique	3.3	-
Other	74.2	45.3
Dividends paid to Métropole Télévision	29.9	50.1
M6 Publicité	27.0	29.7
M6 Web	1.1	0.3
M6 Thématique	1.0	6.0
M6 Interactions	0.6	6.8
Capital Production	0.1	0.7
SND	0.1	-
Hugo Films	-	6.2
Mandarin Films	-	0.4

* Ventadis comprises HSS, HSS Belgique, Mistergooddeal and Mon Album Photo data

8. Post-balance sheet significant events

To the knowledge of the company, no significant events have occurred since 1 January 2011, which are likely to have or have had a significant impact on the financial position, results, activities and assets of the Company or the Group.

9. 2011 outlook

In 2011, M6 Group will continue to implement its profitable growth strategy for all its activities.

In line with previous financial years, content will be at the core of growth, with a view to confirming the position of the family of channels, within a market environment undergoing extensive change and marked by the rapid development of Digital Terrestrial Television (DTT), audience fragmentation, as well as the first concentration movements in this market.

Similarly, the Group will continue its strategy aimed at establishing a balanced revenue model that allows for growth in non-advertising revenue, in particular by drawing on the strength of the Group's brands and its expertise in terms of audiovisual rights, derivative products and licence acquisition, interactive services and offerings, distance selling and ownership of a first-rate sporting club.

It is highly likely that M6 Group will operate within a low growth environment in 2011 (the French government expects GDP growth of 2.0% for the year), which should result in weak advertising market growth, essentially driven by DTT channels.

Against this background, M6 Group will continue to pay particular attention to the level of its operating expenses, without nonetheless putting the development of its operations in jeopardy, in order to maintain, as much as possible, a satisfactory profitability level.

9.1. Free To Air and Pay TV

Following the success of its access prime time programmes, launched in February 2008, the first airing in September 2009 of a newscast at 7.45pm (le 19.45) and the success of the miniseries "Scènes de Ménages" at 8.05pm in 2010, and the sustained power of its programme at access time, M6 announced that it would continue its strategy of increasing its audiences in key niche time slots of the day.

The cost of M6's programmes, which amounted to €319.8 million in 2010, a 5.4% increase should increase again in 2011.

Furthermore, within the framework of the complete switch off of the analogue signal, planned for 30 November 2011, the broadcasting costs of the M6 channel should decrease compared to 2010.

By the end of 2010, 10 of the 24 regions of the nationwide analogue rolling switch off timetable had gradually switched over to all-digital signal. The last 14 regions will in turn switch over during 2011: Nord Pas de Calais and Normandy on 1 February, Picardy on 2 February, Ile de France on 8 March, Aquitaine and Limousin on 29 March, Auvergne on 10 May, Corsica and Côte d'Azur on 24 May, Rhône on 15 June, Provence Alps on 5 July, Alps on 20 September, Midi-Pyrénées on 8 November and lastly Languedoc Roussillon on 29 November.

M6 actively participates in the management of this major change for all its viewers and holds 10% in the Groupement d'Intérêts Public (GIP) France Télé Numérique. This aims to support the switch-off process by taking all steps necessary (communication, training, technical studies, etc.) to ensure the success of this project.

The Law provides that on the switch off of the analogue signal, a DTT channel licence will be granted to the M6, TF1 and Canal+ groups, at their request, as compensation for the damage sustained during the

transition. Several decrees are to be published to set out the framework of this allocation. This measure has been approved by the Conseil Constitutionnel but was nonetheless subject to a formal notice addressed to the European commission, to which the French Government responded.

The Group is closely monitoring the progress of this procedure and will strive to both protect its right to the compensatory channel and to provide the best conditions for the launch of this channel, within a stabilised DTT environment and a broadcasting standard compatible with the latest technological developments.

On 27 May 2008, following a call for tenders issued by the CSA, the M6 Group was granted two frequencies for Personal Mobile TV (PMT) for the M6 and W9 channels, thus demonstrating its desire to be present on all broadcasting media available, to make its content accessible to the greatest number of viewers. Addendums authorising the use of radio-electric resources for mobile personal television were signed by the Group's channels with the CSA in 2010.

Negotiations relative to the conditions of distribution of the MPT offering are still ongoing.

Lastly, following the public consultation launched in 2009 on the use of frequencies freed up by two pay DTT channels, the CSA announced in 2010 that it would launch a call for tender for a part of the resource available on the R3 and R7 multiplexes, with a view to allocating it to pay DTT channels, high definition free-to-air channels and on-demand media services. At the end of 2010, a first pay-DTT channel was allocated to a new entrant on the R3 multiplex: the CFoot channel, which is edited by the LFP (French professional football league). The Group will examine future calls for tender, in particular in relation to the allocation of HD channels.

9.2. Diversification and Audiovisual rights

Growth drivers set up in recent years will continue their contribution to the dynamism of the diversification activities.

The Group's development strategy in new media will be continued in 2011.

M6 is considered the benchmark for catch-up TV services. Already available on many terminals (PCs, IPTV, Mobile phones, Pads), the Group's video services still have a significant potential for increased usage and revenue and their development will be a major focus of the Group new media strategy.

The website portfolio (channel websites and theme-based portals) will continue to grow in the following two directions: a quality content offering for users and a differentiating and powerful offering for advertisers. Generally speaking, the presence of Group brands on mobile or pad application will be stepped up, especially in support for the channels' flagship programmes on new consumption behaviours of the "social TV" type.

Following on the momentum of the launch of M6mobile, Habbo and several others, M6 Web will also pursue its strategy of targeted partnerships based on business models that will complement advertising.

The audiovisual rights business will continue its development initiated over the past few years to strengthen the Group's access to more secure and diversified content, while at the same time generating revenue that does not depend on the advertising market.

The operations of the Distance selling business proved rather resilient in 2010 in a highly competitive sector, increasing revenue and limiting the decline in profitability, and will continue to develop its differentiation strategy with its takeaway sales offering and a continuously improved customer service.

Lastly, Football Club des Girondins de Bordeaux (F.C.G.B) posted disappointing sports results at the start of 2011, turning 2011 into a year of transition. However, the club has the necessary strengths to rebound in the 2011-2012 season due to the quality of its team, a well-performing training centre, modern infrastructures and a committed staff.

In addition, the Bordeaux City Hall is developing its project for the construction of a new stadium, which has already been selected as one of the stadiums likely to host Euro 2016 matches. This public investment will take the shape of a Public-Private Partnership (PPP), and the Bordeaux City Hall has entered a competitive tendering process with 3 candidates, shortlisted from the 5 consortiums that had submitted an

application.

The club and the City hall are studying the shape and the level of its financial commitment as part of operating the stadium. This may be reflected in the payment of a lump sum on delivery of the stadium and rent over a 30 year-period.

9.3. Regulatory changes

The law relative to the opening to competition and regulation of the online betting and gambling sector, adopted on 12 May 2010, aims at opening internet gambling and betting to competition, in controlled fashion, subject to new operators being awarded a licence. On 18 May 2010, the CSA adopted a ruling, applicable at first until 31 January 2011, relative to the conditions of broadcast by TV and radio services of advertisements promoting online betting and gambling operators. It authorises advertisements, sponsorship and product placement in services and programmes other than those targeting minors, as well as during thirty minutes prior to and after the broadcast of these programmes. Provisions relative to the identification of these commercial communications were also included.

This opening to competition constitutes an opportunity for additional advertising revenue and development for the Group, as demonstrated in April 2010 by the conclusion of a strategic partnership with Mangas Gaming. The regulatory developments that may affect this sector in 2011 will be very closely monitored by the Group, as they may substantially modify the financial equilibrium of certain activities, in particular in respect of online sports betting. To date, this business segment only posts very moderate levels of profitability, with the consequence that operators have reviewed their level of advertising expenditure downwards.

In application of the law of 5 March 2009, the “Direction Générale des Médias and des Industries Culturelles” (French media and cultural industries authority) and the CSA had launched several consultations regarding on-demand audiovisual media services, in which M6 took part. A Decree concerning the contribution of on-demand audiovisual media services to cinema and audiovisual production, as well as the rules governing advertising and sponsorship applicable to these services was published on 12 November 2010, and was set to come into force on 1 January 2011. This was accompanied by a second decree, dated 17 December 2010, relative to on-demand audiovisual services broadcast from other member states, within the outlook of fair competition between European countries. On 14 December 2010, the CSA adopted a ruling on the protection of children, ethics and the accessibility of programmes on these new services.

Lastly, the 2011 Finance Act introduced a reduction in the rate of tax on advertising revenue of TV channels and set it at 0.5% as of 2010 and 0.25% in 2010 and 2011 only for digital channels, until daytime advertising ceases on France Télévisions services.

However, the Act increased the tax burden of companies and private individuals, as had the previous Law on the Financing of Social Security. Increases in the corporate contribution on the allocation of free shares and the employer’s contribution on employee savings plans will have an impact on Group profits. Similarly, the extension of the IFA (annual fixed tax) until at least 2013 will have an impact on the Group’s taxation level.

10. Compliance with legal obligations and the agreement

The M6 and W9 channels, which benefit from a terrestrial broadcasting authorisation, are subject to obligations as a result of the agreement signed with the CSA:

- in terms of investment in audiovisual and film works production,
- in terms of broadcasting.

For M6, in 2010, obligations to invest in the production of audiovisual and film works are 15% and 3.2% of advertising revenue, respectively, as detailed in section 1.2 of the Legal Information part of this

document.

Broadcasting obligations notably relate to never-shown-before European or French-speaking original works, film works and high definition programmes, with volume (number of hours, percentage) and time slot criteria.

Other contractual obligations, concerning for instance subtitles for the deaf and hard-of-hearing, the signalling system stating the target audience of programmes, as well as the more recent commitments, following an addendum signed at the end of 2009, to represent the diversity of French society.

For W9, recent changes to the agreement, in addition to the signing of an addendum at the end of 2009 concerning commitments to represent the diversity of French society, related to the number of film works that can be broadcast, including an investment obligation of 3.2% of net advertising revenue for the previous year. The channel's obligations in terms of audiovisual works production have been amended in 2010 to take into account the agreements signed in October 2009. The channel is also subject to a broadcasting regime that stipulates that the majority of its programming must be dedicated to music

On an annual basis, channels communicate the conditions for the implementation of their obligations and commitments during the previous financial year to the CSA.

In 2010, according to its calculations and subject to validation by the CSA, M6 and W9 complied with all the contractual commitments and obligations for the production of audiovisual and film works, as well as their obligations regarding the broadcast of subtitled programmes for the deaf and hard of hearing.

11. Significant contracts signed over the last 24 months

No significant contract was concluded outwith the ordinary activities of the M6 Group during the last 24 months.

12. Share capital

12.1. Share listing

The share price opened 2010 at €17.97 on 4 January and closed the year at €18.10 on 31 December, achieving its lowest trading price of €15.455 on 25 May its highest trading price of €20.215 on 10 May.

The Company's share price increased by 0.72% in 2010 (movement based on the last price quoted in 2009 and on the 2010 closing price).

European media sector securities (the sample used includes: Pro7Sat1, Vivendi, Mediaset, Lagardère, TF1, Telecinco, Antena 3, ITV, M6, NRJ Group, Sky Deutschland and Nextradio TV) reported contrasting developments in 2010, reporting share price movements ranging between a decline of 25% and an increase of 179.2%. Whereas Italian and Spanish TV groups experienced a significant decline (Mediaset down 21%, Tele5 down 19.1%, Antena3 down 10.7%), the share price of German group Pro7Sat1 virtually trebled during the period (up 179.2%). The stock market performance of French commercial TV networks was overall stable.

It should be noted that the share price of nearly all European broadcasters reached a low point between May and July before rising again in the second half of 2010.

The M6 share price performed better than the CAC 40 index, which declined by 3.34% over 2010, but did not perform as well as its reference index the DJ EuroStoxx Media, which increased by 13.80%. Conversely, over the past two years, the M6 share increased by 0.6% between 2008 and 2010, when the CAC 40 and the DJ EuroStoxx Media declined by 32.2% and 20.1%, respectively.

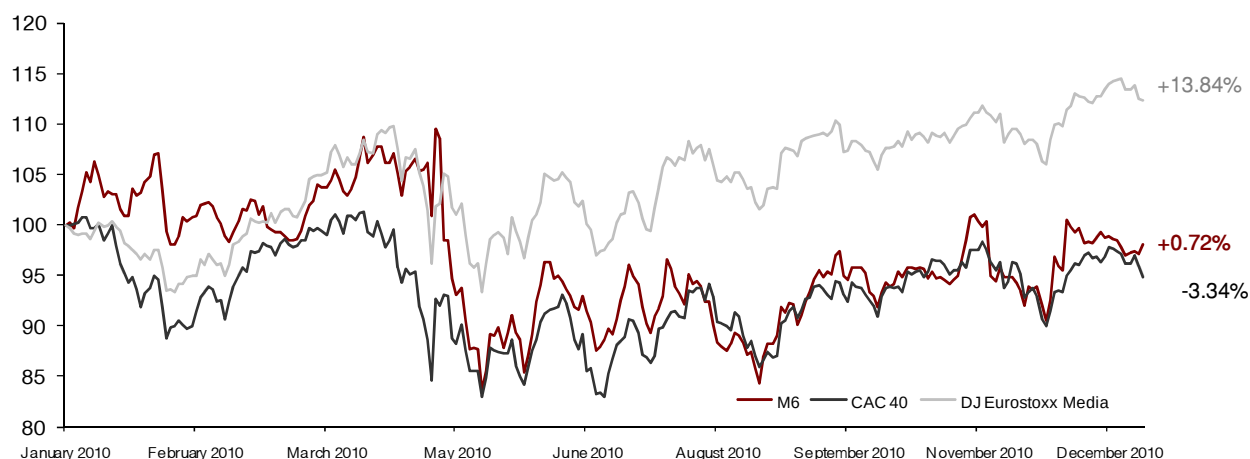
The Company's had market capitalisation at 31 December 2010 of €2,334.1 million.

The average number of shares traded on a daily basis in 2010 was 281,074 compared to 278,084 in

2009.

Since the reform of the Euronext Paris Stock Exchange listing on 21 February 2005, the Métropole Télévision share is now listed under Eurolist Compartment A (companies whose average market capitalization exceeds €1 billion). Following the new composition of the Euronext index announced on 3 February 2011, the Métropole Télévision share is now also a component of the CAC MID 60, SBF 120, CAC Mid & Small, CAC All-Tradable, CAC All-Share, CAC Media and CAC Consumer Serv.

Comparative trends of M6 share, CAC and DJ EuroStoxx Media since 1 January 2010:



Share data since 2006:

	2006	2007	2008*	2009*	2010*
Number of shares	131,888,690	129,934,690	128,954,690	128,954,690	128,957,939
High price (€)	27.52	28.44	17.81	18.72	20.22
Low price (€)	22.29	17.32	11.47	9.62	15.46
Closing price (€)	27.06	18.00	13.84	17.97	18.10

**Data relating to closing price*

Source : Euronext

12.2. Information policy and documents available to the general public

In order to establish and maintain frequent communication with shareholders and the overall financial community, a large number of meetings, in addition to the Annual General Meeting of 4 May 2010, were organised in 2010, including:

- a meeting to present the annual results;
- a conference call on the occasion of the publication of the half-year results.

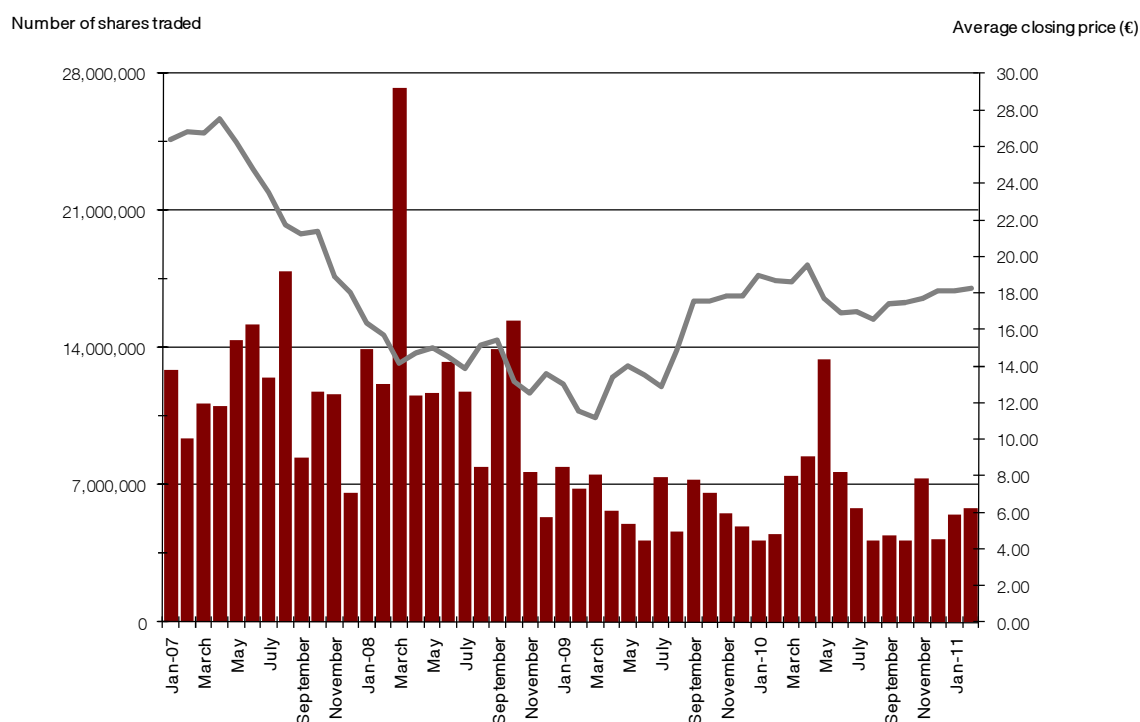
In addition, the Group increased meeting with the financial community in France and abroad on the occasion of road shows and investor conferences. Lastly, numerous individual meetings with analysts, investors and managers took place in 2010.

In order to ensure the full and efficient broadcast of information provided, the website dedicated to investors and shareholders of the Group is regularly updated in French and in English with our registration documents, latest publications, presentations, press releases, bylaws and significant audience ratings and is accessible on www.groupeM6.fr.

In compliance with the Transparency Directive, the website also features a section dedicated to regulatory information, which comprises all required information, and calls on a professional publisher to ensure its effective and comprehensive publication. A notice of General Meeting is sent to all holders of registered shares on request.

12.3. M6 share price and trading volume

Share price and trading volume since January 2007:



Source: Euronext

Date	Number of shares traded	Average closing price (€)	Monthly high (€)	Monthly low (€)	Trading value (€)
janv-07	12 857 899	26.40	27.37	25.25	338.80
February	9 370 686	26.83	27.35	25.31	250.34
March	11 185 511	26.71	27.69	24.95	296.79
April	11 032 376	27.53	28.44	26.01	301.54
May	14 394 036	26.23	27.05	25.25	377.35
June	15 185 569	24.76	26.06	23.71	374.06
July	12 486 583	23.48	24.69	21.61	292.40
August	17 928 990	21.73	23.78	20.98	391.78
September	8 364 253	21.21	22.47	20.18	177.56
October	11 740 682	21.35	23.79	20.16	255.08
November	11 634 874	18.88	20.64	17.70	221.01
December	6 635 709	18.07	18.80	17.32	120.59
janv-08	13 916 538	16.35	18.19	14.52	225.70
February	12 131 237	15.72	17.08	14.80	189.87
March	27 304 409	14.16	15.49	13.10	382.11
April	11 546 448	14.69	15.15	14.09	169.34
May	11 663 090	15.03	16.24	14.35	177.06
June	13 276 826	14.53	16.22	13.20	194.46
July	11 752 530	13.85	14.82	12.52	161.85
August	7 919 750	15.11	15.77	14.39	119.54
September	13 958 224	15.44	16.45	14.38	215.63
October	15 391 878	13.16	16.11	11.14	205.13
November	7 652 398	12.52	13.40	11.71	95.71
December	5 364 149	13.62	14.59	12.24	72.42
janv-09	7 903 024	12.99	14.83	11.24	102.68
February	6 776 306	11.53	12.68	9.82	75.92
March	7 537 095	11.20	12.45	9.35	84.43
April	5 678 375	13.35	14.58	12.01	75.59
May	4 995 606	14.00	15.06	13.11	70.54
June	4 150 341	13.54	14.44	12.40	56.49
July	7 405 595	12.85	14.25	12.00	96.82
August	4 603 770	14.87	16.20	13.85	68.12
September	7 243 921	17.57	18.85	15.49	128.46
October	6 610 768	17.57	18.39	16.31	116.38
November	5 547 596	17.85	18.95	16.33	99.49
December	4 865 996	17.82	18.49	17.15	85.79
janv-10	4 167 713	18.97	19.70	17.86	79.12
February	4 503 983	18.71	19.94	17.90	84.29
March	7 448 759	18.62	19.35	18.05	138.69
April	8 461 636	19.50	20.16	18.91	165.50
May	13 425 044	17.69	20.22	15.30	244.30
June	7 667 933	16.92	17.87	15.69	129.54
July	5 814 137	16.99	18.00	16.03	99.06
August	4 167 713	16.53	17.88	15.47	69.54
September	4 446 573	17.37	18.12	16.28	77.28
October	4 177 425	17.48	17.83	16.85	72.92
November	7 312 731	17.68	19.00	16.71	129.38
December	4 205 786	18.08	18.68	16.76	75.82
janv-11	5 496 304	18.11	19.02	17.63	99.71
February	5 795 070	18.22	18.70	17.52	105.52

Source : Euronext

12.4. Cash dividend policy

Cash dividend distributions over the last 5 financial years were as follows:

	2009	2008	2007	2006	2005
Cash dividend	€0.85	€0.85	€1.00	€0.95	€0.95
Extrordinary dividend	€1.50	€0.00	€0.00	€0.00	€0.00
Net dividend per share	€2.35	€0.85	€1.00	€0.95	€0.95
Tax credit	-	-	-	-	-
Gross dividend	€2.35	€0.85	€1.00	€0.95	€0.95
Yield (based on closing share price)	13.08%	6.14%	5.56%	3.51%	4.10%
Payout Ratio - in % of Net Profit -					
Group share of continuing operations	218%	79%	77%	82%	80%

With regard to its financial and cash flow generation situation and its stable net profit, M6 Group submitted the payment of a cash dividend of €0.85 per share for the 2009 financial year, (in line with 2008), for approval by the General Meeting of 4 May 2010.

It had also been proposed to pay an exceptional dividend of €1.50 per share to the General Meeting, as a result of the exercise of the put option on the 5.1% held in Canal+ France, being a total of €2.35 per share, corresponding to a yield in excess of 13% (calculated based on the 2009 closing price).

In respect of the 2010 financial year, a proposal will be submitted for approval to the Ordinary General Meeting of 4 May 2011 for the payment of an ordinary cash dividend of €1.00 per share, corresponding to a payout ratio of 82.1% of Group share of consolidated net profit. The yield is 5.5%, calculated based on the 2010 closing price).

12.5. Main shareholders at 31 December 2010

	at 31 December 2010				at 31 December 2009				at 31 December 2008			
	Number of shares	% share capital	Number of voting rights	% voting rights	Number of shares	% share capital	Number of voting rights	% voting rights	Number of shares	% share capital	Number of voting rights	% voting rights
RTL Group	62,447,471	48.42%	43,689,298	34.00%	62,447,621	48.43%	43,613,036	34.00%	62,609,621	48.55%	43,738,673	34.00%
Groupe Compagnie Nationale à Portefeuille	9,154,477	7.10%	9,154,477	7.12%	9,154,477	7.10%	9,154,477	7.14%	9,154,477	7.10%	9,154,477	7.12%
Treasury shares	460,004	0.36%	-	0.00%	681,055	0.53%	-	0.00%	311,535	0.24%	-	0.00%
FCPE M6 personnel	136,130	0.11%	136,130	0.11%	127,500	0.10%	127,500	0.10%	131,600	0.10%	131,600	0.10%
Float	56,759,857	44.01%	56,759,857	44.17%	56,544,037	43.85%	56,544,037	44.08%	56,747,457	44.01%	56,747,457	44.11%
<i>In France</i>	<i>23,515,009</i>	<i>18.23%</i>	<i>23,515,009</i>	<i>18.30%</i>	<i>26,064,652</i>	<i>20.21%</i>	<i>26,064,652</i>	<i>20.32%</i>	<i>32,082,507</i>	<i>24.88%</i>	<i>32,082,507</i>	<i>24.94%</i>
<i>In other countries</i>	<i>33,244,848</i>	<i>25.78%</i>	<i>33,244,848</i>	<i>25.87%</i>	<i>30,479,385</i>	<i>23.64%</i>	<i>30,479,385</i>	<i>23.76%</i>	<i>24,664,950</i>	<i>19.13%</i>	<i>24,664,950</i>	<i>19.17%</i>
Total	128,957,939	100.00%	109,739,762	85.40%	128,954,690	100.00%	109,439,050	85.32%	128,954,690	100.00%	109,772,207	85.33%

At the end of 2010, some 21,325 shareholders held shares in the Company, according to a Euroclear bearer share survey and to the register of shares held in nominative form.

At that date, 500,800 of these shares were held by members of the Executive Board (0.39% of the company's share capital), with a further 11,387 shares held in a personal capacity.

No legal threshold crossing was brought to the attention of the Company in 2010.

At 31 December 2010, after taking account of declarations of upward and downward legal threshold crossing (1% of the Company's share capital) disclosed to the Company during 2010 and preceding years:

- three institutional shareholders held more than 2% of the Company's share capital;
- and two institutional shareholders held between 1% and 2% of the Company's share capital.

The Company was not aware of any investor, whether institutional or from the general public, that directly

or indirectly owned more than 5% of the Company's share capital or voting rights. There are no shareholder agreements currently in existence. No concert action has been brought to the attention of the Company.

By virtue of its corporate purpose and status as an operator of a Free-to-Air and digital and analogue television broadcasting license, the Company is governed by a specific legal and regulatory regime, which applies in addition to the ordinary provisions, as specified in section 1.2 of the Legal information chapter of this document.

This legal framework applies in particular to provisions in terms of shareholders and shareholdings. Under the terms of Article 39 of Law no. 86-1067 of 30 September 1986 as amended, an individual or entity, acting alone or in concert, shall not hold, directly or indirectly, more than 49% of the capital or voting rights of a company licensed to operate a national television service by Free-to-Air terrestrial transmission with a nationwide audience level of more than 8%. Initially set at 2.5%, the audience threshold was increased to 8% according to Article 142 of the Law n° 2008-776 of the 4 August 2008 on modernising the economy to take into consideration the rapid increase in audiences of digital terrestrial television channels but whose business model is still weak.

The Conseil Supérieur de l'Audiovisuel (CSA) ensures that conditions and data that motivated the granting of the broadcasting authorisation are complied with. The breakdown of the share capital and governing bodies of license holders is such data pursuant to Article 42-3 of the Law of 30 September 1986 in whose light the authorisation was granted. Article 42-3 of the Law of 30 September 1986 does not block any change in the capital of a business as considered by the Conseil d'Etat. Where changes that occur do not call into question the initial decision of the CSA, they are permitted without the channel having to give up its authorisation. This agreement states that the company must inform the CSA of any substantial change in the amount or distribution of the share capital and voting rights as well as the crossing of thresholds, and that no change liable to result in a change of controlling shareholder may occur without the prior consent of the CSA.

In application of the bylaws revised by the General Meeting of 18 March 2004 (Article 35), following the withdrawal of Suez and the amendment to the CSA agreement signed on 2 February 2004, no other shareholder or group of shareholders acting jointly can own more than 34% of voting rights. Therefore, RTL Group voting rights are limited to 34%. Subject to this provision, voting rights attached to shares are proportional to the percentage share of capital they represent and each share gives the right to one vote. There are no double voting rights.

In accordance with the new regulations on threshold crossing disclosure, and in respect of the obligation of providing continuous information, the Group now discloses, at the end of each month, the total number of voting rights and shares comprising its share capital (in the event a change occurred since the previous declaration). Taking account of the difference existing between the theoretical number of voting rights (determined on the basis of all shares to which voting rights are attached, including shares deprived of voting rights) and the actual number of voting rights (including the bylaws limit of 34%), the Group proceeded with the publication of both of these figures.

Measures undertaken in order to prevent unwarranted control are detailed in the report on internal control (section 14.9 of this management report).

Contributing to preventing any excessive control and thus preserving a balance between shareholders, the cap on the number of voting rights and the organisation of corporate governance is repeated in the bylaws, pursuant to Article 2 of the agreement concluded with the CSA, which states that:

- Within the framework of the provisions of Article 28 and paragraph 1 of Article 39 of the Law of 30 September 1986, no shareholders or group of shareholders acting in concert may hold more than 34% of the total number of voting rights. No bylaw provision may call into question this cap, either directly or indirectly. This is a provision of the authorisation granted pursuant to Article 42-3 of the Law of 30 September 1986, as amended.
- At least a third of Supervisory Board members must be independent. A member of the Supervisory Board is deemed independent when he/she has no relationship of any kind with the Company, its Group or its management likely to compromise the exercise of his/her free

judgement.

12.6. Buyback of company shares

12.6.1. Report on the 2010 share buyback plan

During the year just ended, the company successively used the two authorisations to purchase treasury shares that were granted to it by the General Meetings of 5 May 2009 and 4 May 2010.

These authorisations were used:

- as part of a liquidity contract, in conformity with the ethics charter of AMAFI (Association Française des Marchés Financiers) of 20 September 2008, approved by the AMF (Autorité des Marchés Financiers) on 1 October 2008 with implementation from 2 February 2009, by the investment service provider Exane;
- to serve free share allocation plans.

At the date of implementation of the new liquidity contract with Exane, 114,000 Métropole Télévision shares and €1,209,180.79 were allocated to the contract.

- In respect of the liquidity contract, during 2010, the number of shares purchased was 1,337,693 at an average price of €17.93, and the number of shares sold was 1,337,693 at an average price of €17.96, and thus a balance of 102,132 shares and €1,576,169 in cash was held under the liquidity contract at 31 December 2010. Note that at 31 December 2009, the number of shares effectively held under the liquidity contract was 102,132 and the cash balance was €1,420,558.
- On 6 May 2010, 221,051 shares were transferred to the beneficiaries of the free share allocation plan of 6 May 2008, previously authorised by the General Meeting of 5 May 2009. 331,000 Métropole Télévision shares had been purchased in cash through Exane in November 2009, at a weighted average price of €18.074 per share, including 169,000 shares acquired in the market and 162,000 off-market from RTL Group - Immobilière Bayard d'Antin at the same weighted average price, in order to service the free share allocation plans. A total gross fee of €2.3 thousand was paid as part of this transaction.

Movement of the treasury shares held during the 2010 financial year and number of shares held at 31 December 2010:

Number of treasury shares held at 31 December 2009	Acquisition with a view to cancel	Shares cancelled	Movement in liquidity contract	Movement in respect of free shares allocated	Number of treasury shares held at 31 December 2010	Carrying value of treasury shares at 31 December 2010 in €	Market value of treasury shares at 31 December 2010 in €	Number of shares comprising the share capital at 31 December 2010	% share capital
681,055	-	-	0	(221,051)	460,004	8,508,591	8,326,072	128,957,939	0.36%

At year-end, the Company held 460,004 treasury shares to service commitments given within the framework of free share allocation plans and the liquidity contract.

12.6.2. Report on the previous share buyback plan

The Combined General Meeting of 5 May 2009, decided in its 9th resolution, to authorise the Company to implement a share buyback plan. A description of this share buyback plan is included in the registration document filed with the AMF under n° D.09-156 on 30 March 2009. It was in force up to 7 May 2010, the date of the Combined General Meeting, which approved the new share buyback plan currently in force.

At 5 May 2009, the Company held 367,509 of its own shares, representing 0.28% of the share capital.

Between the General Meetings of 5 May 2009 and 7 May 2010, the Company used the authorisation to buy its own shares as follows:

- In respect of the liquidity contract, 1,037,565 shares were acquired by Exane at an average price of €17.01 and 1,089,801 shares were sold at an average price of €17.06.
- In respect of free share allocations, on 30 November 2009, 331,000 M6 shares were delivered with a view to serving the allocation of shares to beneficiaries of the free share allocation plan 6 May 2008. These shares were immediately transferred to the beneficiaries, involving a total of 221,051 shares, on 6 May 2010.

Number of treasury shares held at 5 May 2009	Acquisition with a view to cancel	Shares cancelled	Movement in liquidity contract	Movement in respect of free shares allocated	Number of treasury shares held at 7 May 2010	Number of shares comprising the share capital at 7 May 2010	% du capital
367,509	-	-	(52,236)	109,949	425,222	128,954,690	0.33%

Thus, on 10 May 2010, the date the new share buyback plan came into force, the Company held 425,222 of its own shares, representing 0.33% of the share capital.

12.6.3. Report on the current share buyback plan

The Combined General Meeting of 4 May 2010, decided in its 12th resolution, to authorise the Company to implement a share buyback plan. A description of this share buyback plan is included in the registration document filed with the AMF under n° D.10-0716 on 26 March 2010.

This share buyback plan authorised for a period of eighteen months, enables the Executive Board to purchase Company shares, up to a maximum of 10% of the Company's share capital, in order to fulfil the following objectives:

- to activate the Métropole Télévision share secondary market or the share liquidity through a investment service provider, within the framework of a liquidity contract complying with the AMAFI Ethics Charter approved by the AMF;
- to retain the purchased shares for future exchange or payment, within the framework of potential operations of growth by acquisitions, providing shares purchased to this end do not exceed 5% of the share capital of the Company;
- to ensure the allocation of shares upon the exercise of rights attached to marketable securities allocated to Group employees and management, in particular within the framework of profit sharing or through a company saving plan or the allocation of free shares;
- to allocate shares upon the exercise of rights attached to marketable securities in accordance with applicable regulations;
- to cancel shares.

The maximum purchase price has been set at €22 per share. The maximum amount to be committed to this purchase programme was €283,700,318.

From 10 May 2010 to 28 February 2011, the Company used this authorisation to purchase:

In respect of the liquidity contract, Exane acquired 1,150,292 shares at an average price of €17.42 and sold 1,117,633 shares at an average price of €17.45.

[Summary disclosure table by the issuer of transactions carried out on its own shares from 10 May 2010 to 28 February 2011](#)

Percentage of share capital directly or indirectly held at the start of the programme	0.33%
Number of shares held in portfolio at the start of the programme (10 May 2010)	425,222
Number of shares cancelled over the past 24 months	0
Number of transferred shares	0
Number of shares held in portfolio at the end of the programme	457,881
Book value of treasury shares at 28 February 2011	8,628,507
Market value of treasury shares at 28 February 2011	8,537,963

At 28 February 2011, the company held 457,881 treasury shares, representing 0.36% of the share capital and allocated as follows:

Summary of treasury shares at 28 February 2011 and allocation to the various objectives:

Allocation of free shares	Stimulation within framework of the liquidity contract	Total
357,872	100,009	457,881

Summary of the execution of previous programme between 10 May 2010 and 28 February 2011

	Total gross flows		Open positions on the date of publication of the description of the programme			
	Purchases	Sales/transfers	Open purchase positions			Open sales positions
			Open purchase positions	Forward purchases		Purchase options sold
						Forward sales
Number of shares	1 150 292	1 117 633				
<i>incl. purchase then transfer of sales</i>	-	-	-	-	-	-
Average maximum maturity	-	-	-	55,000 actions échéance 23/12/2011	22 000 actions échéance 25/03/2012	345 000 actions échéance 27/07/2012
Average price of transaction	€17.42	€17.45	-	€16.72	€16.80	€16.10
Average exercise price	-	-	-	-	-	-
Amounts	€20 038 086.6	€19 502 695.9				

The company did not use any derivative products within the framework of its previous share buyback plan.

12.6.4. Description of the new share buyback plan

A proposal will be submitted to the Ordinary General Meeting of 4 May 2011 to authorise a new share buyback plan according to the following conditions:

- shares involved: ordinary Métropole Télévision shares listed under Compartment A of Euronext Paris, ISIN code FR0000053225,
- maximum purchase price: €22 per share. The maximum amount of the transaction is thus set at €283,707,465.80,
- maximum shareholding: 5% of the share capital, being 6,447,896 shares to date, it being specified that this cap should be considered in light of the buyback dates to take account of the potential share capital increase or reduction transactions that may occur over the term of the programme. The number of shares used to calculate this cap corresponds to the number of shares purchased, after deducting the number of shares sold back over the term of the programme as part of the liquidity contract.
- maximum period: 18 months from the date of the General Meeting.

These shares may be purchased to fulfil the following objectives:

- to activate the Métropole Télévision share secondary market or the share liquidity through a investment service provider, within the framework of a liquidity contract complying with the AMAFI Ethics Charter approved by the AMF,
- to retain the purchased shares for future exchange or payment, within the framework of potential operations of growth by acquisitions, providing shares purchased to this end do not exceed 5% of the share capital of the Company,
- to ensure the allocation of shares upon the exercise of rights attached to marketable securities allocated to Group employees and management, in particular within the framework of profit sharing or through a company saving plan or the allocation of free shares,
- to allocate shares upon the exercise of rights attached to marketable securities in accordance with applicable regulations,
- to potentially cancel acquired shares, in accordance with the authorisation granted by the Shareholders' General Meeting of 4 May 2011 in its extraordinary 8th resolution.

These transactions may notably be carried out in a period of a public offer pursuant to Article 232-15 of the General Regulations of AMF if the offer is fully settled in cash and the buyback transactions are carried out within the execution of the programme in progress and they are not likely to cause the offer to fail.

The Company reserves the right to use option mechanisms or derivative instruments within the applicable regulations.

12.7. Treasury shares

At 31 December 2010, M6 held a total 460,004 of its own shares, amounting to 0.36% of the share capital, which was classified on the consolidated Balance Sheet of Métropole Télévision as a reduction of equity at their acquisition cost of €8.5 million. The number of treasury shares includes the 102,132 shares actually held by the liquidity contract at 31 December 2010.

The table below summarises the allocation of treasury shares held at 31 December 2009 and 31 December 2010 according to each objective.

Treasury shares allocated to the different objectives at 31 December 2009		Total treasury shares at 31 December 2009
Granting of free shares	Increasing share liquidity within the framework of the liquidity contract	
578 923	102 132	681,055 shares
Changes over the 2010 financial year		Changes over the 2010 financial year
Granting of free shares *	Increasing share liquidity within the framework of the liquidity contract	
(221 051)	0	221,051 shares
Treasury shares allocated to the different objectives at 31 December 2010		Total treasury shares at 31 December 2010
Granting of free shares	Increasing share liquidity within the framework of the liquidity contract	
357 872	102 132	460,004 shares

* The 221,051 shares come from the acquisition in cash through CA Cheuvreux of 331,000 M6 shares in November 2009.

These 221,051 shares were transferred to plan beneficiaries in May 2010.

12.8. Share subscription option plan

12.8.1. Information on share subscription option plan

No share option subscription plan was decided in 2010.

Existing share option plans are analysed as follows:

Date of Meeting	26/05/2000		28/04/2004			02/05/2007		Total
Date of Board Meeting	25/07/2003	14/11/2003	28/04/2004	02/06/2005	06/06/2006	02/05/2007	06/05/2008	
Option type	Souscription	Souscription	Souscription	Souscription	Souscription	Souscription	Souscription	
Total number of options allocated	713 500	20 000	861 500	635 500	736 750	827 500	883 825	4 678 575
- of which Board members (*)	130 000	20 000	175 000	90 500	90 500	75 500	75 500	657 000
- of which the top ten salaried employees	146 000	-	155 000	108 500	112 500	120 000	116 500	758 500
Start of exercise of options	26/07/07	15/11/07	29/04/06	02/06/07	06/06/08	02/05/09	06/05/10	-
Expiry date	25/07/10	14/11/10	28/04/11	01/06/12	05/06/13	01/05/14	05/05/15	-
Subscription and purchase price (€)	22.48	23.82	24.97	19.94	24.6	27.52	14.73	-
Subscription and purchase options outstanding at 31 December 2009	421 000	20 000	527 000	421 500	504 250	651 500	793 725	3 338 975
- options allocated	-	-	-	-	-	-	-	-
- options exercised	-	-	-	-	-	-	3 249	3 249
- options perdues/annulées	421 000	20 000	32 000	30 000	29 500	37 500	43 342	613 342
Subscription and purchase options outstanding at 31 December 2010	-	-	495 000	391 500	474 750	614 000	747 134	2 722 384
Subscription options outstanding at 15 February 2011	-	-	488 500	385 000	466 750	603 500	731 609	2 675 359

(*) Board members at allocation date

The analysis of these plans by Board members is as follows:

Date of Meeting	26/05/2000		28/04/2004			02/05/2007		Total
Date of Board Meeting	25/07/2003	14/11/2003	28/04/2004	02/06/2005	06/06/2006	02/05/2007	06/05/2008	
Option type	Subscription	Subscription	Subscription	Subscription	Subscription	Subscription	Subscription	
Start of exercise of options	26/07/07	15/11/07	29/04/06	02/06/07	06/06/08	02/05/09	06/05/10	Total
Expiry date	25/07/10	14/11/10	28/04/11	01/06/12	05/06/13	01/05/14	05/05/15	
Subscription price (€)	22.48	23.82	24.97	19.94	24.60	27.52	14.73	
Total number of shares allocated to Board members:								
Nicolas de Tavernost	40 000	-	55 000	27 500	27 500	27 500	27 500	205 000
Thomas Valentin	30 000	-	30 000	18 000	18 000	18 000	18 000	132 000
Eric d'Hotelans	-	20 000	30 000	15 000	15 000	15 000	15 000	110 000
Catherine Lenoble	30 000	-	30 000	15 000	15 000	15 000	15 000	120 000
Jean d'Arthuys	30 000	-	30 000	15 000	15 000	-	-	90 000
Subscription options outstanding at 31 December 2009 :								
Nicolas de Tavernost	40 000	-	55 000	27 500	27 500	27 500	27 500	205 000
Thomas Valentin	30 000	-	30 000	18 000	18 000	18 000	18 000	132 000
Eric d'Hotelans	-	20 000	30 000	15 000	15 000	15 000	15 000	110 000
Catherine Lenoble	30 000	-	30 000	15 000	15 000	15 000	15 000	120 000
Jean d'Arthuys	30 000	-	30 000	15 000	-	-	-	75 000
Changes over the 2010 financial year:								
Nicolas de Tavernost	(40 000)	-	-	-	-	-	-	(40 000)
Thomas Valentin	(30 000)	-	-	-	-	-	-	(30 000)
Eric d'Hotelans	-	(20 000)	-	-	-	-	-	(20 000)
Catherine Lenoble	(30 000)	-	-	-	-	-	-	(30 000)
Jean d'Arthuys	(30 000)	-	-	-	-	-	-	(30 000)
Subscription options outstanding at 31 December 2010:								
Nicolas de Tavernost	-	-	55 000	27 500	27 500	27 500	27 500	165 000
Thomas Valentin	-	-	30 000	18 000	18 000	18 000	18 000	102 000
Eric d'Hotelans	-	-	30 000	15 000	15 000	15 000	15 000	90 000
Catherine Lenoble	-	-	30 000	15 000	15 000	15 000	15 000	90 000
Jean d'Arthuys	-	-	30 000	15 000	-	-	-	45 000

The movements in the year related to cancellations, taking account of the expiry date of the 2003 plans.

No option was exercised due to the M6 share remaining below the exercise price of the various plans included in the above table.

The plan of 6 May 2008, whose options are in the money (exercise price below the share price), may be exercised in 2010 in relation to one third only of options granted. From 6 May 2011, two thirds will be exercisable prior to becoming fully exercisable on 6 May 2012.

In addition, Jean d'Arthuys is no longer a Board member since 3 December 2006. Jérôme Lefébure, a director since 25 March 2010, has not been granted any share subscription option since the start of his term of office.

12.8.2. Leading stock options beneficiaries and twenty leading option exercise transaction by employees (excluding Board members)

No share subscription option plan was decided in 2010.

In addition, 3,249 options of the plan of 6 May 2008 were exercised in 2010. These options were exercised by three employees, two of whom are considered as senior executives (see §12.8.3).

12.8.3. Share capital transactions carried out by Board members, Executive officers and related parties during the last financial year

During the financial year, Board members and Executive officers informed the company of the following share capital transactions, carried out by themselves or related parties.

Name and position	Nature of transaction	Date	Number of shares	Price per share	Total
Thierry Desmichelle, Member of the Executive Committee	Purchase of shares	08/04/2010	4,103	€19.22	€78,846.94
Jean-Marc Duplaix, Deputy Chief Financial Officer	Exercise of stock options	15/06/2010	950	€14.73	€13,993.50
Claire Roblet, Investor Relations Manager	Exercise of stock options	01/10/2010	1,533	€14.73	€22,581.09

This table does not include transactions that are below the annual disclosure threshold of €5,000.

12.9. Free share allocation plans

Six free share allocation plans were in force in 2010, pursuant to the authorisation given by the Combined General Meeting of 6 May 2008:

- one that matured on 6 May 2010;
- one that was decided by the Executive Board on 28 July 2009;
- one that was decided by the Executive Board 23 December 2009 regarding employees of the Ventadis division in particular;
- one that was decided by the Executive Board on 25 March 2010;
- one that was decided by the Executive Board on 27 July 2010;
- one that was decided by the Executive Board on 22 December 2010 regarding notably employees of the Ventadis division.

Data presented in the table below does not include any restatement in the number of shares that may be allocated in the event targets are overperformed, except for the number of shares delivered on 31 December 2010 within the framework of the plan of 6 May 2008:

Date of AGM	06/05/2008						Total
Management Board meeting date	06/05/2008	28/07/2009	28/07/2009	25/03/2010	27/07/2010	27/07/2010	
Plan date	06/05/2008	28/07/2009	23/12/2009	25/03/2010	27/07/2010	22/12/2010	
Total number of shares granted (trigger number relating to the achievement of performance objectives)	280,720	346,700	45,650	22,000	328,500	35,650	1,059,220
- to Board members	30,200	30,200	-	22,000	30,200	-	112,600
- to other top ten beneficiaries	123,242	50,500	45,650	-	50,500	35,650	305,542
Date of final vesting	06/05/2010	28/07/2011	23/12/2011	25/03/2012	27/07/2012	22/12/2012	
Number of shares delivered at 31 December 2010	221,051	-	-	-	-	-	221,051
Number of shares not yet allocated at 31 December 2010	-	321,700	45,650	22,000	323 500 *	35,650	748,500
Allocated shares cancelled between 31 December 2010 and 15 February 2010 due to individuals leaving the Company	-	321,700	45,650	22,000	323,500	35,650	748,500

* 357,572 shares are currently held by the Group to service this free share plan

Each of these three plans is subject to beneficiaries being effectively employed by the Group over the two years following the grant.

As regards performance conditions:

- the 2008 plan required the achievement of revenue and profitability objectives;
- the plans of 28 July 2009 and 27 July 2010 required the achievement of a net consolidated earnings per share objective for 2009 and 2010, respectively;
- the plans of 23 December 2009 and 22 December 2010 required the achievement of an operating profit objective by the Ventadis division for 2010 and 2011, respectively;
- the plan of 25 March 2010 is not subject to performance conditions.

The number of shares actually delivered on 6 May 2010 was 221,051 due to the fact that the financial targets attached to the plan were exceeded. The top ten beneficiaries (employees) received 88,301 shares.

As for plans still in effect at 31 December 2010, the maximum number of shares was thus set at 398,705 for the plan of 28 July 2009, 58,000 for the plan of 23 December 2010 and 48,000 shares for the plan of 22 December 2010. In total, the maximum number of free shares allocated would be 882,480 (16.7% more than the floor value).

However, after taking into account departures noted to date and achieved or forecast performances, the number of shares to be effectively delivered as part of these four plans is estimated at 369,955, 49,759, 372,025 and 48,000 shares respectively, which is a total of 839,739 shares (15.6% more than the number of shares remaining to be allocated at 31 December 2010).

12.10. General information on the share capital

12.10.1. Changes in the share capital and voting rights

Any change to the share capital or rights conferred by securities that comprise it, must be made in accordance with the provisions of the bylaws. Share capital increases may only be decided by shareholders at an Extraordinary General Meeting, or by delegation of this to the Executive Board for a determined period and ceiling.

Where the Company's share capital is increased by capitalisation of reserves, profits or share issue premiums, the General Meeting must vote in accordance with quorum and majority requirements applicable to Ordinary General Meetings.

12.10.1.1. Paid-in capital, number and classes of shares

At 31 December 2009, the Company's fully paid-up share capital was €51,581,876. Following the exercise of options in 2010, the Company's fully paid-up share capital at 31 December 2010 was €51,583,175.60 represented by 128,957,939 shares of the same class with a par value of €0.40 each.

Date	Description of capital	Nominal amount increase	Number of shares (issued/cancelled)	Share capital value	Total number of shares outstanding
15.09.86	Formation	FF 10,000,000.00	100,000	FF 10,000,000	100,000
16.05.87	Subscription	FF 190,000,000.00	1,900,000	FF 200,000,000	2,000,000
21.05.90	Capital reduction	(FF 198 000 000.00)	(1,980,000)	FF 2,000,000	20,000
21.06.90	Share subscription	FF 200,000,000.00	2,000,000	FF 202,000,000	2,020,000
31.12.93	Exercise of share options by employees (1)	FF 6,900,000.00	69,000	FF 208,900,000	2,089,000
06.09.94	5 for 1 share split	-	-	FF 208,900,000	10,445,000
31.12.95	Exercise of share options by employees (1)	FF 4,337,000.00	216,850	FF 213,237,000	10,661,850
31.12.95	Conversion of bonds (2)	FF 50,387,700.00	2,519,385	FF 263,624,700	13,181,235
03.12.99	Conversion into €	€12,535,613.57	-	€52,724,940.00	13,181,235
30.12.99	Conversion of bonds	€30,536.00	7,634	€52,755,476.00	13,188,869
26.05.00	10 for 1 share split	-	-	-	131,888,690
04.07.07	Capital reduction	(€392,000.00)	(980,000)	€52,363,476.00	130,908,690
03.09.07	Capital reduction	(€392,000.00)	(980,000)	€51,971,476.00	129,928,690
03.09.07	Exercise of subscription options	€2,400.00	6,000	€51,973,876.00	129,934,690
15.04.08	Capital reduction	(€392,000.00)	(980,000)	€51,581,876.00	128,954,690
19.05.10	Exercise of subscription options	€306.40	766	€51,582,182.40	128,955,456
05.07.10	Exercise of subscription options	€380.00	950	€51,582,562.40	128,956,406
04.10.10	Exercise of subscription options	€613.20	1,533	€51,583,175.60	128,957,939

(1) Par value.

(2) FF 158,050,720 share premium.

12.10.1.2. Shareholders' agreement

To the best of the Company's knowledge no shareholder agreement exists.

12.10.1.3. Pledges of the issuers' shares

Nil.

12.10.1.4. Alienation of shares in order to regularise cross shareholding

(Article R.233-19 of the Commercial Code)

Nil.

12.10.1.5. Treasury shares

(Article L.233 13 of the Commercial Code)

Controlled companies holding a share in the capital of the Company: nil.

12.10.1.6. Capital increase reserved for employees

The most recent General Meeting to consider a proposal to increase the share capital reserved for employees, which authorised the Executive Board to increase the share capital, if it deems it appropriate, in one or more offerings, by issuing ordinary shares for cash and by the granting of free ordinary shares or other securities giving access to the share capital reserved for employees of the Company and its subsidiaries members of a company savings plan, with cancellation of the pre-emption right for an amount not exceeding 0.5% of the nominal share capital par value and for a period of 26 months was on 5 May 2009.

The next General Meeting to be held on 4 May 2011 will be requested to approve of new authorisation of the same nature.

12.10.2. Potential share capital

The exercise of all options outstanding at 31 December 2010 would lead to the creation of 2,722,384 new shares, which would increase the share capital from 128,957,939 to 131,680,323 shares, a maximum potential dilution of 2.11%.

At 31 December 2010, outstanding options will be fully exercisable for the plans from 2004 to 2006 inclusive, and partly exercisable (by tranches of 1/3 and subsequently 2/3) for the 2007 and 2008 plans.

However, only the last plan of 6 May 2008 still has an exercise price lower than the share price at 31 December 2010. The potential dilution caused by this plan is 0.58%.

During the 2010 financial year, 3,249 options were exercised as part of this plan, 1/3 of which could be exercised.

The maximum potential dilution plan by plan is as follows: the probability of the occurrence of this dilution however appears low today, since the M6 share price is below the subscription price for 4 of the 5 option plans below.

Date of the General Meeting authorising the plan	28/04/2004	28/04/2004	28/04/2004	02/05/2007	02/05/2007	Total
Date of Supervisory Board Meeting granting the option	28/04/2004	02/06/2005	06/06/2006	02/05/2007	06/05/2008	
Maximum number of shares which may be subscribed upon exercise of all options	495,000	391,500	474,750	614,000	747,134	2,722,384
Starting date	29/04/2006	02/06/2007	06/06/2008	02/05/2009	06/05/2010	N/A
Expiry date	28/04/2011	01/06/2012	05/06/2013	01/05/2014	05/05/2015	N/A
Potential share capital upon exercise of share options (€)	198,000	156,600	189,900	245,600	298,854	1,088,954
Exercise price (€)	24.97	19.94	24.60	27.52	14.73	21.95 ⁽¹⁾
Number of shares comprising the share capital	128,957,939	128,957,939	128,957,939	128,957,939	128,957,939	128,957,939
Nominal value per share (€)	0.4	0.4	0.4	0.4	0.4	0.4
Share capital (€)	51,583,176	51,583,176	51,583,176	51,583,176	51,583,176	51,583,176
Number of shares comprising the share capital	129,452,939	129,349,439	129,432,689	129,571,939	129,705,073	131,680,323
Share capital upon exercise of outstanding share options (€)	51,781,176	51,739,776	51,773,076	51,828,776	51,882,029	52,672,129
Potential dilution arising	0.38%	0.30%	0.37%	0.48%	0.58%	2.11%

⁽¹⁾ Average weighted subscription price

Non-issued authorised share capital and existing delegations (Article L. 225 100, paragraph 7 of the Commercial Code) were as follows:

	Maximum nominal amount of capital increases	Maximum nominal amount of debt securities to be issued	Term of authorisation	Remaining items (1)	General Meeting	Resolution number
Increase in capital by incorporation of reserves, profits or premiums (authorisation given to the Executive Board)	€10 million	-	26 months	2 months	AGM 05/05/09	11
Increase in capital by issue of ordinary shares/marketable securities with maintained pre-emption rights (2) (3) (authorisation given to the Executive Board)	€10 million	-	26 months	2 months	AGM 05/05/09	12
Increase in capital by issue of ordinary shares/marketable securities with cancellation of pre-emption rights and a compulsory priority time frame (2) (3) (authorisation given to the Executive Board)	€10 million	-	26 months	2 months	AGM 05/05/09	13
Capital increase by contributions in kind (authorisation given to the Executive Board)	10%	-	26 months	2 months	AGM 05/05/09	14
Capital increase reserved for members of a company savings plan (authorisation given to the Executive Board)	0.50%	-	26 months	2 months	AGM 05/05/09	15

(1) With effect from 4 May 2011 AGM.

(2) The total value of shares issued pursuant to resolutions 12 and 13, approved by the General Meeting of 5 May 2009, is added to each amount. The nominal value of marketable securities representing receivables from the Company that may be issued may not exceed €100 million, according to the terms and conditions set by the same General Meeting in its 12th and 13th resolutions

(3) DPS: Pre-emption right to subscribe.

12.10.3. Acquisition by Métropole Télévision of its own shares: current authorisations and their use

	Maximum nominal amount	Term of authorisation	Remaining term (1)	General Meeting	Resolution No
Share buyback programme (3)	(2)	18 months	6 months	AGM 04/05/10	12
Capital reduction (3)	(2)	24 months	0	AGM 05/05/09	10

(1) With effect from 4 May 2011 AGM.

(2) Within the limit of 10% of the share capital.

(3) The Annual General Meeting called for 4 May 2011 will decide on the draft resolutions that propose a new share buyback programme for a further period of 18 months and authorise the Management Board to reduce the share capital by cancellation of the shares bought back by the Company.

12.10.4. Form of shares and rights attached to shares

12.10.4.1. Rights attached to shares

All shares are part of the same class and hold equal rights to the Company's profits and assets on liquidation. Each share confers the right to a single vote at shareholders' meetings, without any shareholders exercising more than 34% of the total number of voting rights. None of the shares entitle their holders to double voting rights. The right to distributed dividends and interim dividends lapses after 5 years to the benefit of the French state.

12.10.4.2. Trading in shares

Shares are freely traded on Euronext Paris.

12.10.4.3. [Form of shares](#)

Since the Stock Market introduction, shares are held at the option of the holder:

- in pure nominative form held in account maintained by CACEIS;
- in administered nominative form;
- in identifiable bearer form held in account by an authorised intermediary.

Shares are approved for EUROCLEAR-FRANCE transactions.

12.10.4.4. [Identification of shareholders](#)

The Company is authorised to apply the provisions of French company law at any time to identify holders of shares giving immediate or eventual voting rights at its General Meetings.

12.10.4.5. [Withholding tax on dividends](#)

The tax treatment of dividends provides shareholders with the option to select a deduction at source of 19% in discharge of income tax for all dividends received (excluding PEA – personal equity plans). This option must be exercised with the intermediary holding your shares, at the payment date of the dividend at the latest.

If the option is exercised, the 19% flat-rate withholding tax will be added to the 12.3%, social contributions, which are automatically deducted at source by the intermediary holding the shareholders' share account (for non-PEA dividends); the option thus discharges dividends from subsequent taxation but does not discharge shareholders from reporting dividends received in their annual income tax return.

If the option is not exercised, the dividend shall be declared and taxed in accordance with the usual conditions. The option is not open to legal entities and non-resident shareholders, who remain taxed according to the specific conditions applicable to them based on their particular situation.

Due to its scope of application, of its irrevocable nature and related consequences (in particular, taxation on 100% of the amount of dividends, early payment of tax, non-deductibility of CSG tax, loss of the tax rebate and annual tax credits applicable to income from shares), we recommend shareholders to contact the intermediary holding their shares or ask for their advice before the dividend payment date, in order to examine the applicability and terms and conditions of the option in the light of the conditions their shares are held (in the event in particular of shares held through an investment holding company), as well as the merit of this option in the light of their personal asset and tax position.

12.10.5. Employee shareholding

12.10.5.1. [Métropole Télévision Group savings plan](#)

Established in September 1994 as a Fonds commun de placement (collective investment scheme), the Group savings plan invests exclusively in Métropole Télévision shares. At 31 December 2010, the savings plan had 828 unit holders indirectly holding 136,130 shares. The fund thus represented 0.105% of the share capital.

12.10.5.2. [Purchase of shares for allocation to employees under a profit sharing agreement](#)

(Articles L. 225-211 paragraph 2 and L. 225-208 of the Commercial Code)
Nil.

13. Corporate Governance

Métropole Télévision is a public limited company governed by an Executive Board and a Supervisory Board.

The corporate governance rules of the M6 Group conform to current French legal and regulatory standards and recommendations issued by the various French and European institutions, specifically the recommendations of AFEP-MEDEF that constitute the Company's code of governance.

The Company makes sure it abides by recognised standards and applies the best practices of the Euronext Paris Stock Exchange in terms of governance.

The methods are explained in the report of the Chairman of the Supervisory Board,

Rules applicable to transactions performed on financial instruments by Board members:

The rules governing transactions on financial instruments by Board members are detailed in the Company's Ethics Charter.

These rules state that by reason of the nature of their function, and their duties, the Board members of M6, namely the members of the Executive Board and the Supervisory Board, may have access to privileged information. Privileged information means particular non-public information (revenue, performance, proposals of every kind, etc.) which, if it became public knowledge, might affect the price of the M6 share and more generally its business.

The rules prohibit Board members from using such information on the financial market, either for their own account or for any other, whether directly or through a third party, by buying or selling shares or financial products linked to these shares. They must abstain from communicating privileged information for any other purpose or activity than that for which it is held. This also applies to privileged information concerning the ordinary business of the Company or the preparation or execution of any financial transaction.

Pursuant to current regulations, Board members are subject to the declaration requirements relating to transactions in shares and restrictions relating to trading periods.

13.1. Executive Board

13.1.1. Membership of the Executive Board

The Executive Board is appointed for a period of five years.

Since 22 November 2006, it has had four members, all natural persons, aged less than 65 years, designated by the Supervisory Board and compensated by Métropole Télévision Group. It will be proposed at the next General Meeting that the age limit for Executive Board members be extended from 65 to 70 years, in order to be consistent with the new status of employees concerning the age at which retirement is compulsory, which was set by the Law n°2010-1330 of 9 November 2010.

The term of office of members of the Executive Board was renewed by the Supervisory Board at its meeting of 25 March 2010.

Members of the Executive Board	Nationality	Age	Principal function	Date of first appointment	Date of renewal/exit*
Nicolas de Tavernost	French	60	Chairman of the Executive Board	26/05/2000	25/03/2010
Thomas Valentin	French	56	Deputy-Chairman of the Executive Board with responsibility for Programmes and Content	26/05/2000	25/03/2010
Catherine Lenoble	French	61	Member of the Executive Board with responsibility for advertising	28/01/2001	25/03/2010
Jérôme Lefébure	French	48	Member of the Executive Board with responsibility for Management Operations	25/03/2010	
Éric d'Hotelans	French	60	Deputy-Chairman of the Executive Board with responsibility for Management Operations	14/11/2003	25/03/2010*

Current members of the Executive Board:

Nicolas de TAVERNOST Chairman

Appointments and duties

- *Outside the M6 Group*
 - Member of the Supervisory Board of Ediradio SA (RTL/RTL2/FUN RADIO) (France)
 - Director of Nexans SA listed (France)
 - Director of GL Events SA listed France)
 - Director of Antena 3 (Spain)
- *Within the M6 Group*
 - Chairman of the Executive Board of Métropole Télévision SA
 - Director of Extension TV SA, TF6 Gestion SA and Société Nouvelle de Distribution SA
 - Permanent representative of:
 - a. M6 Publicité in capacity of Director of Home Shopping Service SA
 - b. Home Shopping Services in capacity of Director of Télévente Promotion SA
 - c. Métropole Télévision in capacity of Director of SASP Football Club des Girondins de Bordeaux, Mistergooddeal and Paris Première SAS
 - d. Métropole Télévision in capacity of Chairman of: M6 Publicité SAS, Immobilière M6 SAS, M6 Toulouse SAS, M6 Bordeaux SAS, M6 Numérique SAS and M6 Foot SAS
 - e. Métropole Télévision in capacity of Member of the Shareholders' Committee of Multi4 SAS
 - f. Métropole Télévision in capacity of Managing Partner of SCI du 107, av. Charles de Gaulle
 - Member and Director of Association Football Club des Girondins de Bordeaux
 - Director of M6 Group's Corporate foundation

Appointments and functions expiring in the course of the last five financial years

- *Outside the M6 Group*
 - Director of Ediradio SA, Business Interactif and Hôtel Saint-Dominique (in his personal capacity)
- *Within the M6 Group*
 - Permanent representative of:
 - a. M6 Thématique in capacity of Managing Partner of SEDI TV
 - b. Métropole Télévision in capacity of Chairman of M6 Affaires SAS and M6 Interactions SAS
 - c. M6 Thématique in capacity of Managing Partner of M6 Numérique SNC
 - d. M6 Thématique in capacity of Chairman of M6 Numérique SAS
 - e. M6 Interactions in capacity of Chairman of M6 Créations SAS and M6 Développement SAS
 - f. M6 Numérique in capacity of Director of TPS Gestion SA
 - g. Métropole Télévision in capacity of Director of Paris Première SA.

Thomas VALENTIN Vice-Chairman of the Executive Board in charge of Programming and Content

Appointments and duties

- *Outside the M6 Group*
Nil
- *Within the M6 Group*
 - Vice-Chairman of the Executive Board of Métropole Télévision SA Chairman of the Board of Directors of M6 Films SA and Métropole Production SA
 - Chairman of Mandarin SAS and M6 Studio SAS, Sedi-Tv and M6 Communication SAS
 - Director of Société Nouvelle de Distribution SA, C. Productions SA, Extension TV SA and TF6 Gestion SA
 - Permanent representative of:
 - a. M6 Thématique in capacity of Chairman of FUN TV SAS,
 - b. M6 Thématique in capacity of Director of Paris Première SAS
 - c. Director of Société Nouvelle de Distribution SA,
 - d. M6 Films in capacity of Director of Home Shopping Service SA
 - e. Edi Tv and Paris Première SAS in capacity of member of the Multi 4 SAS' shareholders' committee
 - Member and Vice-Chairman of Association Football Club des Girondins de Bordeaux

Appointments and functions expiring in the course of the last five financial years

- *Outside the M6 Group*
 - Director of Channel 5 Broadcasting Limited (United Kingdom)
- *Within the M6 Group*
 - Chairman of W9 Productions SAS and M6 Thématique SAS
 - Chairman of C.Productions SA
 - Permanent representative of:
 - a. M6 Thématique in capacity of Chairman of Paris Première SAS, M6 Communication SAS and Sedi Tv SAS
 - b. M6 Thématique in capacity of Director of TPS Gestion SA
 - c. M6 Thématique in capacity of Manager of Edi Tv SNC
 - d. M6 Films in capacity of Director of Paris Première SA and Paris Première SAS

Catherine LENOBLE

Member of the Executive Board in charge of Advertising

Appointments and duties

- *Outside the M6 Group*
 - Member of the Supervisory Board of Hexamedics SAS
- *Within the M6 Group*
 - Member of the Executive Board of Métropole Télévision SA
 - Chairman of M6 Créations SAS
 - Permanent Representative of M6 Publicité in capacity of Director of M6 Diffusion SA, M6 Éditions SA, M6 Événements SA, Paris Première SAS and Mistergooddeal SA.

Appointments and functions expiring in the course of the last five financial years

- *Outside the M6 Group*
Nil
- *Within the M6 Group*
 - Permanent Representative of:
 - a. M6 Publicité M6 Publicité in capacity of Non-Partner Manager of Sedi TV SNC
 - b. M6 Publicité in capacity of Director of Paris Première SA.

Jérôme LEFEBURE

Member of the Executive Board in charge of Management Operations

Appointments and duties

- *Outside the M6 Group*

Nil

• *Within the M6 Group*

- Member of the Executive Board of Métropole Télévision SA
- Chairman of Immobilière 46D SAS, M6 Divertissements SAS and M6 Thématique SAS
- Chairman and Chief Executive Officer of M6 Diffusion SA
- Permanent representative of:
 - a. Métropole Télévision in capacity of Director of M6 Éditions SA
 - b. M6 Interactions in capacity of Director of M6 Événements SA, Home Shopping Service SA and Mistergooddeal SA
 - c. M6 Diffusion in capacity of Director of Télévente Promotion SA and C. Productions SA
 - d. Director of M6 Group's Corporate foundation.
 - e. M6 Thématique in capacity of Manager of Edi-TV SNC

Appointments and functions expiring in the course of the last five financial years

• *Outside the M6 Group*

Nil

• *Within the M6 Group*

- Chairman of M6 Créations SAS
- Permanent representative of:
 - a. Métropole Télévision in capacity of Director of Métropolest SA
 - b. M6 Web en in capacity of Director of PagesJaunes Petites Annonces SA
 - c. TPS Jeunesse in capacity of Director of TPS Motivation SA

Member of the Executive Board whose term of office expires on 25 March 2010:

Éric d'HOTELANS

Member of the Executive Board in charge of Management Operations

Appointments and duties

• *Outside the M6 Group*

- Director of ESI Group and member of the Audit Committee, Remuneration and Appointments Committee and Strategic Committee of ESI Group

• *Within the M6 Group*

- Chairman and Chief Executive Officer of Mistergooddeal SA and Home Shopping Services SA
- Chairman of the Board of Directors of Télévente Promotion SA
- Chairman of M6 Web SAS and M6 Interactions SAS
- Director of SASP Football Club des Girondins de Bordeaux
- Permanent representative of:
 - a. Home Shopping Service in capacity of Chairman of Unité 15 Fulfilment SAS
 - b. M6 Thématique in capacity of Director of M6 Diffusion SA
 - c. M6 Interactions in capacity of Director of Société Nouvelle Distribution SA
 - d. M6 Interactions in capacity of Director of M6 Développement SAS
 - e. Métropole Télévision, in capacity of Director of M6 Films SA, DIEM 2 SA, C. Productions SA and Métropole Production SA
 - f. M6 Thématique in capacity of Director of M6 Diffusion SA
 - g. M6 Films in capacity of Director of Paris Première SAS
 - h. Télévente Promotion in capacity of Manager of M6 Boutique la Chaîne SNC
 - i. M6 Web in capacity of Chairman of Echo 6
- Member of the Association Football Club des Girondins de Bordeaux
- Director of M6 Group's Corporate foundation

Appointments and functions expiring in the course of the last five financial years

• *Outside the M6 Group*

Nil

• *Within the M6 Group*

- Vice-Chairman of the Executive Board of Métropole Télévision SA
- Chairman of Télévente Promotion SA

- Chairman of Técipress SAS, Unité 15 Fulfilment SAS and Retail Concept SAS
- Chief Executive Officer of Télévente Promotion SA
- Director of Echo 6 SAS
- Manager of Nétéconomie SARL
- Manager of Citato SARL
- Permanent representative of:
 - a. Home Shopping Services in capacity of Director of Mistergooddeal SA
 - b. Shopping Services in capacity of Director of HSS Belgique SA
 - c. M6 Thématique in capacity of Director of Paris Première SA and Paris Première SAS
 - d. M6 Web in capacity of Chairman of Cyréal Holding SAS
 - e. Métropole Télévision in capacity of Director of Hugo Productions SA
 - f. Unité 15 Fulfilment in capacity of Director of Télévente Promotion SA.

13.1.2. Operation of the Executive Board

The Executive Board has the widest possible powers to act in all circumstances on behalf of the Company with third parties pursuant to Article 18 of the bylaws.

Investments and divestments over €20 million not provided for in the budget, however, require the prior approval of the Supervisory Board.

The Executive Board meets as often as required in the interests of the company and usually once a week. In 2010, the Executive Board met 26 times, with minutes kept for each of these meetings. The Executive Board prepares all files to be submitted to Supervisory Board meetings by providing a detailed presentation of the situation of each activity of the Group during the previous quarter. To that end, the Executive Board ensures the relevance of operating management indicators presented to the Supervisory Board in order to reflect developments affecting the various activities and businesses. The Executive Board examines and collectively takes decisions on investment projects submitted to it by operating teams.

The Executive Board also approves half-year and annual financial statements which are subsequently presented for approval to the Supervisory Board. Lastly, the Executive Board decides on the Group's financial communication. In addition, the Executive Board directs the Group's senior executive managers by calling regular meetings of:

- the Executive Committee, comprising the main operational and functional managers, which is in charge of implementing the Executive Board's major operational and strategic decisions;
- the Management Committee, comprising the main managers responsible for activities and functional services, which inform the Group on business management.

In 2010, The Executive Committee met 17 times and the Management Committee met 16 times. Detailed minutes of each meeting were kept and handed out to each member.

13.2. Supervisory Board

13.2.1. Membership of the Supervisory Board

At the date of this report, the Supervisory Board of Métropole Télévision comprised thirteen members, 12 individuals and 1 legal entity, appointed for a period of four years. No member of the Supervisory Board was elected by the employees.

In accordance with the rules of governance set by the Code of corporate governance issued by the AFEP-MEDEF in December 2008 consolidating the Report of October 2003 and the Recommendations of January 2007 and October 2008 of AFEP-MEDEF, and pursuant to the addendum no 3 to the Agreement between the Company and the Conseil Supérieur de l'Audiovisuel, the Supervisory Board decided that at least one third of its members is independent after considering each of their positions. Thus, six of the Board's members are thus today independent as they have no relationship with the

Company, its Group or its management, of a nature to compromise their freedom of judgement, namely, Delphine Arnault, Albert Frère, Gérard Worms, Guy de Panafieu, Jean Laurent and Gilles Samyn. The members of the Board possess great experience which they make available to the Supervisory Board of Métropole Télévision.

In addition, it is consistent practice that any member of the Supervisory Board who has a direct or indirect interest in an issue submitted to the Board does not vote on that issue.

Members of the Supervisory Board are as follows:

Members of the Board	Nationality	Age	Principal function within the Company	Date of first appointment	Expiry date of appointment	Exit date
Albert Frère*	Belgian	85	Chairman	26 May 2000	2012	-
Gérard Worms*	French	74	Deputy-Chairman	26 May 2000	2012	-
Guy de Panafieu*	French	68	Member	18 February 2004	2012	-
Jean Laurent*	French	66	Member	18 February 2004	2012	-
Remy Sautter	French	66	Member	26 May 2000	2012	-
Gilles Samyn*	French	62	Member	02 May 2007	2011	-
Gerhard Zeiler	Austrian	55	Member	08 March 2002	2012	-
Philippe Delusinne	Belgian	53	Member	28 July 2009	2012	-
Immobilière Bayard d'Antin represented by Christopher Baldelli	French	46	Member	12 January 2010	2011	-
Vincent de Dorlodot	Belgian	46	Member	18 March 2004	2012	-
Andrew Buckhurst	English	45	Member	07 November 2007	2012	-
Elmar Heggen	German	42	Member	22 November 2006	2012	-
Delphine Arnault*	French	35	Member	05 November 2009	2012	-

* "A member of the Supervisory Board is independent when he/she has no relationship with the Company, its Group or its management likely to compromise the exercise of his/her freedom of judgement." (source: Code of corporate governance for listed companies issued by the AFEP/MEDEF in December 2008, updated in April 2010)

The attendance rate is calculated for the effective period of the term of office in 2010, as follows:

Members of the Board	Supervisory Board Meetings					
	11 February 2010	25 March 2010	04 May 2010	27 July 2010	04 November 2010	
Albert Frère	⊗	⊗	○	⊗	○	
Gérard Worms	⊗	⊗	⊗	⊗	⊗	
Guy de Panafieu	⊗	○	⊗	⊗	⊗	
Jean Laurent	⊗	⊗	⊗	⊗	⊗	
Rémy Sautter	⊗	⊗	⊗	⊗	⊗	
Gilles Samyn	⊗	⊗	⊗	⊗	⊗	
Gerhard Zeiler	⊗	⊗	⊗	○	⊗	
Philippe Delusinne	⊗	⊗	⊗	○	⊗	
Christopher Baldelli	⊗	⊗	⊗	⊗	⊗	
Vincent de Dorlodot	⊗	⊗	⊗	⊗	⊗	
Andrew Buckhurst	⊗	⊗	⊗	⊗	⊗	
Elmar Heggen	⊗	⊗	○	○	⊗	
Delphine Arnault	⊗	⊗	⊗	⊗	○	

A. Current members of the Supervisory Board:

Albert FRERE

Number of company shares held: 100.

Biography and principal functions outside the Company

Albert Frère took an interest in the family business from a very early age before launching determinedly into industry. Along with his associates, he gained control over the entire steel industry of the Charleroi region, diversifying production and modernizing equipment. In 1981, in partnership with other entrepreneurs, he founded Pargesa Holding (Geneva). The following year the company bought into the Bruxelles Lambert SA group (Brussels). The creation of the Pargesa-GBL group led to an international business diversifying into three key sectors: finance, energy/services and audiovisual communications. He is notably a Grand Officer of the Order of Leopold (Belgium) and Grand Officer of the Legion of Honour (France).

Appointments and duties

- Chairman of the Supervisory Board of Métropole Télévision - M6 SA
- Chairman of the Board of Directors and Deputy Director of Groupe Bruxelles Lambert SA (Belgium)
- Chairman of the Board of Directors of Frère-Bourgeois SA (Belgium); ERBE SA (Belgium); Financière de la Sambre SA (Belgium); Stichting Administratiekantoor Frère-Bourgeois (Belgium)
- Vice-Chairman, Deputy Director and member of Executive Committee of Pargesa Holding SA (Switzerland)
- Vice-Chairman of the Board of Directors of GdF-Suez, a listed company (France)
- Director of LVMH SA, a listed company (France), of Château Cheval Blanc SA (France)
- Permanent Representative of Beholding Belgium SA, Director of Groupe Arnault SA (France)
- Permanent Representative of Frère-Bourgeois SA, Director of GBL Verwaltung SARL and GBL Energy (Luxembourg)
- Member of the Strategic Committee of Université Libre de Bruxelles (Belgium)
- Honorary Regent of Banque Nationale de Belgique
- Honorary Chairman of the Chamber of Commerce and Industry of Charleroi (Belgium)
- Honorary Councillor for Overseas Commerce (Belgium)

Appointments and functions expiring in the course of the last five financial years

- Deputy Chairman of the Board of Directors of Suez, (July 2008)
- Director of Gruppo Banca Leonardo (April 2009)
- Chairman of Fingen SA (April 2009)
- Permanent Representative of Frère-Bourgeois SA, Director of GBL Finance (2009)
- Director of Raspail Investissements (December 2009)
- Member of the International Committee of Assicurazioni Generali SpA (May 2010)

Gérard WORMS

Number of company shares held: 200.

Biography and principal functions outside the Company

Gérard Worms graduated from the École Polytechnique in 1957 and the École Nationale Supérieure des Mines in 1960. He was Ingénieur en chef des Mines before joining the Rothschild Group in October 1995. After beginning his career as advisor to the Minister for Industry, Olivier Guichard, and later to the Prime Minister, Jacques Chaban-Delmas, he became Managing Director of the Hachette Group and later Managing Director of Rhône-Poulenc, with responsibility for finance and the pharmaceuticals business. He subsequently became Managing Director and then Chairman of the Compagnie de Suez and Chairman of the Banque Indosuez and Chairman of insurance group Victoire. He is Honorary Chairman of the Association Nationale de la Recherche Technique and of the Société d'Économie Politique. As well as being Vice-Chairman of Rothschild Europe, since June 2006 he is the current Chairman of COERexecode, one of France's leading economic forecasters, and Chairman of the French National Committee of the International Chamber of Commerce (ICC) since June 2006.

Appointments and duties

- Vice-Chairman of the Supervisory Board and Chairman of the Remuneration and Appointments Committees of Métropole Télévision - M6 SA
- Vice-Chairman of Rothschild Europe
- Member of the Supervisory Board of Publicis SA, a listed company (France) and Médias and Régies Europe SA (France)
- Censor of Degremont SA (France)
- Censor of SIACI - SAINT HONORE (France)

Appointments and functions expiring in the course of the last five financial years

- Chairman of the Board of Directors of SGIM SA
- Member of the Supervisory Board of SIACI SA (2007)
- Managing Partner of Rothschild & Cie Banque and Rothschild & Cie SCS
- Chairman of theme channel Histoire SA
- Director of Mercapital SA and Cofide SA (2007)

- Sensor and member of the Supervisory Board of Francarep SA and Paris Orléans SA
- Director of Éditions Atlas SA

Guy de PANAFIEU

Number of company shares held: 100.

Biography and principal functions outside the Company

Guy de Panafieu is Senior Advisor to Calyon Corporate and Investment Bank, Chairman of the India Committee of Medef International and Deputy Chairman of the Business and Industry Advisory Committee (BIAC) of the OECD. He was Chairman of the BULL Group from 1997 to 2001. From 1983 to 1997 he worked in the Lyonnaise des Eaux group, in various management posts and latterly as Deputy Chairman and Managing Director.

From 1968 to 1982 he worked in the Ministry of Economics and Finance with various responsibilities in the department of foreign trade and international economic relations. From 1978 to 1981 he was a technical adviser to the French President on questions of international economics. He is a graduate of the Institut d'études politiques de Paris, a graduate in humanities and economics and a former finance inspector general.

Appointments and duties

- Member of the Supervisory Board and Chairman of the Audit Committee of Métropole Télévision - M6 SA
- Director of SANEF SA, a listed company (France)
- Director of Médica SA, a listed company (France)

Appointments and functions expiring in the course of the last five financial years

- Member of the Supervisory Board of IDI
- Chairman of the Supervisory Board of Gras-Savoie SA

Jean LAURENT

Number of company shares held: 110.

Biography and principal functions outside the Company

Jean Laurent is a civil aeronautical engineer (École Nationale Supérieure de l'Aéronautique) and holds a Master of Science degree from Wichita State University (USA). His entire career has been with the Crédit Agricole Group. He was successively Deputy Director of the Caisse Régionale de Toulouse and of the Caisse Régionale du Loiret, before being appointed Deputy Managing Director of the Caisse Régionale de Paris and d'Ile-de-France. He joined CNCA as Central Director in 1993 and was Deputy Managing Director from 1994 to 1999. He was Managing Director of Crédit Agricole from 1999 to September 2005 and Chairman of Calyon from 2000 to May 2009, as well as Director of Crédit Agricole Indosuez (which became Calyon in May 2004) since 1997.

Jean Laurent was Chairman of the Board of Directors of Crédit Lyonnais from 2003 to the end of 2005. He is also a member of the Executive Committee of the Fédération Bancaire Française (FBF), of which he was the first Chairman (from January 2001 to June 2002).

Appointments and duties

- Member of the Supervisory Board and member of the Audit Committee Métropole Télévision - M6 SA
- Vice-Chairman of the Supervisory Board and Chairman of the Audit Committee of Eurazeo SA, a listed company (France)

Director, Chairman of the Corporate Responsibility Committee and Member of the Appointment and Remuneration Committee of Danone SA, a listed company (France)

- Chairman of the Board of Directors of Institut Europlace de Finance (Non-profit organisation as per the Law of 1901)
- Director of Crédit Agricole Egypt SAE
- Director of Unigrains SA (France)
- Chairman of the Supervisory Board of Foncière des Régions SA, (France)

Appointments and functions expiring in the course of the last five financial years

- Chairman of the Board of Directors of CALYON
- Director and Vice-Chairman of Banco Espirito Santo SGPS (Portugal)
- Director of Banca Intesa SPA (Italy),
- Chief Executive Officer and Chairman of the Executive Committee of Crédit Agricole S.A. Deputy CEO of Caisse Nationale de Crédit Agricole
- Chairman of the Board of Directors of Crédit Lyonnais SA
- Member (Associations Loi 1901) of the Executive Committee of Fédération Bancaire Française, the Council of Association Française des Banques and Paris- Europlace, the Bureau of the Association Française des Etablissements de crédits et des entreprises d'investissements
- Vice-Chairman of Banca Intesa
- Chairman of Pôle de Compétitivité Finance Innovation

Rémy SAUTTER

Number of company shares held: 690.

Biography and principal functions outside the Company

Rémy Sautter has a law degree and is a graduate of the Paris Institut d'Études Politiques and of the École Nationale d'Administration. He began his career in the Caisse des Dépôts and Consignations (1971-1981) before being appointed technical advisor on Financial and Budgetary Matters in the Ministry of Defence (1981-1983).

He then worked as Finance Director of Agence Havas from 1983 to 1985 and Deputy Chairman and Managing Director of RTL Radio until 1996. Rémy Sautter was Managing Director of CLT-UFA until 2000 and Chairman and Managing Director of RTL Radio until 2002, since December 2002 he has been Chairman of the Supervisory Board of Ediradio that operates RTL Radio.

Appointments and duties

- Member of the Supervisory Board and member of the Audit Committee Métropole Télévision - M6 SA
- Chairman of the Supervisory Board of Immobilière Bayard d'Antin SA (France)
- Chairman of the Supervisory Board of Ediradio RTL - SA (RTL/RTL2/FUN RADIO (France)
- Director of SERC -Fun Radio SA (France)
- Director of SASP Football Club des Girondins de Bordeaux
- Director of PagesJaunes SA (France)
- Director of Partner Reinsurance Ltd (France)
- Director of Technicolor SA (France)
- Censor of H.G.L. gestion
- Director of TVI SA (Belgium)
- Permanent Representative of CLT-UFA, Director of SODERA SA (RTL2)
- Permanent Representative of Ediradio, Director of IP France SA
- Permanent Representative of Bayard d'Antin, Director of IP régions SA.

Appointments and functions expiring in the course of the last five financial years

- Director of FIVE/Channel 5 Television Group Ltd (2010)
- Chairman and Chief Executive Officer of Ediradio SA
- Director of Wanadoo SA, IP France (2007), IP Régions (2007) and SODERA (2007)
- Chairman of Sicav "multimédia and technologies" (2006)
- Chairman of FIVE/Channel 5 Television Group Ltd (2009)
- Director of INSERT (2008) and NAVIMO (Duke Street Capital)(2009)
- Director of Taylor Nelson Sofres Ltd (2008)

Gerhard ZEILER

Number of company shares held: 100.

Biography and principal functions outside the Company

Gerhard Zeiler was appointed by Bertelsmann as CEO of RTL Television in November 1998 and continued in this capacity until March 2003, when he was appointed CEO of the RTL Group. In

September 2005 he decided to concentrate exclusively on his work in the RTL Group. As CEO of the RTL Group, Gerhard Zeiler is also a member of the Supervisory Board of M6 France. Since October 2005 he has also been a member of the Executive Board of Bertelsmann AG, the main shareholder in RTL Group.

In August 2006, the Board of Directors of RTL Group renewed Gerhard Zeiler's contract as CEO until May 2011. Gerhard Zeiler began his career as a journalist before becoming spokesman for the Austrian Minister for Education and the Arts, retaining this position when the Minister became Federal Chancellor of Austria in 1983. Then he became Secretary General of the Austrian public broadcaster ORF from 1986 to 1990. After two years as CEO of Tele 5 and another two as CEO of RTL 2, he was appointed CEO of ORF in 1994, where he remained until November 1998.

Appointments and duties

- Member of the Supervisory Board and member of the Remuneration and Appointment Committee of Métropole Télévision - M6 SA
- Director and Deputy-Director of RTL Group SA and CLT-UFA SA (Luxembourg)
- Member of the Supervisory Board of RTL Television GmbH (Germany) and of RTL Radio Deutschland GmbH (Germany)
- Vice-Chairman of the Board of Directors of Alpha Satellite Television SA and Plus Productions SA (Greece)
- Permanent Representative of CLT-UFA SA, Director of Ediradio SA (France)
- Member of the Executive Board Bertelsmann AG (Germany)

Appointments and functions expiring in the course of the last five financial years

- Manager of RTL Group Deutschland GmbH and UFA Film-Und Fernseh GmbH (Germany)
- Chairman of the Board of Directors of Broadcasting Center Europe SA, Channel 5 Television Ltd and of Freemantle Média SA
- Member of the Supervisory Board of Nachrichtenfernsehen Beteiligungs- GmbH (N-TV) and of Ediradio SA
- Vice-Chairman of the Board of Directors of Alpha Radiofoniki SA, Alpha Radiofoniki Kronos SA and Cosmoradiotileoptiki SA (Greece)
- Vice-Chairman of the Board of Directors of M-RTL ZRT (Hungary)
- Member of the Supervisory Board of RTL Nederland Holding BV (Netherlands).

Philippe DELUSINNE

Number of company shares held: 100.

Biography and principal functions outside the Company

Philippe Delusinne began his career in 1982 as Account Executive for Ted Bates. He then joined Publicis as Account Manager. In 1986, he transferred to Impact FCB as Client Service Director. In 1988, he was appointed Deputy General Manager at McCann Erickson and in 1993 became Chief Executive Officer of Young & Rubicam. Philippe Delusinne has been Chief Executive Officer of RTL Belgium since March 2002.

Appointments and duties

- Member of the Supervisory Board of Métropole Télévision - M6 SA
- Deputy CEO of RTL Belgium SA, Radio H,
- Deputy CEO of Cobelfra SA (Radio Contact) and JOKER FM SA (for CLT-UFA represented by Ph Delusinne)
- Managing Director of CLT-UFA Belgian Broadcasting
- Chairman of IP Plurimedia SA,
- Chairman of New Contact SA (pour CLT-UFA represented by Ph Delusinne)
- Chairman of INADI SA, CLT-UFA SA, Home Shopping Service Belgique SA and BeWeb SA,
- Director of Association pour l'Autorégulation de la Déontologie Journalistique
- Chairman of Association des Télévisions Commerciales Européennes (A.C.T.) since June 2009.
- Member of the Conseil Supérieur de l'Audiovisuel (Belgium)
- Vice-Chairman of B.M.M.A. (Belgian Management & Marketing Association)
- Chairman of Théâtre Royal de La Monnaie

- Independent Director of CFE SA, FRONT SA

Appointments and functions expiring in the course of the last five financial years

- Director of Media Corner S.A, Contact SA and Carrefour Belgium SA
- Chairman of the Board of Directors of IP Belgium SA, TVI Services S.A., Ariane Music SA, Belga Films SA and of Tournesol Conseils SA

Vincent de DORLODOT

Number of company shares held: 100.

Biography and principal functions outside the Company

Vincent de Dorlodot was appointed General Counsel of the RTL Group in April 2000. A law graduate from Louvain University (Belgium) and Leiden University (Netherlands), Vincent de Dorlodot also holds a Masters in law from Duke University (USA). He began his career in 1990 as a lawyer with Brandt, Van Hecke and Lagae (now Linklaters). He later joined the Bruxelles Lambert Group as a legal advisor in 1995 before joining the RTL Group in 2000.

Appointments and duties

- Member of the Supervisory Board of Métropole Télévision - M6 SA
- General Counsel of RTL Group S.A
- Chairman of the Board of Directors of B & CE SA (Luxembourg)
- Director of Audiomédia Investments SA; CLT UFA SA, RTL Group Germany SA; RTL Group Central and Eastern Europe SA (Luxembourg) and of Soparad Holding SA

Appointments and functions expiring in the course of the last five financial years

- Director of Sportfive SA (France); IP Polska SP ZOO (Poland); Alpha Radiofoniki Kronos SA; Alpha Satellite Télévision SA; Cosmoradiotileoptiki SA and of Plus Productions SA (Greece)

Andrew BUCKHURST

Number of company shares held: 100.

Biography and principal functions outside the Company

Andrew Buckhurst, a British national, began his professional career in the UK with Ernst & Young as a Chartered Accountant. He subsequently joined AEA Technology as a Financial Analyst. In 1995, he was Treasury Controller for the ORIFLAME International Group in Belgium, prior to being appointed Regional Financial Controller in Athens. He joined RTL Group in August 2000 as Financial Controller. From 2003 to 2006, he headed the External Communication Department in addition to his duties as Investor Relations Officer. Andrew Buckhurst is Deputy CFO of RTL Group, in charge of investor relations.

Appointments and duties

- Member of the Supervisory Board of Métropole Télévision - M6 SA
- RTL Group Senior Vice-President Investor Relations
- Director of Bertelsmann Capital Investment SA
- Director of Bertelsmann Digital Média Investments SA
- Director of CLT-UFA UK Television Ltd
- Director of Hei Elei Film Production S.A.
- Manager of Bertelsmann Investments Luxembourg Sàrl
- Manager of BMG RM Investments Luxembourg Sàrl

Appointments and functions expiring in the course of the last five financial years

- Member of the Supervisory Board of M- RTL zrt
- Director of Channel 5 Broadcasting Limited until 23 July 2010

Elmar HEGGEN

Number of company shares held: 100.

Biography and principal functions outside the Company

Elmar Heggen, a German national, graduated from the European Business School and with an MBA in Finance. He began his career in 1992 with the Félix Schoeller group. He became Deputy Chairman and Managing Director of Felix Schoeller Digital Imaging in the United Kingdom in 1999 and joined the Head Office of the RTL Group in 2000 as Deputy Chairman of mergers and acquisitions. In January 2003 he was named Senior Deputy Chairman of Investment and Control activities and fulfilled the role of Deputy Chairman of control and strategy from July 2003 to December 2005. As a member of RTL Group's Management team from January 2006, Elmar Heggen was in charge of the group's operational development in emerging markets in Southern, Central and Eastern Europe, in radio activity and the Belgian market. Since 1 October 2006, Elmar Heggen is the Chief Financial Officer and Chairman of Corporate Center of RTL Group.

Appointments and duties

- Member of the Supervisory Board and Member of the Audit Committee Métropole Télévision - M6 SA
- Chief Financial Officer, Head of Corporate Center and Luxembourg Activities RTL Group SA
- Deputy Director of RTL Group Central and Eastern Europe SA (Luxembourg)
- Chairman of the Board of Directors of Broadcasting Center Europe SA (Luxembourg); Média Assurances SA (Luxembourg); Audiomédia Investments SA (Belgium); FremantleMedia SA (Luxembourg)
- Chairman of the Supervisory Board of RTL Nederland Holding BV (Netherlands)
- Director of CLT UFA SA (Luxembourg); RTL Group Germany SA (Luxembourg); of RTL 9 SA (Luxembourg), Content Union SA (Luxembourg) (company sold on 27 July 2010); of RTL Belgium SA (Belgium); INADI SA (Belgium); Immobilière Bayard d'Antin SA (France); Antena 3 de Television SA (Spain); Alpha Satellite Television SA and Plus Productions SA (Greece) and of RTL TV Doo (Serbia)
- Member of the Supervisory Board of: Ediradio SA (France) as representative of the company Immobilière Bayard d'Antin SA
- Permanent Representative of Immobilière Bayard d'Antin, Director of France SA (France)
- Manager of RTL Radio Deutschland GMBH (Germany); RTL Radio Berlin GMBH (Germany); RTL Group Services GmbH (Germany); UFA Film und Fernseh GmbH (Germany); RTL Group Vermögensverwaltung GmbH (Germany); RTL Group Deutschland GmbH (Germany); RTL Group Central and Eastern Europe GmbH (Germany); RTL Television GmbH (Germany)
- Member of the Management Committee of Média Properties Sarl (Luxembourg)
- Director of Bertelsmann Capital Investment (S.A.), (Luxembourg)

Appointments and functions expiring in the course of the last five financial years

- Director of Sportfive SA (France), Média Capital SA (Portugal), M-RTL zrt (Hungary) and of Radio H S.A. (Belgium); Alpha Radiofoniki SA, Alpha Radiofoniki Kronos SA and Cosmoradiotileoptiki SA (Greece), Media Holding Ren TV (Russia), Content Union S.A. (company sold on 27 July 2010)
- Manager of RTL Radiovermarktung GmbH & Co KG (Germany); S5 SARL (Luxembourg)
- Chairman of the Supervisory Board of RTL Hrvatska Doo (Croatia)

Delphine ARNAULT-GANCIA

Number of company shares held: 200

A graduate of EDHEC and the London School of Economics and Political Science, Delphine Arnault-Gancia, 34 years old, started her career as a consultant for the McKinsey practice, before she joined the John Galliano company as Head of Development. She is currently Deputy CEO of Dior Couture.

Appointments and duties

- Member of the Supervisory Board of Métropole Télévision - M6 SA
- Director of LVMH Moët Hennessy – Louis Vuitton SA, a listed company (France)

- Member of the Supervisory Board of Les Echos SAS (France)
- Director of Société Civile Cheval Blanc (France)
- Director of Emilio Pucci Srl (Italy)
- Director of Emilio Pucci international B.V (Netherlands)
- Director of Loewe SA (Spain)
- Member of the Board of Directors of Etablissement public Sèvres – Cité de la céramique

Appointments and functions expiring in the course of the last five financial years

- Chairman of the Board of Directors of Calto Srl (Italy)
- Chairman of the Board of Directors of ManifatturaUno Srl (Italy)

Members of the Supervisory Board whose co-option is subject to approval by the Annual General Meeting of 4 May 2011

Gilles SAMYN

Number of company shares held: 100.

Biography and principal functions outside the Company

Gilles Samyn, a French and Belgian national, is a sales engineer graduate from École de Commerce de Solvay (Université Libre de Bruxelles, Belgium). He is currently the Managing Director of FRERE Group and Deputy Chairman and Managing Director of COMPAGNIE NATIONALE A PORTEFEUILLE SA (CNP).

Appointments and duties

- Member of the Supervisory Board and member of the Remuneration and Appointments Committee of Métropole Télévision - M6 SA
- Deputy Director of Frère-Bourgeois SA (Belgium), Belholding Belgium SA (Belgium), Carpar SA, Erbe SA (Belgium), Europart SA, Fibelpar SA, Financière de la Sambre SA (Belgium), Fingen SA, Investor SA and of Société des Quatre Chemins SA
- Chairman of Distripar SA, Erbe Finance SA, Financière FLO SA, Groupe FLO SA, Groupe Jean Dupuis SA, Helio Charleroi Finance SA, Kermadec SA, Solvay Alumni ASBL, Swilux SA, Transcor Astra Group SA and of Unifem SAS
- Vice-Chairman and Deputy Director of Compagnie Nationale à Portefeuille SA (Belgium)
- Director of Acide Carbonique Pur SA, Affichage Holding SA, AOT Holding SA, Banca Leonardo SpA, Belgian Sky Shops SA, Cheval des Andes (formerly Opéra Vineyards SA), Entremont Alliance SAS, Filux SA, Gesecalux SA, Grand Hôpital de Charleroi ASBL, Groupe Bruxelles Lambert SA (Belgium), Société Civile du Château Cheval Blanc (France), Pargesa Holding SA (Switzerland), Stichting Administratiekantoor Frère-Bourgeois (Belgium), Newcor SA, and of TTR Energy SA
- Representative of Société des Quatre Chemins SA, Chairman of the Board of Directors of Finimpress SA, Compagnie Immobilière de Roumont SA, Chairman of the Board of Directors of Transcor Energy SA
- Commissaris of Agesca Nederland NV and Parjointco NV

Appointments and functions expiring in the course of the last five financial years

- Member of the Supervisory Board of Bertelsmann AG (2006)
- Chairman of Centre de Coordination de Charleroi SA (2010)
- Director of Eiffage SA (2007), LYPARIS SA (2010), Mesa SA (2007), RTL Group SA (2006), Swifin SA (2008), The Polaris Centre ASBL (2006), Tikehau Capital Advisors SAS (2010)
- Chairman and Deputy Director of Manoir de Roumont SA (2009)
- Censor of Marco Polo Capital SA (2009)
- Commissaris of Frère-Bourgeois Holding BV (2009)
- Liquidator of Loverfin SA (2007)

IMMOBILIERE BAYARD D'ANTINRepresented by Christopher BALDELLI

Number of company shares held by the company: 62,447,621.

Number of company shares held by its representative: 9,687.

Biography and principal functions outside the Company of the individual representing the legal entity

A former student of Ecole Normale Supérieure and a graduate of the Paris Institut d'Etudes Politiques, Christopher Baldelli served from 1994 to 1997 successively as an Advisor as part of the French Budget Minister's staff, the Communication and Culture Minister's staff, and lastly as part of the Prime Minister's staff. He subsequently acted as Head of Strategy at Lagardère Group's head office (Media industry) from 1997 to 1998, before being appointed CEO of the "La Provence" daily newspaper (Lagardère Group) in 1999. From 1999 to 2002, Christopher Baldelli held the position of Deputy CEO of France 2, and was subsequently appointed CEO in 2002, a position he held until 2005. He then joined M6 Group in 2006 as Chairman of M6 Thématique (W9, Paris Première, TEVA and the M6 Music, TF6, Série Club channels) before he was appointed Chairman of the Executive Board of Ediradio in August 2009 and Chairman of the Board of Directors or Manager of RTL Group radios (RTL2, FUN Radio, Information & Diffusion, etc.).

Appointments and duties

- Permanent Representative of Société Immobilière Bayard d'Antin, member of the Supervisory Board of Métropole Télévision-M6 SA
- Chairman of the Executive Board of EDIRADIO-RTL SA (France)
- Chairman of the Executive Board of IP France SA, of Société d'Exploitation Radio Chic "SERC" SA (France), and Société De Radio Diffusion "SODERA" SA (France)
- Chairman of RTL NET SAS (France)
- Director of CLT-UFA SA
- Permanent Representative of Société Immobilière Bayard d'Antin S.A. in Médiamétrie
- Permanent Representative of IP France to the Board of IP Régions SA
- Co-Manager of Information & Diffusion SARL, Société Commerciale de Promotion and Publicité SARL, RTL SPECIAL MARKETING SARL

Appointments and functions expiring in the course of the last five financial years

- Chief Executive Officer of France 2
- Director of France Télévision Publicité
- Chairman and Chief Executive Officer of France Télévision Image 1 (Sofica)
- Chairman of M6 Thématique SAS, Sedi-TV SAS, Studio 89 Productions SAS, W9 Productions SAS
- Chairman and Chief Executive Officer of Paris Première SA and TCM Gestion SA
- Chairman of the Board of Directors of TF6 Gestion SA and of Extension TV SA
- Chief Executive Officer of Métropole Production SA
- Permanent Representative of:
 - a. TCM Gestion SA in capacity of Manager of TCM DA SNC
 - b. M6 Thématique SAS in capacity of Managing Partner of Edi TV SNC, Fun TV SNC
 - c. M6 Thématique SAS in capacity of Chairman of Fun TV SAS, Paris Première SAS and M6 Communication SAS
 - d. Edi-TV (SNC) and Paris Première (SAS) in their capacity as members of the Shareholders' Committee of Multi 4 SAS
 - e. Paris Première SAS in capacity of Chairman of M6 Numérique SAS Métropole Production SA in capacity of Director of C. Productions SA
 - f. M6 Films SA in capacity of Director of Métropole Production SA

13.2.2. Operation of the Supervisory Board

The Supervisory Board exercises permanent control over the management of the Company and subsidiaries by the Executive Board and grants the latter the prior approval for transactions that it may

not perform without such authorisation.

Throughout the year, the Supervisory Board performs whatever verifications and checks it considers appropriate and may call for any documents it requires to fulfil its tasks.

13.2.2.1. [Internal regulations](#)

At its first meeting on 26 May 2000, the Supervisory Board adopted its own internal regulations to detail and complete the Company bylaws so that they now cover its own organisation and functions, in particular regarding its committees.

Reaffirming its commitment to corporate governance, the Supervisory Board, at its meeting on 30 April 2003, completed its own internal regulations to ensure it has the ability and resources to operate efficiently in the service of the Company and its shareholders.

In its meeting on 6 May 2008, the Supervisory Board proceeded with a revision to its internal regulations with the more detailed text including best practices.

The internal regulations of the Supervisory Board cover the role and arrangements of operations of the Board and its committees according to the Law, Métropole Television's bylaws and the corporate governance regulations applicable to listed companies included in the code issued by the AFEP – MEDEF in December 2008.

In the first article, it covers the status and duties of members of the Board:

- obligations imposed by law and the bylaws on the status of members of the Supervisory Board;
- the conditions of presence, the criteria of competence and independence;
- obligations in respect of securities of the Company;
- the duty of confidentiality.

The regulations detail the rules of operation and the methods of Board meetings:

- notices, frequency and holding of meetings;
- secretary to the Board and preparation of Minutes.

It describes the principles of how the Board exercises its powers and the means to carry them out:

- expertise of Committees;
- access and communication of information.

The internal Regulations of the Board are also the internal Regulations of its Committees:

- the composition of the Board's various Committees, Audit Committee and the Remuneration and Appointments Committee;
- the rules of operation, the definition of assignments and the functions of the various Board's Committees.

13.2.2.2. [Assessment of the Supervisory Board](#)

The Board reviews its own *modus operandi* once a year at one of its meetings.

In 2010, a questionnaire was handed out to each member to assess the Supervisory Board's operating rules, which each member filled out anonymously.

The following emerged from the review:

- the Board benefits from the independence necessary to carry out its mission,
- member participation in discussions is of good quality,
- the information available to Board members is satisfactory owing to the quarterly operating report from the Executive Board and the work of the Committees, the provision of background files prior to every Board meeting and attendance of Executive Board members at meetings,
- the work of the specialised Committees is carried out in a comprehensive and thorough manner.

The Board has examined the qualifications of each of its members, in order to validate the list of independent directors.

The Supervisory Board meets as often as required in the interests of the Company and at least once a quarter. It met five (5) times in 2010 and the overall attendance rate was 87.7%.

13.2.2.3. Company shares held by members of the Supervisory Board

In accordance with Company bylaws, the members of the Supervisory Board of Métropole Télévision must each hold at least 100 shares in the Company.

13.2.2.4. Directors' fees

The Combined General Meeting on 4 May 2010 allocated €180,000 for attendance fees to be shared among the members of the Supervisory Board.

This is a maximum amount, the full payment of which is subject to the achievement of an attendance rate of 100%.

On proposal from the Remuneration Committee, total directors' fees are now apportioned as follows:

- a **fixed share** corresponding to 75% of the total, being €135,000, to be paid pro rata temporis of the effective term of office over the financial year and reflecting the responsibilities assumed within the Supervisory Board, and,
- a **variable share** corresponding to 25% of the total, being €45,000, to be apportioned based on attendance at Board and Committee meetings during the financial year.

In 2010, attendance fees were allocated as follows:

Theoretical individual allocation of fees	Scale	Number of persons concerned	Total
Chairman of the Supervisory Board	€18,000	1	€18,000
Chairmen of Committees	€12,375	2	€24,750
Members of Committees	€10,350	5	€51,750
Other members of the Board	€8,100	5	€40,500
Fixed part			€135,000
Variable part of total amount to be allocated			€45,000
Total			€180,000

Given the attendance rate of Board members and their effective terms of office, attendance fees of €164,348 were apportioned for 2010.

The Management Report details the attendance fees actually paid to individual members of the Supervisory Board (see paragraph 13.3.4 of the Management Report).

13.2.3. Committees of the Supervisory Board

The Supervisory Board has had the following two Committees since it was established in 2000:

- The Audit Committee
- The Remuneration and Appointments Committee

13.2.3.1. Audit Committee

The Audit Committee, first set up in 2000, has a minimum of three and a maximum of five members chosen by the Supervisory Board from among its own members other than the Chairman of the Board, including at least two (2) among independent members, for the duration of their appointment as member of the Supervisory Board.

Its members were the following:

Members of the Audit Committee		Date of first appointment	Expiry date of appointment	Attendance rate 2010
Guy de Panafieu *	Chairman of the Committee	18 February 2004	2012	100%
Remy Sautter	Member	26 May 2000	2012	75%
Elmar Heggen	Member	22 November 2006	2012	25%
Jean Laurent *	Member	06 May 2008	2012	75%

* Independent member

It meets at least twice a year and has the following responsibilities:

- as concerns the monitoring of the process of preparation of financial and accounting information:
 - monitoring of system architecture used to prepare both historic and forecast accounting and financial information;
 - review of accounting and financial information, in particular the accounting reflection of significant events or complex transactions which had an incidence on the financial statements;
 - monitoring of the press release preparation process on publication of the full-year and half-year financial statements and quarterly reporting;
- as concerns the monitoring of internal control and risk management system efficiency:
 - assess the Group's internal control systems with internal control officers;
 - ensure internal control and risk management systems are efficient;
 - monitor how the weaknesses and malfunctions identified and corrective actions are taken into consideration.
- as concerns the monitoring of the legal audit:
 - ensure the legal audit of parent company and consolidated financial statements is carried out by the Statutory Auditors;
 - review the Statutory Auditors' findings in order to get a better understanding of major areas of risk or uncertainty in the parent company and consolidated financial statements, their audit approach or the difficulties they may have encountered.
 - evaluate the candidates put forward for appointment as Statutory Auditors, their remuneration and appropriateness in light of assignments;
 - ensure the Alternate Statutory Auditors are effectively involved;
- as concerns the monitoring of the Statutory Auditors' independence:
 - monitoring of compliance by the Statutory Auditors with provisions relative to inconsistencies with their duties, as provided by their professional rules;
 - monitoring the disclosure of information on services provided in respect of due diligence directly related to their assignment.

The Committee met four times in 2010 and the overall attendance rate was 69%.

In 2010, the work of the Committee included:

- review of the annual financial statements;
- review of the half-year and quarterly financial statements at 30 June and 30 September, respectively;
- 2011 budget;
- validation of the registration document;
- the treasury position and the working capital requirements of the Group;
- follow-up on internal control assignments for the year;
- review of risk analysis;
- 2010 assignments and fees of the Statutory Auditors and the 2010-2011 audit plan;

- review of the audiovisual rights portfolio;
- review of intragroup transaction price;
- report on the financial reporting system;
- follow-up of financial reporting

In the course of this work the Audit Committee consulted with the Statutory Auditors, the CFO and his principal associates. To ensure that the Audit Committee is working efficiently, a detailed file is prepared by the Company's financial staff.

On this basis, the Audit Committee makes recommendations to the Executive Board regarding financial reporting, as well as financial, accounting or taxation issues that the company may have to face.

The Audit Committee presents the conclusions of its deliberations to the Supervisory Board at the meetings to discuss the half-yearly and annual financial statements.

13.2.3.2. Remuneration and Appointments Committee

The Remuneration and Appointments Committee, first set up in 2000, is made up of a minimum of two and a maximum of five members, which are selected from the members of the Supervisory Board other than the chairman of the Board of which half are selected from the independent members and their appointment lasts for the duration of their term of office as members of the Supervisory Board.

Members of the Remuneration and Appointments Committee are the following:

Members of the Remuneration and Appointments Committee		Date of first appointment	Expiry date of appointment	Attendance rate 2010
G�rard Worms *	Chairman of the Committee	26 May 2000	2012	100%
Gerhard Zeiler	Member	30 April 2003	2012	100%
Gilles Samyn *	Member	10 March 2009	2011	100%

* Independent member

It meets at least once a year to:

- make proposals for the remuneration of members of the Supervisory Board and of the Executive Board;
- examine the proposal(s) for the allocation of stock options and free shares to members of the Executive Board and executives;
- consider every candidate for appointment or replacement of any member of the Executive and the Supervisory Board, that ensuring the concept of an independent member of the Supervisory Board is complied with.

For each of its meetings, the Remuneration and Appointments Committee is provided with a file prepared by the Company to give the clearest possible insight into the implications of its decisions.

The Committee met twice in 2010, on 4 March 2010 and 23 July 2010 with a 100% attendance rate.

At these meetings the Committee decided on:

- the composition of the Executive Board, given that the term of office of its members was expiring;
- the terms and conditions of fixed, variable and exceptional remuneration of Executive Board members and relevant disclosure implemented in accordance within the recommendations of the AFEP-MEDEF Code;
- the terms and conditions of exceptional additional contribution to the employee profit sharing scheme;
- the terms and conditions of allocation of free shares and the list of beneficiaries.

The Committee met on 4 March 2010. At this meeting, it specifically expressed its support for maintaining Nicolas de Tavernost's employment contract, justifying the non-compliance with the AFEP-MEDEF recommendations on the basis of his many years of service and his personal contribution to the

development of the Group since its creation and its reputation as a major French media player. This was put forward in the Report of the Chairman of the Supervisory Board on internal control and risk management for the 2010 financial year.

13.3. Board members' remuneration and fringe benefits

In application of Article L. 225-102-1, paragraphs 1 and 2 of the Commercial Code, the total remuneration received by the Group's Board members, including fringe benefits was as follows, it being noted that the chapter was prepared with the assistance of the Remuneration Committee.

13.3.1. Executive Board members' remuneration and fringe benefits

Eric d'Hotelans' term of office as member of the Executive Board terminated at the Supervisory Board meeting on 25 March 2010. Jérôme Lefébure was appointed as member of the Executive Board for a term of five years at the same meeting.

13.3.1.1. Policy to determine the fixed and variable remuneration of the members of the Executive Board

The remuneration of the members of the Executive Board is provided by the parent company Métropole Télévision, with the exception of Catherine Lenoble whose salary is paid by M6 Publicité.

The fixed remuneration of members of the Executive Board is paid monthly over 12 months for Nicolas de Tavernost, Board member, and over 13 months for Thomas Valentin, Eric d'Hotelans, Catherine Lenoble and Jérôme Lefébure, who are also salaried employees. It includes the value of company cars as a benefit in kind

The variable remuneration, which is limited to a maximum amount for each member of the Executive Board, comprises two elements:

- Additional remuneration is based on the level of achievement of consolidated EBITA objectives of the Group, as defined by the Supervisory Board. As concerns Catherine Lenoble, this remuneration is calculated by reference to the net annual advertising revenue for M6 Publicité;
- The remuneration for a member of the Executive Board is determined by the Supervisory Board as a function of audience criteria calculated for all channels held by the M6 Group, and as a criterion of relative audience share.

The expected level of quantitative criteria for additional remuneration is not disclosed on the grounds of confidentiality.

13.3.1.2 Summary of remuneration:**Nicolas de Tavernost (Chairman of the Executive Board)**

	2009		2010	
	Amounts paid (€) (2)	Amounts due (€)	Amounts paid (€) (2)	Amounts due (€)
Fixed remuneration	850,008	850,008	925,008	925,008
Variable remuneration (2)	467,607	791,644	791,644	932,900
Exceptional remuneration (3)			1,125,000	
Directors' fees				
<i>Sub-total paid</i>	<i>1,317,615</i>	<i>1,641,652</i>	<i>2,841,652</i>	<i>1,857,908</i>
Benefits in kind (1)	7,397	7,397	7,311	7,311
TOTAL	1,325,012	1,649,049	2,848,963	1,865,219

*(1): company car provided**(2): variable remuneration due in respect of a year is paid the following year**(3): The Supervisory Board approved the payment of exceptional remuneration for the benefit of Nicolas de Tavernost, given his involvement in the effective disposal of the shares in Canal+ France, originating from the merger of TPS and CanalSat negotiated in December 2005. This disposal led to the collection of €384.2 million and generated a net capital gain of €303 million recognised between 2006 and 2009***Thomas Valentin (Vice-Chairman of the Executive Board)**

	2009		2010	
	Amounts paid (€) (2)	Amounts due (€)	Amounts paid (€) (2)	Amounts due (€)
Fixed remuneration	450,008	450,008	495,001	495,001
Variable remuneration (2)	285,564	483,782	483,782	540,100
Exceptional remuneration (3)			200,000	
Directors' fees				
<i>Sub-total paid</i>	<i>735,572</i>	<i>933,790</i>	<i>1,178,783</i>	<i>1,035,101</i>
Benefits in kind (1)	6,627	6,627	6,064	6,064
TOTAL	742,199	940,417	1,184,847	1,041,165

*(1): company car provided**(2): variable remuneration due in respect of a year is paid the following year**(3): The Supervisory Board approved the payment of exceptional remuneration for the benefit of Thomas Valentin, given his involvement in the effective disposal of the shares in Canal+ France, originating from the merger of TPS and CanalSat negotiated in December 2005. This disposal led to the collection of €384.2 million and generated a net capital gain of €303 million recognised between 2006 and 2009*

Catherine Lenoble (member of the Executive Board)

	2009		2010	
	Amounts paid (€) (2)	Amounts due (€)	Amounts paid (€) (2)	Amounts due (€)
Fixed remuneration	290,265	290,265	320,008	320,008
Variable remuneration (2)	85,268	123,500	123,500	186,580
Exceptional remuneration				
Directors' fees				
<i>Sub-total paid</i>	<i>375,533</i>	<i>413,765</i>	<i>443,508</i>	<i>506,588</i>
Benefits in kind (1)	3,534	3,534	3,534	3,534
TOTAL	379,067	417,299	447,042	510,122

(1): company car provided

(2): variable remuneration due in respect of a year is paid the following year

Jérôme Lefébure (member of the Executive Board)

	2009		2010	
	Amounts paid (€) (2)	Amounts due (€)	Amounts paid (€) (2)	Amounts due (€)
Fixed remuneration	240 110	240 110	265 005	265 005
Variable remuneration (2)	64 514	99 361	99 361	168 904
Exceptional remuneration (3)			130 000	
Directors' fees				
<i>Sub-total paid</i>	<i>304 624</i>	<i>339 471</i>	<i>494 366</i>	<i>433 909</i>
Benefits in kind (1)	4 222	4 222	4 600	4 600
TOTAL	308 846	343 693	498 966	438 509

(1): company car provided

(2): variable remuneration due in respect of a year is paid the following year

(3): The Supervisory Board approved the payment of exceptional remuneration for the benefit of Nicolas de Tavernost, given his involvement in the effective disposal of the shares in Canal+ France, originating from the merger of TPS and CanalSat negotiated in December 2005. This disposal led to the collection of €384.2 million and generated a net capital gain of €303 million recognised between 2006 and 2009

Pursuant to Article L. 225-102-1, paragraph 1 and paragraph 2 of the Commercial Code, information relative to Eric d'Hotelans' remuneration as member of the Executive Board until 25 March 2010 is disclosed below:

Eric d'Hotelans

	2009		2010	
	Amounts paid (€) (2)	Amounts due (€)	Amounts paid (€) (2)	Amounts due (€)
Fixed remuneration	290,004	290,004	315,003	315,003
Variable remuneration (2)	97,078	162,727	162,727	160,797
Exceptional remuneration				
Directors' fees				
<i>Sub-total paid</i>	<i>387,082</i>	<i>452,731</i>	<i>477,730</i>	<i>475,800</i>
Benefits in kind (1)	3,838	3,838	4,633	4,633
TOTAL	390,920	456,569	482,363	480,433

(1): company car provided

(2): variable remuneration due in respect of a year is paid the following year

13.3.1.3. Benefits subsequent to term of office

All members of the Executive Board cumulate an employment contract with a term of office as Director, noting that the employment contract of the Chairman of the Executive Board has been suspended since 6 December 1990. The Supervisory Board decided on 10 March 2009 to maintain the suspension of the employment contract of Nicolas de Tavernost until the expiry of his term of office as Chairman of the Executive Board.

In addition, on the same subject and under the same conditions as Group employees, the members of the Executive Board benefit from a legal end of career payment.

Moreover, since July 2007, the members of the Executive Board benefit, as do all senior executives of the Group, from a supplementary and compulsory pension scheme of defined contribution that enables the establishment of an individual retirement account to finance the payment of a life-time annuity.

Employer contributions recognised by the Company during the 2010 financial year in respect of retirement commitments were as follows:

Name	Amount paid
Nicolas de Tavernost	€13,837.56
Thomas Valentin	€13,837.56
Eric d'Hotelans	€13,837.57
Jérôme Lefébure	€13,154.97
Catherine Lenoble	€13,837.58

It should be noted that every member of the Executive Board and employees concerned pay an annual contribution, which is supplemented by an employer contribution.

Lastly, it should be noted that the members of the Executive Board other than Nicolas de Tavernost are subject to a non-competition clause in their employment contracts.

13.3.1.4. Compensation for breach of contract

Arising from his term of office as Chairman of the Executive Board, Nicolas de Tavernost benefits from a compensation for breach of contract, while the other members of the Executive Board have contractual compensation included in their employment contracts in the event of breach at the initiative of the Company, for any motive excluding misconduct or serious offence.

Pursuant to the new recommendations published by the AFEP and the MEDEF on 6 October 2008, included in the AFEP/MEDEF consolidated corporate governance Code of December 2008, the Supervisory Board approved the proposal of the Remuneration Committee aimed at harmonising the compensation for breach of contract for the members of the Executive Board by stating (A) the basis and (B) the event of payment of this compensation (C), whose payment remains subject to the performance condition introduced by the Supervisory Board on 3 March 2008.

The revisions to the compensation terms of Catherine Lenoble, Thomas Valentin and Eric d'Hotelans, presented below, were formalised by the signing of an addendum to their respective employment contracts and duly authorised by the Supervisory Board.

(A) Basis of compensation for breach of contract

Compensation for breach of contract for members of the Executive Board is now equal to the difference between (i) twenty four (24) months of gross monthly remuneration calculated on the basis of the total gross remuneration fixed and variable, received over the twelve (12) months preceding the termination of the term of office as Chairman of the Executive Board of Nicolas de Tavernost or the termination of the employment contract of Catherine Lenoble, Thomas Valentin and Eric d'Hotelans, and (ii) the cumulative amount (x) of the legal and contractual compensation possibly due in respect of breach of employment contract of the beneficiary, and the amount (y) of the compensation due, where appropriate, in respect of the non-competition commitment.

It is specified, for the purposes of the calculation of this amount, that the remuneration as a member of

the Executive Board is excluded from the basis of the calculation of compensation for Catherine Lenoble, Thomas Valentin and Eric d'Hotelans to the extent that the contractual compensation for breach of contract from which they benefit is part of their employment contract.

(B) Event of payment of compensation for breach of contract

The event of compensation for breach contract benefiting member of the Executive Board is now limited to Nicolas de Tavernost, in the event of the termination of his term of office as Chairman of the Executive Board other than by way of resignation or breakdown in relationship, and for the other members of the Executive Board, in the event of breach of their employment contract other than dismissal for misconduct or serious offence, to resignation or breakdown in relationship.

(C) Maintained performance conditions

It is specified that the payment of compensation for breach of contract thus redefined by the Supervisory Board remains subject pursuant to Article L. 225-90-1 of the Commercial Code, to the achievement of the following performance condition, introduced by the Supervisory Board on 3 March 2008:

Profit from recurring operations (EBITA) of Métropole Télévision Group for the 36 months prior to the termination of contract shall be at least equal to 80% of the budgeted objective, as approved by the Supervisory Board. The amount of severance pay shall then be calculated in proportion (between 80% and 100% of its reference amount) of the percentage of profit from recurring operations (EBITA) achieved compared to the budgeted objective. No severance pay shall be paid when profit from recurring operations (EBITA) for the past 36 months prior to the termination of contract proved lower than 80% of the budgeted objective.

Payment of severance pay is subject to prior approval by the Supervisory Board, which will verify that the performance condition was fulfilled.

13.3.2. Allocation of options to subscribe or to purchase shares and the allocation of free shares to members of the Executive Board

13.3.2.1. Allocation policy

As part of the consideration by the Supervisory Board on 10 March 2009 of the Company's policy regarding the allocation of options to subscribe or to purchase shares, and regarding the allocation of free shares for the benefit of Board members and the new recommendations of the AFEP/MEDEF on the subject, the Supervisory Board decided to introduce a certain number of rules to provide a future framework for all allocations of options to subscribe or to purchase shares and all allocations of free shares for the benefit of members of the Executive Board.

(A) Allocation ceilings

The allocation of options to subscribe or to purchase shares and the allocation of free shares for the benefit of members of the Executive Board shall now be subject to the following collective and individual ceilings:

- Collective ceilings

The total amount, determined under IFRS 2, of options to subscribe or to purchase shares allocated to all members of the Executive Board with effect from 1 January 2009 may not exceed 15% of the total amount authorised by the Extraordinary General Meeting;

The total amount, determined under IFRS 2, of free shares allocated to all the members of the Executive Board, with effect from 1 January 2009, may not exceed 15% of the total amount of authorised by the Extraordinary General Meeting;

- Individual ceilings

The cumulative amount, determined under IFRS 2, of options to subscribe or to purchase shares and free shares allocated to Nicolas de Tavernost during a given year may not exceed 150% of his gross remuneration, fixed and variable, due in respect of the year preceding the year of allocation;

The cumulative amount, determined under IFRS 2, of options to subscribe or to purchase shares and free shares allocated to Thomas Valentin, Catherine Lenoble or Eric d'Hotelans during a given year may not exceed 100% of their gross remuneration, fixed and variable, due in respect of the year preceding the year of allocation.

(B) Performance conditions

The new allocation of options to subscribe or to purchase shares, as well as the new allocation of free shares for the benefit of members of the Executive Board is now subject to the following performance conditions:

- an internal performance condition identical to that applied to all beneficiaries of each allocation plan, and set in 2007, 2008, 2009 and 2010 compared to an objective of earnings per share;
- an external performance condition based on the gross consolidated advertising market share (free-to-air, DTT, Cable & Satellite) achieved by the M6 Métropole Télévision Group: this share must be higher than 20% in the two previous years preceding the date of exercise of the option or the date of final vesting of free shares allocated.

(C) Additional investment condition for the allocation of free shares

The final vesting of shares allocated free to members of the Executive Board is now subject to prior acquisition on the market by the beneficiary concerned, of an additional number of shares of the Company representing 10% of the number of shares finally allocated for free.

(D) Retention commitment

Pursuant to the meeting of the Supervisory Board of 3 March 2008, the members of the Executive Board are required to retain without conditions 20% of the shares arising from the exercise of options to subscribe or to purchase shares, as well as shares allocated for free. It is noted, also, that this retention rule also applies to the shares acquired on the market by members of the Executive Board in compliance with the additional investment condition of 10%.

(E) Other provisions applicable to members of the Executive Board in the area of options and free shares

It is noted that no discount is applied by the Company at the time of allocation of options to subscribe or purchase shares.

In addition, the members of the Executive Board may not enter into a hedging transaction for their risk where they benefit from the allocation of options to subscribe or to purchase shares and of free shares.

Also, the Supervisory Board decided to forbid the exercise of options to subscribe or to purchase shares by members of the Executive Board during the following periods:

- from 11 January to 15 February 2010
- from 13 April to 6 May 2010
- from 6 to 29 July 2010
- from 14 October to 8 November 2010
- from 15 January to 17 February 2011
- from 13 April to 6 May 2011
- from 26 June to 28 July 2011
- from 18 October to 10 November 2011

13.3.2.2. [Options allocated to Members of the Executive Board during 2010](#)

During the financial year, no option was allocated to any Executive Board member.

[Options to subscribe or to purchase shares allocated to members of the Executive Board during 2010:](#)

Name	N° and date of plan	Nature of options	IFRS 2 value of options	Number of options allocated in 2010	Exercise price	Period of exercise
Nicolas de Tavernost	n°: - date: -	Subscription	-	-	-	-
Thomas Valentin	n°: - date: -	Subscription	-	-	-	-
Eric d'Hotelans	n°: - date: -	Subscription	-	-	-	-
Jérôme Lefébure	n°: - date: -	Subscription	-	-	-	-
Catherine Lenoble	n°: - date: -	Subscription	-	-	-	-
TOTAL						

13.3.2.3. [Options exercised by members of the Executive Board during 2010](#)

During the year, no Board member exercised options previously allocated.

[Options to subscribe or to purchase shares by members of the Executive Board during 2010:](#)

Name	N° and date of plan	Number of options exercised in 2010	Exercise price
Nicolas de Tavernost	n°: - date: -	-	-
Thomas Valentin	n°: - date: -	-	-
Eric d'Hotelans	n°: - date: -	-	-
Jérôme Lefébure	n°: - date: -	-	-
Catherine Lenoble	n°: - date: -	-	-
TOTAL		-	-

13.3.2.4. [Free share allocation plan](#)

[\(A\) Free shares allocated to members of the Executive Board during 2010](#)

In accordance with the authorisation granted by the Combined General Meeting of 6 May 2008 in its 28th resolution, the Executive Board decided on 27 July 2010 to grant free shares following the approval by the Supervisory Board on the same day.

This allocation plan relates to 328,500 shares (base 100), granted to 187 beneficiaries under the conditions of being members of staff on 27 July 2012.

In this respect, members of the Executive Board benefited from the following allocation of free shares, after approval by the Supervisory Board and upon the proposal of the Remuneration Committee:

[Free shares allocated to members of the Executive Board in 2010:](#)

Name	N° and date of plan	Number of shares granted during 2010	IFRS 2 value of shares (1)	Date fo final allocation	Performance conditions	Date of availability
Nicolas de Tavernost	n°: AAAG07250310 Date: Board of 25 March 2010	22,000	17.03	25 March 2012	-	25 March 2014
	n°: AAAG08270710 Date: Board of 27 July 2010	11,000	15.79	27 July 2012	Achievement by the Group of consolidated net profit to 31 December 2010 at least equal to €119 million	27 July 2014
Thomas Valentin	n°: AAAG08270710 Date: Board of 27 July 2010	7,200	15.79	27 July 2012		27 July 2014
Jérôme Lefébure	n°: AAAG08270710 Date: Board of 27 July 2010	6,000	15.79	27 July 2012		27 July 2014
Catherine Lenoble	n°: AAAG08270710 Date: Board of 27 July 2010	6,000	15.79	27 July 2012		27 July 2014
TOTAL		52,200				

(1) This corresponds to the value of options and financial instruments at the time of their allocation as provided for by IFRS 2.

The above states benchmark data corresponding to the specified target being achieved. These allocations may be increased up to a maximum of 34,730 (15% more) based on the targets being exceeded. The cap is set at a 15% overperformance.

On the basis of the financial statements approved on 14 February 2011 by the Executive Board and on the basis of the net earnings per share achieved for 2010 the number finally allocated in 2012 should be limited to 34,730 shares for the entire Executive Board.

(B) Free shares allocated definitively to members of the Executive Board during 2010

Free shares allocated definitively to members of the Executive Board during 2010:

Name	N° and date of plan	Number of shares allocated finally in 2010	Acquisition conditions
Nicolas de Tavernost	n°: AAAG04060508 Date: Board of 6 May 2008	11,805	-
Thomas Valentin	n°: AAAG04060508 Date: Board of 6 May 2008	7,727	-
Eric d'Hotelans	n°: AAAG04060508 Date: Board of 6 May 2008	6,439	-
Jérôme Lefébure	n°: AAAG04060508 Date: Board of 6 May 2008	5,366	-
Catherine Lenoble	n°: AAAG04060508 Date: Board of 6 May 2008	6,439	-
TOTAL		37,776	

The free share plan of 6 May 2008 had been granted subject to achievement of a profitability target, expressed based on a net earnings per share indicator. Since the target was slightly exceeded, and in accordance with plan provisions, the number of shares allocated was 7.31% more than the reserved number (35,200) but was far below the maximum number authorised (42,240 shares).

13.3.3. Analysis of remuneration of members of the Executive Board

13.3.3.1. Nature of factors comprising the remuneration of members of the Executive Board

	Employment contract		Supplementary retirement plan		Compensation or benefits due or likely to be due with the cessation or change of duties		Compensation in respect of a non competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Nicolas de Tavernost Chairman of the Executive Board Date appointed: 26/05/2000 Expiry date of appointment: 25/03/2015	☒ ¹		☒ ²		☒ ³			☒
Thomas Valentin Deputy-Chairman of the Executive Board Date appointed: 26/05/2000 Expiry date of appointment: 25/03/2015	☒		☒ ²		☒ ³			☒ ⁴
Eric d'Hotelans Deputy-Chairman of the Executive Board Date appointed: 14/11/2003 Expiry date of appointment: 25/03/2010	☒		☒ ²		☒ ³			☒ ⁴
Jérôme Lefébure Member of the Executive Board Date appointed: 25/03/2010 Expiry date of appointment: 25/03/2015	☒		☒ ²		☒ ³			☒ ⁴
Catherine Lenoble Member of the Executive Board Date appointed: 28/01/2001 Expiry date of appointment: 25/03/2015	☒		☒ ²		☒ ³			☒ ⁴

¹ See 13.3.1.3. Employment contract suspended since 6 December 1990.

² Since July 2007, members of the Executive Board benefit, as do all senior executives of the Group, from a supplementary and compulsory pension scheme of defined contribution that enables the establishment of an individual retirement account to finance the payment of a life annuity.

³ See 13.3.1.

⁴ Thomas Valentin agreed to, in respect of his employment contract, a non competition commitment of 3 months for compensation of 1.5 months fixed remuneration.

Eric d'Hotelans agreed to, in respect of his employment contract, a non competition commitment of 3 months for compensation of 1.5 months fixed remuneration.

Jérôme Lefébure agreed to, in respect of his employment contract, a non competition commitment of 3 months for compensation of 1.5 months fixed remuneration.

Catherine Lenoble agreed to, in respect of her employment contract, a non competition commitment of 6 months for compensation of 3 months fixed remuneration.

13.3.3.2. Valuation of remuneration elements of members of the Executive Board (in €)

Nicolas de TAVERNOST	2009	2010
Remuneration due in respect of the year	1,649,049	1,865,219
Value of options allocated during the year	0	0
Value of performance-based shares allocated during the year (*)	130,130	548,350
TOTAL	1,779,179	2,413,569
Thomas VALENTIN	2009	2010
Remuneration due in respect of the year	940,417	1,041,165
Value of options allocated during the year	0	0
Value of performance-based shares allocated during the year (*)	85,176	113,688
TOTAL	1,025,593	1,154,853

Catherine LENOBLE	2009	2010
Remuneration due in respect of the year	417,299	510,122
Value of options allocated during the year	0	0
Value of performance-based shares allocated during the year (*)	70,980	94,740
TOTAL	488,279	604,862

Jérôme LEFEBURE	2009	2010
Remuneration due in respect of the year	343,693	438,509
Value of options allocated during the year	0	0
Value of performance-based shares allocated during the year (*)	70,980	94,740
TOTAL	414,673	533,249

Pursuant to Article L. 225-102-1, paragraph 1 and paragraph 2 of the Commercial Code, disclosure of the remuneration of Eric d'Hotelans, a member of the Executive Board until 25 March 2010, is provided below:

Eric d'HOTELANS	2009	2010
Remuneration due in respect of the year	456,569	480,433
Value of options allocated during the year	0	0
Value of performance-based shares allocated during the year (*)	70,980	94,740
TOTAL	527,549	575,173

(*) based on the maximum number of free shares allocated.

13.3.4. Supervisory Board attendance fees

Pursuant to the decision of the Combined General Meeting of 4 May 2010, which had given its opinion on the amount of attendance fees to be distributed among Board members, attendance fees during 2010 were allocated depending on time dedicated to the position and taking account of their participation as members of the Board and of the Committees. The attendance of members was also taken into account as recommended by the AFEP-MEDEF Corporate Governance Code.

Members of the Board	Attendance fees paid in 2009	Attendance fees paid in 2010
Albert FRERE	€15,885 *	€21,600 *
Gérard WORMS	€11,639	€15,075
Guy de PANAFIEU	€11,639	€14,535
Gerhard ZEILER	€8,885 *	€12,510 *
Delphine ARNAULT	€1,590	€10,260
Remy SAUTTER	€9,639	€12,488
Elmar HEGGEN	€9,639 *	€10,283 *
Jean LAURENT	€9,639	€12,488
Gilles SAMYN	€9,639 *	€13,050 *
Philippe DELUSINNE	€2,905 *	€10,260 *
Vincent de DORLODOT	€7,262 *	€10,800 *
Andrew BUCKHURST	€7,262 *	€10,800 *
Christopher BALDELLI representing Immobilière Bayard d'Antin	N/A	€10,200
	€105,623	€164,348

* including 25% retained at source

Members of the Supervisory Board do not receive any other form of remuneration from the Company.

13.4. Supplementary information on the membership of the Executive Board and Supervisory Board

To the best of the Company's knowledge, no member of the Executive Board or Supervisory Board, and no company of which any member of the Executive Board or Supervisory Board is an agent, general partner or founder, or in which any such member is in any way involved with administration, management or supervision, has been found guilty of fraud, or been subjected to proceedings for bankruptcy, sequestration and/or liquidation, or found guilty of any offence and/or subjected to any public official sanction by any statutory or regulatory authority (including the relevant professional associations), or to any impediment, in the course of the last five years

In addition to the best of the Company's knowledge, there is:

- no family connection between any members of the Executive Board and of the Supervisory Board;
- no potential conflict of interest (as regards the issuer) between the duties of any member of the Executive Board or the Supervisory Board and their own private interests and other duties;
- no arrangement or agreement between any member of the Executive Board or of the Supervisory Board and any of the major shareholders, clients or suppliers;
- no service contract between any member of the Executive Board or Supervisory Board of Métropole Télévision and any of its subsidiaries.

In relation to the restrictions in trading in Company securities implemented by the members of the Executive Board and the Supervisory Board, the Supervisory Board has decided, on the recommendation of the Remuneration Committee, to implement the following rules

- a minimum holding of 100 shares by each member of the Supervisory Board during their term of office;
- a ban on trading in the Company's shares during periods to be defined annually by the Executive Board to prevent insider trading.

Trading ban periods for the 2010 financial year were as follows:

- from 11 January to 15 February 2010
- from 13 April to 6 May 2010
- from 6 July to 29 July 2010
- from 14 October to 8 November 2010.

Trading ban periods for the 2011 financial year are as follows:

- from 15 January to 17 February 2011
- from 13 April to 6 May 2011
- from 26 June to 28 July 2011
- from 18 October to 10 November 2011.

13.5. Statutory Auditors

	Address	Date of first appointment	Last year of financial statements to be audited	Expiry date of appointment
PRINCIPAL AUDITORS				
KPMG Audit	Xavier TROUPEL 1, cours Valmy 92923 Paris La Défense Cedex	2001	2010	GM 2011*
Ernst & Young et Autres	Bruno PERRIN 41, rue Ybry 92200 Neuilly-Sur-Seine	2002	2013	GM 2014
PricewaterhouseCoopers Audit	Marc GHILLOTTI 63, rue de Villiers 92208 Neuilly sur Seine Cedex	2008	2013	GM 2014
ALTERNATE AUDITORS				
Guillaume LIVET	1, cours Valmy 92923 Paris La Défense Cedex	2001	2010	GM 2011*
AUDITEX	Tour Ernst and Young, Faubourg de l'Arche 92037 Paris la Défense	2008	2013	GM 2014
Etienne BORIS	63, rue de Villiers 92208 Neuilly sur Seine Cedex	2008	2013	GM 2014

GM: General Meeting

* the renewal of the terms of office of KPMG Audit and Guillaume Livet will not be proposed to the General Meeting of 4 May 2011 due to the presence of two other Statutory Auditors

The three Principal Auditors are members of the Compagnie Régionale des commissaires aux comptes de Versailles.

14. Risk management

Investors are invited to consider the risks described below, that may have an influence on the operations, financial position, profit and development of the Group.

14.1. Business risk

14.1.1. Risks related to the Group's market structure

14.1.1.1. Audiovisual market

The M6 Group, via its broadcasting activities, operates in a changing audiovisual market, due to digitalisation and the rapid development of free Digital Terrestrial Television (DTT), launched in March 2005, with the switch over to all digital, set for 30 November 2011, the date for the switch-off of the analogue signal. The free channel offering is thus enlarged, with 18 free channels now available to the population that is covered and equipped with a DTT decoder, which is now included in new television sets at the time of purchase. This growth in content offering leads, as presented in the section 1.4 of this management report "M6 Group operations and markets 2010", to a dispersion of audiences across a greater number of channels, with a consequent fragmentation of the TV advertising market, the only source of revenue for the Group's free channels.

Against this background, the M6 Group has faced increased competition and has sought to strengthen its position by investing in the M6 channel to consolidate its audiences, and by developing a new offering on free DTT with the W9 channel.

The broadcasting activities of the free-to-air channels changed following TF1 Group's acquisition, announced in 2010, of 40% of the TMC channel (thus increasing its shareholding to 80%) and of 100% of the NT1 channel from the AB Group, as well as the Bolloré Group's acquisition of Virgin 17 (renamed today as Direct Star), from Lagardère Active (the Bolloré Group already owned the Direct 8 channel).

The broadcasting activities of the pay channels operate in a more stable competitive environment, with a penetration of the pay offer of some 25% of households equipped with a TV. In addition to advertising income, these channels benefit from revenue from cable operators and distribution platforms. The calling into question of these distribution agreements, the majority of which will mature at the end of 2011, could have a significant impact on the profitability of the Group's pay channels.

14.1.1.2. Other Group markets

Concerning other operations and revenue sources, the M6 Group has developed a product and service offering mainly directed at the mass market, and sold across the major national distribution networks. These operations, which do not depend on advertising resources for the majority of their income, are nonetheless sensitive to the economic situation (see paragraph 14.1.3 of this management report).

In addition, certain other Group markets, described in the section 1.4 of this management report, are also subject to pressures from digitalisation, notably the music publishing business (disks) and video publishing. The digitalisation of media and the rollout of high speed internet access have generated significant growth in illegal downloading, leading to a destruction of value for these markets. The "Hadopi" law on illegal downloading, adopted in 2009, and the interprofessional agreements signed with a view to combating illegal downloading more effectively by bringing all selling windows forward and ensuring they remain totally separate, should restrict the opportunities and the interest in illegal downloading.

14.1.2. Development of technologies, changes in use

New technologies have led to changes in television use: the extension of the offering of television programmes in High Definition (HD) and the equipment of French people with flat and HD compatible screens, the adoption of new modes of TV broadcasting (TV on the PC, TV on Demand, TV on 3G mobile phones).

The M6 Group is involved in the implementation of all these new broadcasting technologies to support and anticipate the new methods of use, a necessary condition for the preservation of the future of its model.

In addition, the continued rollout of high speed and the more general use of the Internet, have led to a change in consumers' habits in the time dedicated to leisure and media. For advertisers, this implicates a new potential audience, and may thus lead to changes in the allocation of their communication budgets.

As a result of these technological developments and their rapid adoption by French people, growth in so-called "convergent" media viewing patterns was noted, characterised by increasing TV content viewing outside of their original viewing channel. According to the findings of the 5th SNPTV/ Ipsos MediaCT barometer on the image of television and TV advertising in France, motivations for watching TV online were primarily driven by the possibility of "watching a missed programme" (59%) or "watching it in your own time" (24%). These results tend to demonstrate that online TV viewing complements traditional viewing.

In view of the above, it appears however that competition among the various media must be put in perspective, due to:

- the fact that TV usage remains at a high level, and the development of a different TV content viewing pattern, outside their original channel, and
- the complementary features of the various media for an advertiser as a function of his objectives: cover, repeats, commercial targets, power, costs, etc.

14.1.3. Sensitivity to the economic situation

M6 Group, due to the nature of its operations, is highly sensitive to the economic situation, to the extent that:

- Advertising revenue depend on a level of investment in communication set by advertisers, who for the most part are major brands that operate in mass market products and services (food, health & beauty, cleaning products, finance and insurance, transport, telecommunications, publishing, etc.). This level is notably related to the growth prospects and the profitability of these businesses on the French market.
- Communication expenditure may represent a balancing item in the cost structure of these businesses against a deteriorated economic background. More generally-speaking, all changes that create uncertainty to the level of advertisers' income, or which constitute an additional constraint on their costs, may have an influence on the level of their television advertising expenditure, and thus be reflected in a negative impact on the Group's advertising revenue, even if the advertising market is regularly marked by the development of new sectors. The significant number of advertisers, the constant renewal of brands and the competitive environment significantly limit M6 Group's risks connected with a possible concentration and to an excessive exposure to any given sector.
- However, due to its presence in free-to-air DTT through the W9 channel, M6 Group benefits from stronger exposure to the advertising market of this TV segment, whose growth was higher in 2010 than that of the overall TV advertising market.

The M6 Group has, however, from an early stage, implemented a strategy to diversify its revenues, in order to limit its dependence on the advertising market. The Group's sources of non-advertising

revenue, which represented 44.2% of consolidated revenue in 2010, are nonetheless dependent on the level of consumer spending and the portion dedicated to leisure - media (TV subscription, telephone, video purchase, cinema, CDs, etc.) or to equipment purchases (Distance selling division).

14.1.4. Adapting the cost structure and increase in content cost

With a cumulative programme cost of about €400 million for Group channels, the Group is exposed to risks, of upwards movements in the purchase cost of audiovisual rights.

The growth in the cost of programmes, noted in recent years, affected all categories: retransmission rights for sports competitions, broadcasts, series, and feature films.

This was reinforced by the relative scarcity of powerful and attractive programmes in a market where buyers are more numerous than before, with an increase in the strength of DTT channels, and where the number of sellers is restricted, notably concerning successful products such as series. In addition, technological (transfer to HD reception), regulatory, legal and contractual changes (the collective production agreement for example) may also contribute to an inflation in production and purchase.

However, in order to respond to this risk, the Group set up a number of years ago a purchasing team whose mission is to identify the best programmes for Group channels at a very early stage in the purchasing process, to participate in screenings organised by studios and to negotiate the best possible prices by using their knowledge of the market and the sellers.

In addition, the Group has developed its production companies, mainly C. Productions for programmes and news Studio 89 for entertainment programmes, enabling it to better control the value chain of audiovisual production.

The audiovisual rights acquisition and distribution subsidiary SND, as well as the Summit Entertainment LLC shareholding and the film catalogue and co-production activities all contribute to the Group's strategic response aimed at making broadcasting rights procurement secure and to better control its cost.

Lastly, programme management, under the helm of Thomas Valentin, Deputy Chairman of the Executive Board, has the objective of defining the programme policy for Group channels giving them each their own identity but also enabling the sharing of resources (technical resource, studies, programmes where appropriate). Throughout the year, programme management ensures strict cost control of programmes and monitors this, as much as possible, depending on advertising revenue developments.

SND is also exposed to a risk of movement in its purchase price for audiovisual rights it sells. SND seeks to reduce this exposure with an experienced team that identifies the promising projects, even in certain cases before they are shot, and contributes to film financing via purchase of the operating rights for all media (cinema, video, pay and Free TV) for France.

The FC Girondins de Bordeaux (F.C.G.B.) is exposed to the risk of inflation in the prices to be paid for the transfer to F.C.G.B. of players under contract with other clubs, due to the European scale of the transfer market. However, the efficiency of the club's training centre always ensures that part of the backbone of the team is made up from players trained by the club. In addition, the club has demonstrated in the past and more recently its ability to attract players whose qualities were revealed in Bordeaux, resulting in the upward revision of their transfer price.

For the other Group companies, the exposure to price risk, although real, is lower to the extent that costs are more variable in the diversification activities and the number of suppliers is significantly higher.

14.1.5. Customer risk

This relates to the risk of financial loss incurred by the Group when a customer fails to meet its contractual liability.

Risk management and follow-up

An assessment of the risk is not the same across the Group's operations.

Advertising revenue

In order to secure this revenue, the principal measure used by M6 Publicité consists in carrying out solvency studies. With the assistance of specialised external companies, these are undertaken systematically for all new customers and at regular intervals for recurring customers.

The latter represent a large majority of advertisers. The advertiser base appears thus to be particularly stable, with over 90% of revenue from the same customers year after year. It also comprises a majority of listed French companies or French subsidiaries of international groups.

Depending on the result of solvency studies and the value of the campaign, different terms of payment are imposed according to the customer: M6 specifically requires payment in advance for campaigns from advertisers who do not meet the required solvency criteria. This requirement is included in the General Terms and Conditions of Sales of Régie M6 Publicité.

Due to this prudent policy and in spite of a deteriorated economic situation, the risk of non payment for advertising campaigns remained less than 0.4% of revenue (0.3% in 2009).

In order to further reduce this risk, M6 Publicité applies late penalties on unpaid invoices and has an internal credit collection department.

Non-advertising revenue

Concerning revenue, there is no risk that a single customer is sufficiently large to pose a significant risk to the Group's profitability.

However, the staff dedicated to credit collection ensures throughout the year that all resources are used to limit payment default. In addition to the reminder sent by them, specialised collection agencies are used when necessary.

The Group does not use securitisation, discounting or sale of receivables for any of its receivables.

The accounting principles applicable to trade receivables are set out in Note 4.11 to the consolidated financial statements. The relevant figures are disclosed in Note 22.1.

14.1.6. Payment terms risks

The provisions of the Law for Modernisation of the Economy in respect of terms of payment between customer and supplier came into force on 1 January 2009: since that date, customers are obliged to pay their suppliers within 60 days or within 45 days of the end of the month.

Companies that do not comply with the new payment terms imposed are exposed to certain financial risks and penalties, including late payment penalties, fines and proceedings initiated by the French Ministry of Economy following the filing of a report by the Statutory Auditors.

This law affects M6 as it does any other company. More specifically, since a significant part of contracts signed with its suppliers relate to the purchase of audiovisual rights, featuring very specific and very precise payment terms, meeting these payment terms is of particular importance for the Group.

Risk management and follow-up

In order to meet its settlement terms and to ensure that it always complies with applicable laws, the group implements a number of steps.

Supplier payment procedure

The Group has put into place a supplier payment procedure governed by internal controls and an IT system to process invoices received that is adapted to the new regulations. Moreover, every supplier's payment terms to the Group are checked frequently.

Follow up of late payments

Two alert and monitoring tools are available to the Group's financial management to deal with payment terms: a summary of invoices that are due and not yet paid and a summary of every accounting department's payment terms.

At 31 December 2010 and 2009 the ageing of the Group's trade payables was as follows:

(€ millions)	31/12/2009	31/12/2010
Trade payables falling due before 1 February	50.4	47.0
Trade payables falling due between 1 February and 28 February	5.2	4.4
Trade payables falling due after 1 March	0.2	0.0
TOTAL	55.8	51.5

This data is consolidated and does not include liabilities relating to the purchase of audiovisual rights, since these liabilities fall due on the basis of operational milestones (including "ready to broadcast", "first broadcast", etc.) and not on calendar dates.

For the Group's main company (Métropole Télévision), the trade payables outstanding, rights excluded but including intra-group payables may be analysed as follows:

(€ millions)	31/12/2009	31/12/2010
Trade payables falling due before 1 February	47.3	65.1
Trade payables falling due between 1 February and 28 February	17.4	21.7
Trade payables falling due after 1 March	0.0	0.0
TOTAL	64.7	86.8

14.2. Market risks

14.2.1. Foreign exchange risk

The Group is primarily exposed to foreign exchange risk through contracts for the purchase of audiovisual rights, both for broadcast on its TV networks and for its cinema distribution activity. These purchases are primarily denominated in US dollars.

In order to protect itself against unexpected market movements that could adversely affect profit or reduce the value of its assets, the Group decided to hedge its purchases of rights automatically at the time the contract is signed. The hedging is then weighted depending on the maturity of the underlying items. Commitments to purchase rights for periods in excess of 24 months are partly hedged.

The Group only uses simple products that guarantee an amount hedged and a maximum rate of cover. These are essentially forward purchases. A report is prepared every month on the movements in exchange rates to assist with the monitoring of risk management.

In 2010, purchases in foreign currencies only represented around 5.1% of total purchases.

For revenue denominated in foreign currencies, no hedging was established since these were not significant (less than 0.1% of revenue).

The Group's exposure to foreign exchange risk may be analysed as follows:

Analysis of Group exposure to foreign exchange risk:

(€ millions)⁽¹⁾	USD	Total
Assets	5.2	5.2
Liabilities	(2.4)	(2.4)
Off balance sheet	(59.4)	(59.4)
Position before hedging	(56.6)	(56.6)
Hedges	54.7	54.7
Net exposed position	(1.9)	(1.9)

(1) at closing rate €1 = USD 1.3276

97% of the Group's exposure was hedged. The residual exposure to exchange risk is thus very modest and relates to 2 contracts entered into for the purchase of films which have not yet started shooting. The unfavourable impact of a 10 cent movement in the US dollar would be €0.18 million on EBITA at 31 December 2010.

14.2.2. Interest rate risks

The Group is naturally exposed to risks from movements in interest rates.

The main objective of the interest rate risk management policy is to optimise the cost of borrowing for the Group and to maximise income from cash deposits. The management of interest rate risk relative to the Group's net treasury position is established as a function of the consolidated position and market conditions.

The net variable interest rate position of the Group was €377.5 million at 31 December 2010.

This net cash position is placed mainly in cash OPCVMs that meet the criteria of IAS 7, Cash flow statements.

These investments comply with the Group's procedure (described in part 4, "Cash management policy").

The Group has very little debt. Borrowings at 31 December 2010 comprised a loan contract of €0.1 million entered into by MonAlbumPhoto, a recently acquired subsidiary, bank overdrafts (insignificant), a lease contract for technical installations (insignificant), advances subject to terms and conditions as part of the production of feature films (€0.6 million) and the share of liabilities of associates (€1.5 million).

The financing provided by the Group to its jointly owned subsidiaries is treated as a financial asset up to the joint shareholders' investment. Conversely, the funding provided by joint shareholders in jointly controlled subsidiaries is included in financial debt in the same proportion.

The impact of a 1% interest rate rise (one hundred basis points) is estimated at €3.3 million in a full year on financial income. Also, a decline in interest rates of 0.5% (fifty basis points) would lead to a decline in financial income of €1.7 million in a full year.

The principal features of financial assets and liabilities are as follows:

Maturity schedule of financial debt and financial assets at 31 December 2010:

<i>(€ millions)</i>	< 1 year	1 to 5 years	> 5 years	Total
Variable rate financial assets	376.9	2.9	0.0	379.8
Other unexposed financial assets	0.0	0.0	0.0	0.0
Total financial assets	376.9	2.9	0.0	379.8
Variable rate financial debt	0.3	2.0	0.0	2.3
Other unexposed financial debt	0.0	0.0	0.0	0.0
Total financial debt	0.3	2.0	0.0	2.3

Sensitivity of variable rate net positions:

<i>(€ millions)</i>	< 1 year	Variable rates > 1 year	Unexposed	Total
Financial assets	376.9	2.9	0.0	379.8
Financial liabilities	(0.3)	(2.0)	0.0	(2.3)
Net position	376.6	0.9	0.0	377.5

14.2.3. Share risk

To the extent that the Group does not own any listed financial asset, share risk exposure only relates to treasury shares.

In the consolidated financial statements, treasury shares are recorded at their acquisition cost as a reduction of equity. Therefore, M6 Group share price movements have no impact on the Group's consolidated financial statements.

In the parent company financial statements, the net value of treasury shares is aligned with the corresponding asset at the listed share price, except for treasury shares held with a view to funding free share allocation plans, the net value of which is written down to zero over the period of the plans. The overall net position of the treasury share portfolio was €1.8 million and 102,132 shares at 31 December 2010. A 10% movement in the M6 share price would have a €0.2 million impact on the value of treasury shares.

14.2.4. Raw material risk

The Group has only little and indirect exposure to the risk of fluctuations in raw material prices. Only a number of providers and suppliers (logistics, diversification product sub-contractors) may experience a variation in their operating costs as a result of changes in raw material prices (primarily petrol and paper) and if necessary pass them on their selling prices.

The effect on the Group's financial statements that would result from such price adjustments is not significant.

14.3. Counterparty risk

The credit risk for the Group is the bankruptcy of a customer or a banking counterparty.

Trade receivables

Concerning customer risk, the Group applies a prudent prevention and monitoring procedure previously described (see 14.1.5.).

Trade payables

As part of the purchase and co-production of programmes, the Group has to pay advance payments which may be deemed significant over a full-year. The Group strives to pay advances or make prepayments as close to the delivery date of the programmes to be broadcast as possible. In all instances, the Group implements an active policy of selecting the most sound suppliers, or failing that, monitors the financial health of its suppliers.

Banking counterparties

Financial transactions are negotiated with carefully selected counterparties as described in part 4 “Cash management policy” of this report.

Since the start of the financial crisis, the Group has paid particular attention to the quality of its banking counterparties, which are all “investment grade” rated. A prudent diversification was thus undertaken for the deposits with mutual funds where surplus cash is invested.

In addition, the Group is not exposed to a counterparty risk as part of financial transactions for the management of trade receivable as the Group does not use securitisation, nor discounting and nor does it sell any receivables.

14.4. Liquidity risk

This is analysed as a risk that the Group incurs where it is not in a position to meet its liabilities when they fall due.

The Group’s financial liabilities comprise a €0.1 million operating lease and bank overdrafts of an insignificant amount.

In order to manage the liquidity risk, the Group has set up a monitoring policy to forecast its cash position and its working capital requirements in order to have funds to meet its current liabilities. Liquidity management is centralised through cash pooling, thus allowing financial resource optimisation.

Thus, the Group’s liquidity must be considered with regard to its cash position and its unused confirmed credit lines. At December 2010, the Group’s cash position was €377.5 million and it had €135.0 million in unused credit lines.

These lines include early enforceability clauses (covenants) based on the relative level of financial expenses and the ratio between net debt, equity and the equivalent of Ebitda. Since no credit line had been drawn down at year-end, these clauses did not apply.

In addition, due to the Group’s current financial situation, these covenants will never apply and result in the early retraction of these credit facilities.

14.5. Legal risks

14.5.1. Regulatory risks

As part of its broadcasting authorisation, the main features of which are specified in Part 1.2. Legal Information, M6 is subject to legal and regulatory authorisations provided by the Law of 30 September 1986 and related application decrees.

The channel is also bound to the regulatory body (CSA) in application of Article 28 of the Law of 30 September 1986.

This agreement sets out the specific rules applicable to M6, due to the extent of the area serviced, of the channel's share in the advertising market, of the obligation of equal treatment between all TV networks and competitive conditions specific to each of them, as well as the development of digital terrestrial radio and television.

The Conseil Supérieur de l'Audiovisuel thus ensures that the channel meets all its obligations.

Sanctions incurred in the event of non-compliance with commitments are listed in Articles 42 and subsequent of the Law of 30 September 1986: summons, suspension, reduction of the broadcasting licence to a single year, monetary sanctions limited to 3% of revenue or 5% in case of repeat offence, cancellation of the licence. Lastly, M6 may not lay claim to the renewal of its licence for a further period of five years, if it has not complied with the commitment to cover the country referred to above.

In order to minimise risks associated with production and broadcasting quotas, M6 put into place a precise daily monitoring of its programming and investments in programme production. In addition, one of these systems is exclusively focused on monitoring the network, ensuring on a daily basis that all programme contents are in accordance with regulations in force.

Excluding the risks associated with the above-described obligations, the Group assessed the main risks associated with the implementation of the following laws:

- Law n° 2007-309 of 5 March 2007 on the modernisation of audiovisual broadcasting and the television of the future,
- Law n° 2009-258 du 5 March 2009 relative to audiovisual communication and the new public television service.

The Law of 5 March 2007 provides for the extension of digital terrestrial television coverage, the switch off of analogue broadcasting on 30 November 2011, the launch of high definition television and Personal Mobile TV, as well as the implementation of a French "heritage works" sub-quota in the audiovisual production financing system.

- M6 fully participates in the extension/switch-off process. It is subject to the obligation to gradually extend its digital coverage of mainland France, pursuant to Article 96-2 of the previously mentioned Law of 30 September 1986, in accordance with the schedule defined by the CSA on 10 July 2007, and allocates the necessary resources to fulfil its commitments.
The Company is also very vigilant that the process of switch-off of the analogue signal is carried out within the GIP framework without delay and without unjustified additional costs to the channel.
Through the Law n°2009-1572 of 17 December 2009 on combating the digital divide, the government in particular committed to maintaining the best possible coverage, within the framework already provided by the CSA, with this commitment being particularly reflected by an increase in the power of certain broadcasting towers.
- Concerning the system of contribution to the financing of audiovisual production and the introduction of a sub-quota for "heritage works", on 25 November 2008 M6 concluded an interprofessional agreement with representatives of professional organisations, defining the new system governing M6 contribution to audiovisual production.
The provisions of all agreements concluded by the various channels gave rise to changes of a legal nature, followed by a regulatory amendment dated 21 October 2009, repealed by a second amendment dated 2 July 2010 which also includes the provisions of agreements entered into in

relation to free and pay DTT channels. Lastly, agreements of which the Group is not a signatory were entered into for cable and satellite channels, followed by a regulatory change dated 27 April 2010.

The deadline for the publication of the Decree of 21 October 2009 caused implementation difficulties during the first year (see section 16 – Appeal before the Conseil d'Etat).

The Group considers that within an environment where TV channels face numerous challenges and need to adapt to a changing environment (increase in the number of channels, increase in viewing media, increasingly insufficient revenues, competition from powerful new business players), the growing complexity of the audiovisual regulatory framework generates new risks, reflected in new obligations and constraints that reduce investment and programming options; regulations are liable to hamper the development and adaptation and innovation capacity of audiovisual groups.

The Law of 5 May 2009 relating to audiovisual communication and the new public television service abolished commercial advertising on France Télévisions nationwide channels between 8pm and 6am from 5 January 2009 and imposed a new tax on television network advertising revenue, the rate of which was reduced to 0.5% for M6 and 0.25% for W9 in 2010. The partial cessation of advertising on France Télévisions nationwide channels had no proven positive impact on private networks, either in 2010 or in 2009.

The law also provides for the termination of daytime commercial advertising on France Télévisions, with the date of effective enforcement of this measure being postponed until 1 January 2016. On that date, the rate of tax on advertising revenue should be raised significantly to 3% of revenue.

Nonetheless, the law relating to audiovisual communication and the new public television service, as well as Decree n° 2008-1392 of 19 December 2008 amending the regime applicable to TV advertising, introduced a number of measures that made advertising time and the insertion of commercial breaks less strict. By increasing the potential supply of commercial breaks, especially on strategic time slots, these measures may constitute a further revenue growth driver, which may only materialise when demand from advertisers increases.

Changes mentioned in section 9.3. of this management report aside, the Company is not aware of any new regulations adopted since the beginning of 2010 that could have a significant impact on Métropole Télévision Group

Furthermore, TF1 Group acquired 80% and 100%, respectively, of the share capital of free DTT channels TMC and NT1. The merger was finalised in June 2010, having been approved by the French Competition Authority on 26 January 2010, followed by the CSA on 23 March 2010. The Conseil d'Etat dismissed M6 Group's application for annulment of the rulings of the two authorities and underlined the significance of the commitments of TF1 and the newly-acquired channels.

14.5.2. Intellectual property, freedom of press, and personal privacy

M6 Group's broadcast of audiovisual programmes, whether produced in-house or by third parties, is susceptible to claims of various natures concerning the violation of provisions relating to laws on intellectual property rights, personal privacy rights and press rights.

No contractual provision can provide M6 Group with total protection against legal recourse, particularly with regard to legal action matters based on the Law of 29 July 1881 on the freedom of the press.

In addition, Métropole Télévision Group diversification activities may generate claims regarding the infringement of the aforementioned rights.

Nevertheless, procedures have been implemented within Métropole Télévision Group to protect it from this type of risk: contract mechanisms (guarantee clauses) and internal procedures, such as assignment

of legal advisors to production in-charges, pre-screening and guidelines, which enable this risk to be considerably reduced.

14.5.3. Risks relating to non-observance with contractual commitments

Non-observance of contractual agreements by suppliers or partners is liable to affect Group operations on a once-off basis, more particularly when defaults relate to the delivery of audiovisual rights (poor quality or unavailable on the planned broadcasting date) or technical services relating to live programmes or signal broadcasting.

A break in broadcasting may thus cause the loss of advertising revenue relating to commercial breaks not or poorly broadcast.

However, the Group carries out a strict assessment of its providers and suppliers, from the point of view of technical and operational reliability and financial soundness before placing any order. This selection is all the more important that the order relates to purchases or services deemed strategic.

In addition, the Group makes sure to negotiate contractual provisions that guarantee compensation in case of obvious default by suppliers resulting in a loss of profit or the recognition or exceptional expenses.

In 2010, as in 2009, the Group did not record any major incident resulting from the non-observance of contractual agreements by suppliers or partners.

The only identified risks of non-observance of contractual commitments by customers relate to their solvency, as specified in section 14.1.5. Customer risk of this report.

Lastly, the Group takes particular care to meet all its commitments with third parties, considering that any failure to meet its obligations would have an adverse impact on its reputation, the proper running of its operations and the occurrence and magnitude of resulting litigations. Internal control procedures – more particularly those concerning the responsibility of operational and departmental executives – are notably devoted to covering this risk.

In 2010, as in 2009, the Group did not record any major incident resulting from its non-observance of contractual agreements with third parties.

14.5.4. Litigations and financial assessment

In compliance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets, the Group recognises a provision for litigations when it is considered probable or certain that an ongoing trial or litigation will generate costs without an at least equivalent consideration and that a reliable estimate of this cost net of consideration can be made.

At 31 December 2010, the Group thus recognised €20.1 million in provisions for litigations in its balance sheet liabilities (€29.1 million at 31 December 2009).

These provisions relate to litigations and trials in process with third parties of various natures (legal entities or private individuals who in certain cases had a business or employment relationship with the Group), which may not be presented individually or in detail due to business confidentiality.

On the other hand, no provision is recognised for litigations for which it is improbable that an outflow of resources will occur, or for which the financial impact cannot be reliably measured. In this case, the Group recognises a contingent liability.

By ensuring compliance with both its contractual and editorial obligations as regards its TV channels, the Group strives to reduce the occurrence of litigations to the best of its ability. However, such occurrences are inherent to any business activity and when litigation occurs, the Group will strive to minimise their impact by using the best advisors.

The main ongoing legal proceedings and arbitration procedures are presented in section 16 of this report.

14.6. Major operating risks

For the Group's channels, the interruption of the broadcast of their programmes constitutes a major risk. In order to protect itself from the occurrence of such a risk, the Group has taken a number of steps to ensure continuous broadcasting of the programmes of the Group's channels. These steps relate notably to securing the electricity supply to the units, the modernisation of the broadcasting installations and the selection of recognised and reliable suppliers for services to broadcast the signals.

More generally, any exceptional event that could result in no accessibility to the Group's various buildings could have an impact on the business. For this reason, the Group has strengthened the procedures to guarantee continuity of service of its key processes by locating them in a secure and protected external site.

14.6.1. Broadcasting and transmission signal risks

The Group's methods of broadcasting are varied:

- M6 has been broadcast in analogue mode since its creation and is also broadcast free in digital mode on the DTT network (Digital Terrestrial Television), in standard definition (SD) or high definition (HD): the M6 signal is also included in most packages of channels offered by the satellite, cable and broadband broadcast platforms.
- W9 is broadcast free in digital mode on the DTT network only in standard definition. The W9 signal is also included by the non free-to-air broadcast platforms (cable, satellite, broadband).
- Other Group channels are pay channels offered by the various non free-to-air platforms. Paris Première and TF6 are nevertheless being broadcast in the offerings of DTT pay standard definition.

Concerning the broadcast of free-to-air analogue:

This was carried out until 2009 by a broadcast network comprising 107 principal transmission sites and 800 retransmission stations, fed by the AB3 satellite (Eutelsat).

Following experiments on the switch off of the analogue signal initiated in 2009, 10 regions have switched over to "full digital" signal in 2010 with the final cessation of analogue broadcasting in these regions. The regions are based on France 3's regional division and include Alsace, Lower Normandy, Pays-de-Loire, Brittany, Lorraine, Champagne-Ardenne, Poitou-Charentes, Centre, Burgundy and Franche-Comté. They represent about 34% of the population of Mainland France and accounted for 47% of analogue broadcasting costs.

The Law sets the date for the completion of the analogue signal switchover process for 29 November 2011. There is no indication to date that this deadline will not be met.

During the early days of February, 3 major regions (Upper Normandy, Picardy and Nord Pas-de-Calais being 13% of the French population) went through the cessation of the analogue signal, followed by Ile-de-France (18% of the population) on 8 March 2011.

TDF ensures the continuation of analogue transmission (feeding the transmission site with the M6 signal) and broadcasts the programmes jointly via its terrestrial and satellite networks.

Concerning the broadcast of free-to-air digital (DTT):

Data compression in digital mode enables the broadcast of several DTT channels on the same frequency. As a result, the broadcast in DTT is shared by a group of three to seven associated channels in common companies, called Multiplex or MUX, whose composition is decided by the Conseil Supérieur de l'Audiovisuel (CSA).

Thus, M6, W9 and Paris Première are associated with NT1 and Arte (for its HD signal) in the R4 Multiplex whose corporate name is Multi 4. TF6 is associated with multiplex R6 (SMR 6), of which TF1 is notably a part.

Today, the networks that have been rolled out by Multi 4 and SMR 6 ensure a coverage of 90% of the French population with 113 principal transmission sites and almost 1,300 secondary sites (commissioned or about to be commissioned in the first months of 2011, which means more than 200 additional broadcasting sites should be installed with a nationwide coverage target of 95% and a minimum of 91% for each district.

HD broadcast was launched on 30 October 2008. M6 is associated with TF1 and France 2 on the Multiplex R5 (MR 5), whose network is under construction, three years later than the first DTT networks. 77 sites are already operational and 193 sites will be rolled out during the first half of 2011. HD network coverage should continue to expand in 2011 with the accelerated rollout of transmitters leading to the completion of the installation of the primary network, as well as the commissioning of a significant portion of the nearly 1,250 transmitters of the secondary network.

- TDF for Multi 4 and MR 5 operate the top of the network which consists in compressing and multiplexing the signals. TF1 provides this service in the case of SMR 6.
- Multi 4 and SMR 6 use the company Globecast to ensure the upload to the AB3 satellite that reflects the signal to a large number of transmitters. A terrestrial link operated by TDF is used for the multiplex signal of associated channels in MR 5 to transmit from Paris to the regional transmission sites.
- Lastly, the companies TDF, Antalis (a subsidiary of TDF), Towercast (NRJ Group) and Itas-Tim operate the transmission sites of the R4, R5 and R6 networks. Onecast (TF1 Group) was also awarded broadcast contracts by MR 5 and SMR 6.

For their broadcast, the channels thus heavily depend on the quality of the services of their technical providers (free-to-air broadcast) and on the continuity of service provided by the operators of cable, satellite and broadband platforms.

More specifically, concerning the free-to-air broadcast M6 and W9, they have no alternative carrier in the event of breakdown of the analogue or R4 networks. However, the setting up of a backup for the R4 network is being analysed.

Antenna systems are not fully sheltered from technical incidents (antennas, guide wave and frequencies multiplexer), and electric supply may be discontinued in the event of a failure of the EDF network.

However, transmission sites are for the most part secured thanks to their multiplicity.

The injury that channels, and first and foremost M6, may be subject to in the event of a transmitter failure is proportional to the viewing audience size served by the transmitter. This is why M6 has negotiated with its service providers very short service times in the event of transmission failure.

14.6.2. Internal control failure, fraud, IT system, reliance on a given supplier, etc.

Risk of internal control failure

The Group implements a cautious prevention and follows up policy for this risk, as specified in the report of the Chairman of the Supervisory Board on corporate governance and internal control and risk management procedures (section 14.9.).

Risk of fraud

In order to prevent, discourage and detect frauds, the Group has put into place:

- an Ethics Charter which must be observed and was communicated to all Group employees. This Charter details the Company's ethical values and defines the professional principles which Directors and employees must respect in their own conduct and guides their choices in actions they undertake;
- a summary of fraud risks within the Group was prepared. This summary is the first step in an ambitious action plan implemented to manage the fraud risk as comprehensively and efficiently as possible. Initiated in July 2009 by the Audit Committee, and carried out throughout 2010, the objective of this action plan is:
 - o firstly to define the role of the various stakeholders (Operational Units department, legal department, Finance department and risk management)- this step was completed at

- the beginning of 2010;
 - o secondly, determine if the various internal control procedures established by the Group efficiently combat fraud – this stage is still ongoing but has already led to adding to the procedures implemented in certain departments and subsidiaries;
 - o lastly, put into place a multi-year testing programme that will complement the internal control audit.
- Group internal control standards, that include many key control points that directly or indirectly target the risk of fraud;
 - More generally speaking, all the rules, procedures and controls implemented within the Group's organisations.

These anti-fraud measures cannot eliminate all risks, but are intended to very significantly reduce their occurrence and magnitude.

IT systems risk

The Group depends on shared and interdependent IT applications for all its operations. The main risks relate to data confidentiality and integrity, as well as the discontinuation of IT services. Any failure affecting these applications or data communication networks may result in a cessation or slowdown in operations, delay or distort certain decision-making and generate financial losses for the Group. Moreover, any accidental or intentional data loss, liable to be used by a third party, may have negative effects on the Group's activities and results.

This is the reason why all IT systems are made secured by:

- Physical facilities protection (access control, fire detection);
- Logical network access control;
- Firewalls and antivirus;
- Daily, weekly, monthly and annual data backup;
- Duplication of broadcasting control room key systems (software and hardware).

This securitisation policy is reviewed on a regular basis in order to equip the Group with the best tools and procedure to combat this risk.

Risk of reliance on a given supplier

The concentration of strategic purchases from a limited number of suppliers may result in a strong dependence on the latter, causing a procurement risk (increase in purchase prices, supplier bankruptcy, etc.).

The purchases deemed the most strategic within the Group are audiovisual rights purchases or the M6 channel.

As regards programmes in inventory, the main suppliers are the major US studios. Even though distribution contracts (output deals) have been signed with certain producers, the most significant of which represents less than one third of film, made-for-TV films and series purchases. The top five US studios supplying M6 represent less than two thirds of these purchases. Dependence on these studios is structurally limited by the broadcasting quotas M6 must comply with.

As concerns flow programmes, there is little reliance on a given supplier. Only one production company represents more than 10% of these purchases.

In spite of the limited reliance on any given supplier, the Group pays particular attention in spreading its risks in terms of audiovisual rights procurement. It keeps a permanent watch in this respect in order to identify new programme concepts and alternative suppliers.

14.7. Industrial and environmental risks

M6 Group operations do not structurally generate any significant environmental impacts, and as a result do not incur any industrial or environmental risks in light of existing regulations.

Nevertheless, Métropole Télévision Group does take its environmental protection responsibilities seriously, particularly with regard to the recycling of waste produced by its activities, such as the recycling of batteries, laser cartridges, neon lights and videocassettes through a recycling unit (see also section 15 of this report).

14.8. Insurance coverage

M6 Group has adopted a prudent risk analysis and prevention policy in order to limit the occurrence and magnitude of such risks.

In order to complement these efforts, M6 Group has put into place an insurance policies plan focusing on the coverage of major risks, thereby providing for adequate coverage according to risk assessment, its own capabilities and the insurance market conditions. The Group ensures the appropriateness of its insurance policies in relation to its requirements.

The major insurance policies subscribed to by the Group are listed below, followed by category of major risks covered (information below is provided purely on an indicative basis), other than those concerning FC Girondins de Bordeaux and Ventadis, which have their own insurance policies.

Property damage insurance

Policy: Industrial and professional block policy

Insured parties: METROPOLE TELEVISION, its subsidiaries and/or related companies Coverage: Damages to a maximum of €47,500,000 per loss per year of coverage

Policy: All risks for IT and technical equipment

Insured parties: MÉTROPOLE TELEVISION, its subsidiaries and/or related companies

Guarantees: monetary damages arising from all direct material losses and all direct material damages caused to equipment to a maximum of €34,000,000 per loss per year of insurance.

Public general liability insurance

Policy: Operational and professional liability

Insured parties: MÉTROPOLE TELEVISION, its subsidiaries and/or related companies, groups created by or for personnel, legal representatives and servants of the insured

Coverage: monetary damages arising from personal injury, property damage or moral prejudice caused to third parties by the Group's operations, up to a maximum of €16,000,000 per loss for all professional liability type damages and up to a maximum of €7,000,000 per loss per year for all civil liability type damages.

Board members' general liability insurance

Insured parties: METROPOLE TELEVISION, its senior managers (1) (by law or fact) and Board members of Métropole Télévision SA and its subsidiaries.

Guarantees: monetary damages arising from Board members and senior management civil liability up to a maximum of €11,500,000 per insured period.

(1) Senior managers and Directors: individuals, past, present or future, ordinarily invested with company powers pursuant to the laws or bylaws of subsidiaries.

In 2010, the annual cost of insurance premiums to the Group amounted to about €605 thousand (vs €585 thousand in 2009). All of M6 Group insurance contracts were renewed in 2011 on similar bases as those of 2010.

All other contracts (particularly F.C.G.B. policies, as well as Ventadis policies and production insurance) represented €640 thousand in 2010.

Furthermore, SCI du 107 subscribed to specific insurance policies from ALBINGIA for protection against the risks associated with the rebuilding programme of the property complex of which it is the owner. The total value of related premiums totalled €423 thousand for the whole duration of the work and the following ten years.

There are no captive insurance companies within the Group.

14.9. Report of the Chairman of the Supervisory Board on corporate governance and internal control procedures and risk management

To the shareholders,

In accordance with the Law and in my capacity as Chairman of the Supervisory Board of METROPOLE TELEVISION, I am honoured to introduce this report on the performance, planning and organisation of the work of the Supervisory Board and on the internal control procedures implemented by the Company.

This report also specifies the principles and rules used to determine remuneration and benefits of all nature granted to Board members.

This report, prepared by the Chairman with the support of the Finance Department, the Legal Department and the Group's Risk Manager, was approved by the Supervisory Board on 22 March 2011.

As concerns corporate governance, our company refers to the Corporate Code of Governance for listed companies of December 2008 prepared by the AFEP-MEDEF, updated in April 2010.

AFEP-MEDEF's Code is available on the website: www.code-afep-medef.com.

I - ORGANISATION AND OPERATION OF THE SUPERVISORY BOARD

1.1 Membership of the Supervisory Board

The Supervisory Board comprises 13 members, including 12 individuals and 1 legal entity, appointed pursuant to Company bylaws, for a period of four years:

- Albert Frère, Chairman
- Gérard Worms, Deputy Chairman and Chairman of the Remuneration and Appointments Committee,
- Guy de Panafieu, Chairman of the Audit Committee,
- Jean Laurent, member of the Audit Committee
- Rémy Sautter, member of the Audit Committee,
- Delphine Arnault,
- Gilles Samyn, member of the Remuneration and Appointments Committee,
- Gerhard Zeiler, member of the Remuneration and Appointments Committee,
- Immobilière Bayard d'Antin, represented by Christopher Baldelli,
- Philippe Delusinne,
- Vincent de Dorlodot,

- Andrew Buckhurst,
- Elmar Heggen, member of the Audit Committee.

Seven of these members are French nationals and six are Europeans, including three Belgian nationals, one British, One Austrian and one German.

The term of office of eleven members was renewed in 2008 and will expire in 2012.

The renewal of the terms of office of Gilles Samyn and Immobilière Bayard d'Antin will expire at the next General Meeting. It will be proposed that their term of office be renewed for a further period of four years, due to expire at the 2015 Annual General Meeting called to consider the financial year for the year just ended.

In order to comply with the recommendations of the AFEP/MEDEF Code regarding staggered terms of office, it will also be proposed to the next General Meeting to modify the bylaws so as to introduce staggered terms of office on a sustainable basis.

Pursuant to addendum n° 3 to the Agreement between the Company and the Conseil Supérieur de l'Audiovisuel, to the bylaws and to the Internal Regulations of the Company, the Supervisory Board confirmed that at least one third of its members are independent since, after consideration of the individual position of each of its members with regards to the criteria of independence determined by the Board and listed hereafter, six of its members meet most of the criteria of independence and are considered to be independent.

The AFEP-MEDEF Governance Code states that the Board may qualify as independent a member that does not meet all criteria or conversely, decide that a member who meets all the criteria is however not independent.

According to the Supervisory Board's internal regulations, a member is considered to be independent if he satisfies the following criteria on the date upon which his status as an independent member is assessed and (without indication to the contrary) during the course of the previous five (5) years:

- not be an employee, director or be directly linked to a director of a related Group company or a company which controls the Company in the sense of Article L233-3 of the Commercial Code;
- not be a director or be directly linked to a director of a company over which a Group company directly or indirectly exercises a term of office;
- not be one of the Group's customers, suppliers or service providers, nor an employee of one of the Group's customers, suppliers or service providers;
- not have a close family link to a Company director;
- not (i) represent a shareholder of the Company or its parent company, participating in the control of the Company, and (ii) the Board should question the independence of persons with a shareholding or Company voting rights in excess of a threshold of 10%, taking into consideration the composition of the Company's share capital and the potential conflict of interests.

During the preparation and approval of the said internal regulations, it was decided to ignore certain independence criteria of the AFEP/MEDEF Reference Code, since the Board considered that these were unlikely to affect the independence of some of its members.

The independent members of the Board are:

- Albert Frère,
- Gérard Worms,
- Guy de Panafieu,
- Jean Laurent,
- Delphine Arnault,
- Gilles Samyn.

The list of positions held by each member is disclosed in paragraph 13.2 of the Annual Report.

As regards male and female representation on the Board, it is reminded first that the Board comprises a female member, which makes the Company strictly compliant with the provisions relative to a “balanced male and female representation within boards of directors and supervisory boards and gender equality at work” introduced by the Law n°2011-103 of 27 January 2011.

1.2 Conditions of preparation of the work of the Supervisory Board

Prior to each of its meetings, members of the Supervisory Board are provided by the Executive Board with all necessary information and documents to prepare their meetings, in the form of a file covering all items of the agenda and presenting Group operations during the last quarter as well as the various projects submitted to approval by the Board.

Each member of the Supervisory Board is also provided throughout the year with all the Company’s corporate communications.

Works Council representatives also benefited from the same information as Supervisory Board members.

1.3 Supervisory Board meetings

Notices of meeting are sent in writing by the Chairman to Board members and Works Council representatives on average ten days before the date of the meeting.

In 2010, the Supervisory Board met five times in compliance with the quarterly legal framework and the schedule of decisions submitted to it for approval.

The overall attendance rate of its members was 87.7% in 2010, and at least one Works Council representative attended each meeting.

Minutes are prepared at the end of every Board meeting. These are formally approved at the following Supervisory Board meeting.

Statutory Auditors were requested in particular to attend the two Supervisory Board meetings at which annual and interim financial statements were reviewed.

1.4 Supervisory Board’s internal regulations

At its first meeting on 20 May 2000, the Supervisory Board adopted its own internal regulations, completed in April 2003, which primarily specified and completed the Company’s bylaws regarding its organisation and operation: in particular, arrangements for Board meetings, how the Board exercises its powers, as well as membership, purpose and attributions of its Committees.

In its meeting of 6 May 2008, the Supervisory Board reviewed its internal regulations with a more detailed text that includes best practices and provides it with the resources to operate more

efficiently and better serve the Company and its shareholders.

A summary of significant items of internal regulations is provided in the Group's 2010 management report.

1.5 Subjects discussed by the Supervisory Board in 2010

The key undertakings of the Supervisory Board during the 2010 financial year mainly concerned:

- interim and annual financial statements;
- the budget for the 2011 financial year;
- the results for the third quarter ended 30 September 2010;
- major investment projects, in particular programmes;
- the renewal of the share buyback agreement for subsequent cancellation and the treasury management agreement with RTL;
- the renewal of the authorisation given to the Executive Board to grant deposits, guarantees and sureties.

The Executive Board also informed or sought the opinion of the Supervisory Board even when its prior approval was not necessary.

1.6 Self assessment by the Supervisory Board

The Board reviews its own modus operandi once a year at one of its meetings, by adding to its agenda the matter of its operation.

A questionnaire is issued to each member to evaluate the Supervisory Board's operating rules, which each member completes anonymously. An evaluation analysis is then presented to the Board.

The following emerged from the review in 2010:

- the Board benefits from the independence necessary to carry out its mission,
- the information available to Board members is satisfactory owing to the quarterly operating report from the Executive Board and attendance of Executive Board members at meetings;
- meetings are carried out efficiently and in a manner that favour quality and fully transparent discussions;
- the work of the specialised Committees is carried out in a comprehensive and thorough manner;
- the key improvements brought to the fore relate to the extension of internal control assignments, the feminisation of the Board and the delivery of studies or analyses performed by third parties.

1.7 Remuneration and Appointments Committee

The Remuneration and Appointment Committee comprises three members appointed for the duration of their term of office as members of the Supervisory Board:

- Gérard WORMS, independent member
- Gerhard ZEILER
- Gilles SAMYN, independent member

It is chaired by Gérard WORMS.

The Committee thus comprises a two thirds majority of independent members, in accordance with the criteria mentioned above in paragraph 1.1.

Gilles Samyn's term of office as member of the Supervisory Board will expire in 2011. Therefore, it will be proposed to renew it to the General Meeting. The composition of the Committee may be reviewed accordingly by the Supervisory Board meeting to be held after the General Meeting of 4 May 2011.

The assignments of the Remuneration and Appointments Committee are defined in the internal regulations and included in the 2010 Management Report (paragraph 13.2.3.2 of the Registration Document).

The Committee met twice in 2010 and decided on:

- the composition of the Executive Board given that the term of office of its members are due to expire;
- the terms and conditions of the fixed, variable and exceptional remuneration of the members of the Executive Board and relevant disclosures in accordance with the recommendations of the AFEP-MEDEF Code ;
- the conditions under which free shares are allocated and the list of beneficiaries of these allocations.

The Committee reported on its work to the Supervisory Board, which took note of it and followed all of the Committee's recommendations.

The attendance rate of its members was 100% in 2010.

1.8 Audit Committee

As regards the Audit Committee, the Company refers to the report of the workgroup chaired by Poupart-Lafarge on the Audit Committee dated 22 July 2011.

1.8.1 Membership

The Audit Committee comprises four members selected for their expertise. Two of the members are independent.

- Guy de PANAFIEU, independent member,
- Jean LAURENT, independent member,
- Rémy SAUTTER
- Elmar HEGGEN

The Committee appoints a Chairman from amongst its members who organises and structures the work of the Committee.

It is chaired by Guy de PANAFIEU.

Guy de PANAFIEU and Jean LAURENT are independent members in light of the above-mentioned criteria of section 1.1.

The recommendation made by the AFEP-MEDEF Code of corporate governance that two thirds of the Committee should be made up of independent members is thus not complied with due to the presence of a long standing major shareholder, whose rights are outlined by the Law of 30 September 1986 and by the broadcasting licence granted by the Conseil Supérieur de l'Audiovisuel on 1 March 1987.

1.8.2 Expertise

All members of the Audit Committee have the appropriate accounting and financial expertise, as evidenced by their past or current professional position:

Guy de PANAFIEU is deemed independent in light of Internal Regulations and has the relevant financial expertise due to his previous tenures as Chief Executive Officer of several major international corporations and his current position as Senior Advisor to Crédit Agricole Corporate and Investment Bank and as a director of SANEF SA and Médica SA.

Jean LAURENT is deemed independent in light of Internal Regulations and the Board selected him for its financial expertise given his financial and banking professional experience, in particular as Chairman of the Board of Directors of Calyon.

Rémy SAUTTER was selected for his financial expertise acquired throughout his career, in particular as former Chief Financial Officer of the Havas agency, as current Chairman of the Supervisory Board of Ediradio (RTL) and as a current director of Pages Jaunes SA and Technicolor SA.

Elmar HEGGEN holds of an MBA in finance and has served in various finance and strategy positions, which led to his current position as Chief Financial Officer and Head of Corporate Centre of RTL Group.

1.8.3 Operation

The assignments of the Audit Committee are defined in the Internal Regulations in compliance with Audit Committee charter and included in the 2010 Management Report (paragraph 13.2.3.1 of the Registration Document).

At its request, the Audit Committee is provided with all necessary or useful documentation and interviews all individuals as deemed necessary or useful to its review.

Audit Committee meetings relative to the review of full-year and half-year financial statements are always held between the approval of the financial statements by the Executive Board and the subsequent meeting of the Supervisory Board.

The Committee met four times in 2010. Its work included:

- the review of the financial statements;
- the review of the interim financial statements at 30 June and the third quarter financial statements at 30 September;
- the 2011 budget;
- the validation of the financial parts of the Registration Document;
- the treasury position and the working capital requirements of the Group;
- the follow up of the year's internal control assignments;
- the review of risk assessments;
- 2010 assignments and fees of the Statutory Auditors and the 2010-2011 audit plan;
- the review of the audiovisual rights portfolio;
- the review of the profitability of past investments;
- the condition of the financial IT systems;
- the follow-up of financial reporting.

The Committee reported on its work to the Supervisory Board, which took note of it. Minutes of every meeting are prepared and approved at the following meeting.

The attendance rate of its members was 69% in 2010.

The Audit Committee carries out an assessment of its own operation on an annual basis by filling out the Supervisory Board's assessment questionnaire provided to all Board members, a

section of which is reserved for the Audit Committee.

The 2010 assessment highlighted that:

- the Committee had all the information necessary to carrying out its work at its disposal;
- freedom of access to the Chief Financial Officer, the Statutory Auditors and the Internal Auditor facilitates the fulfilment of their assignment;
- the members of the audit Committee have sufficient skills and expertise to do without the help of an external expert;
- the Committee had sufficient time to dedicate to fulfilling the various assignments it was entrusted with.

II - PRINCIPLES AND RULES GOVERNING DIRECTORS' REMUNERATION

2.1 Remuneration of members of the Supervisory Board

The Board apportions the total amount of attendance fees set by the General Meeting of 4 May 2010 between its members. This amount should be understood as a maximum amount, the full payment of which is subject to the achievement of an attendance rate of 100%.

The total amount of fees is allocated by the Supervisory Board pro rata to the time given to the function during the period, taking account of the quality of the Chairman of the Board or its Committees and the participation by members in the Board and in the Committees. It also takes account of the members' attendance in this allocation, as is recommended in the AFEP-MEDEF Code of corporate governance

Upon the proposal of the Remuneration Committee in 2010, the total directors' fees is from now on comprised of the following:

- **a fixed element** equal to 75% of the total amount, being €135,000, apportioned pro rata over the effective duration of service during the period and reflecting the responsibilities exercised within the Supervisory Board and,
- **a variable element** equal to 25% of the total amount, being €45,000, which is paid, depending on the attendance at Board and Committee meetings during the period.

2.2 Executive Board members' remuneration

Every year, the Supervisory Board sets the Executive Board members' remuneration policy, as well as the Remuneration Committee, with reference to the AFEP/MEDEF recommendations on the governance of listed companies.

The remuneration policy sets all fixed, variable and exceptional remuneration items, in addition to commitments of any nature undertaken by the Company for the benefit of its directors.

It is not only based on the performance of work but also on results achieved, level of responsibility assumed, as well as practices observed in comparable companies and remuneration paid to other directors of the company.

The remuneration of members of the Executive Board is paid by the parent company Métropole Télévision, with the exception of Catherine Lenoble, whose salary is paid by M6 Publicité.

In 2010, Executive Board members' remuneration comprised the following items:

(1) a fixed element comprising:

- a basic salary for every member of the Executive Board;
- the value of a company car as a benefit in kind

(2) a variable part comprised of two elements:

- Additional remuneration based on the level of achievement of consolidated EBITA objectives for the Group, as defined by the Supervisory Board. As concerns Catherine Lenoble, this remuneration is calculated by reference to net annual advertising revenue for M6 Publicité;
- A remuneration as member of the Executive Board determined by the Supervisory Board as a function of audience criteria calculated for all channels held by the M6 Group, and a criterion of related audience share.

In 2010, the variable part represented a fraction of between 29% and 63% of the fixed part.

The targets set for the payment of variable remuneration are not disclosed on confidentiality grounds.

(3) annual granting of options and free shares, which may be taken up at the same time as those granted to other employees of the Group and the quantity of which reflects the assessment of individual performance.

The number of shares resulting from the exercise of options or the free allocation of shares that must be retained and recorded in nominative form until the termination of their office has been set by the Board at 20%.

The Board meeting of 10 March 2009 also decided to introduce a certain number of rules to provide a framework for the future allocation of stock options or free shares for the benefit of members of the Executive Board that are now subject to collective and individual ceilings as disclosed in the Group's Management Report.

These allocations are subject to serious and demanding performance conditions, in accordance with the recommendations of the AFEP/MEDEF Code.

(4) compensation for breach of contract, noting that pursuant to the AFEP-MEDEF Code of corporate governance for listed companies, the Supervisory Board on 10 March 2009 approved the proposal of the Remuneration Committee designed to harmonise all the compensation for breach of contract granted to members of the Executive Board, by restricting instances where payments are due and setting a ceiling of 24 months as a basis for this compensation, proportionally to time dedicated to their duties during the financial year and taking into consideration positions as Chairman of the Board or as member of a committee and participation in Board and Committee meetings.

As recommended by the AFEP-MEDEF Corporate Governance Code, the attendance of members was taken into account, the payment of which remains subject to the achievement of a performance condition introduced by the Supervisory Board on 3 March 2008.

The compensation mechanism (individual amount, payment terms, etc.) is detailed in the Group Management Report (paragraph 13).

(5) a supplementary, compulsory and defined contribution retirement plan put into place in July 2007 for all Executives of the Group, resulting in the constitution of individual pension accounts intended to fund the payment of life annuities.**(6) if applicable, exceptional remuneration.**

III- PARTICIPATION OF SHAREHOLDERS IN GENERAL MEETINGS

The terms and conditions of participation of shareholders in General Meetings is described in Article 29 of the bylaws.

IV- FACTORS LIKELY TO HAVE AN EFFECT IN THE EVENT OF A PUBLIC OFFER

These are disclosed in the Management Report (part 12.5).

V- INTERNAL CONTROL PROCEDURES AND RISK MANAGEMENT

The present section has been prepared by the Risk Manager and checked by the Finance Director. It was prepared on the basis of the principal conclusions arising from the work carried out in 2010 on internal control and risk management. The results of this work were considered in 2010, specifically at the time of Audit Committee meetings that were held throughout the year.

5.1 General organisation of internal control

5.1.1 Definition of internal control

As part of covering the risks the Group faces, M6 set up an internal control system closely associated with operational management and representing a decision-making tool for Management.

This internal control is based on the benchmark of Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the recommendations on corporate governance and internal control prepared by the AMF, which take into consideration legal and regulatory obligations as well as good trade practices.

The Métropole Télévision Group (Métropole Télévision SA and its subsidiaries) defines internal control as a process that consist in setting up and continuously revising appropriate management systems, with the aim of providing managers and senior executives (Board members) with reasonable assurances that financial information is reliable, that legal and internal regulations are complied with and that the principal processes of the business functions effectively and in an efficient manner. In addition, one of the objectives of an internal control system is to prevent and manage risks of error or fraud.

As with all control systems, it cannot provide an absolute guarantee that these risks are fully eliminated or controlled. The mechanism implemented aims to reduce the probability of their occurrence by the implementation of appropriate action and prevention plans.

5.1.2 Summary of risks

Every year, the Group prepares and updates a summary of all the operational and functional risks incurred by its various operating and functional staff. This summary provides for the implementation of action plans and their close follow up.

This work is carried out with the support of members of the Executive Committee of the Group and the senior operating and functional executives.

This summary of risks is presented bi-annually to the Audit Committee

The main risks facing the group are discussed in paragraph 14 of the current Management Report, in the section relating to risk factors and their management

5.1.3 Allocation of responsibilities of operating and functional staff

The responsibility for the control of risks is entrusted to the Group Chief Financial Officer, assisted by the Risk Manager who coordinates the control assignments in line with the action plan approved by the Executive Board. He ensures continuous monitoring of the internal control mechanism and, where appropriate, calls on external assistance.

The internal control system of the Métropole Télévision Group is based on all the policies and procedures defined by every functional department and by all operating units on the basis of the different risks identified:

- the internal control procedures in the area of group-wide activities are defined by functional management. They concern mainly Financial Management, Human Resources, Communications, Strategy and Development, Legal Department as well as Technical Management.
- the internal control procedures specific to operating management are defined at their level. Thus:
 - programme management monitors the costs and risks of content;
 - the advertising section seeks quality in the channels' partners and standardisation of marketing depending on the programmes;
 - the management of the diversification subsidiaries (other than television) ensures the quality of their contractual partners and monitors the development of trademarks created by Group channels.

5.2 Description of internal control procedures

5.2.1 General organisation of internal control procedures

In order to attain its operational and financial goals, the Group has set up organisational and internal control mechanisms as part of the general organisation described above.

a. Corporate governance: forms and approaches

Since 2000, Métropole Télévision has been a limited liability company with an Executive Board and Supervisory Board. This legal form facilitates the separation between company management and the supervision of that management. It also satisfies the regulatory constraints imposed by the agreement with the Conseil Supérieur de l'Audiovisuel (CSA), which governs the operation and broadcasting rules of the network.

The rules of corporate governance in the Métropole Télévision Group are set down in the bylaws (Articles 14-19 for the Executive Board and Articles 20-25 for the Supervisory Board) in the Management Report included in the 2010 Registration Document in the first part of the present report.

b. Operational control participants

Internal control is monitored at all levels within the Group. The Executive Board has delegated the following collegial organisations or functional departments with control powers:

- [The Executive Committee](#) ensures the effective implementation of the Group's internal control policy, by monitoring and following up the internal control work carried out across the Group.

It meets twice a month. It has eighteen members, including the Executive Board, and includes the main functional and operational departments of the Group: the General Programming Secretariat, managers of the diversification, audiovisual rights, distance selling and Internet divisions, as well as the Development, Financial management, Strategy, Human resources, Legal, General Secretariat and Technical departments.

- [The Management Committee](#), with responsibility of informing the Group on major decisions and communicate the internal control policy to the various entities.

It meets twice a month and comprises members of the Executive Committee as well as representatives of the main operations or departments: programming, M6 programmes, studies, digital channels and Girondins de Bordeaux.

- [The Finance Committee](#) is established in subsidiaries in which the Group does not have a majority interest (TF6, Série Club and TCM). It ensures the Group is informed of major decisions and directions.

- [The Financial Department](#) which co-ordinates and steers the weekly and monthly reporting of majority-held subsidiaries, thereby guaranteeing regular financial follow-up to the Group;

- co-ordinates certain financial operations that are of importance to the Group;
- in consultation with the subsidiaries, manages the Group's cash flow and exchange risks by setting up financial indicators and hedging instruments as it considers appropriate;
- monitors the handling of direct and indirect taxation as part of tax planning;
- in collaboration with the subsidiaries, maintains a network of management controllers suited to the needs of the Group's individual business units;
- strengthens the security of accounting information and the way it is passed up the Group for consolidation purposes.

- [The Legal Department](#) which issues legal opinions for all Group subsidiaries;

- liaises with the subsidiaries and other functional departments to prepare and negotiate contracts;
- maintains a network of lawyers to monitor and manage the Group's legal risks.

- [The Corporate Secretary](#) ensures compliance with laws and provisions specific to the Group's operating activities and follows legal and regulatory developments that may have an impact of the various activities.

c. Company Internal References

In order to enable each of its employees to take part in reinforcing internal control within operations, the Company implemented the following:

- an Ethics Charter which was communicated to, and which must be observed by all employees of the Métropole Télévision Group. This Charter details the Company's ethical values and defines the professional principles which Directors and employees must respect in their own conduct and guides their choices in actions they undertake;
- descriptive manuals specifying the operational and administrative processes applying to all its operations of whatever nature;
- a commitment control procedure backed by a system for the delegation of signatory powers. These delegations of powers are updated and formalised on a regular basis as the roles and responsibilities of delegating individuals change. At the time of each modification to delegations of power, segregation of duties between the validation of an operational commitment, its accounting and its payment is strictly assured.
- procedure for artistic validation of programmes content, ensuring it respects editorial and ethical values and current legislation. This procedure is enacted by preparing recommendations for the attention of Programme Management.

The main key documents of the Group are available on the Group's internal website. Functional managers are responsible for their distribution

d. Preparation of financial and accounting information

The internal control procedures relating to the preparation and processing of financial and accounting information are primarily implemented by the Accounting, Consolidation, Reporting and Management Control divisions of the Group's Financial Department.

Most of these processes are deployed in the subsidiaries to ensure best fit with the current *modus operandi* of the Group.

5.2.2 Principal internal control procedures established by the Company

The Métropole Télévision Group has a system of centralised control procedures with a high rate of hierarchical control based on a priori control of decisions and strict monitoring of individual objectives.

The Group's operational controls involve monitoring commitments, programming, content, quantity and compliance with regulations (CSA, CNC, etc.). The procedures and underlying principles within the Group include:

- an integrated management system, tailored for the audiovisual sector, which allows the simultaneous management of programme purchases and their broadcast, as well as the sale of advertising space;
- a financial reporting system and procedures to cover payment of general expenses;
- a centralised cash flow procedure.

The Group's internal controls for the preparation and processing of financial information comprise a number of procedures:

a. Accounting procedures

The Accounts Department gathers and records all movements and accounting documents throughout the accounting period using financial reporting systems controlled by system administrators which ensure such systems are correctly used and monitor updates in close collaboration with the publishers.

Document validation paths prioritise the Accounts Department; internal procedures exist to ensure a posteriori control of the consistency of accounting entries. Reviews are conducted at each balance sheet date to check the work done.

Lastly, the specific procedures relative to monitoring customer risk are applied in every accounting department: they relate to all the steps in the commercial relationship, from contact with the customer (completion of solvency check) to collection of the receivables (different terms of payment, application of late penalties and procedures for recovery of unpaid invoices).

b. Consolidation procedures

The consolidated financial statements of the Group are prepared in accordance with International Accounting Standards (IFRS) as adopted by the European Union since 1 January 2005.

The Consolidation Department ensures that accounting standards are consistently applied throughout the Group and are in line with IFRS developments. It also gathers and monitors non-

accounting data included in financial reports that are relevant to the consolidated financial statements.

The Group publishes quarterly reports on the consolidated revenue and financial position, and half-yearly reports on the results. It also issues financial documentation annually required for a company listed on a regulated market.

c. Reporting procedures and budgetary control

The Reporting Department is part of the Financial Control Department. It gathers and analyses data on a weekly or monthly basis depending on the activity concerned.

The first step in this process is the preparation of a three-year strategic plan, approved by the Executive Board. The second step consists in establishing an annual budget analysed by month. Although the budgetary process is decentralised to the level of each entity, its organisation and coordination is carried out by the central management control. In addition every entity or subsidiary presents its budget to the Executive Board and to Financial Management. This budget is subject to a quarterly update to provide the best management of Group forecasts.

Reporting is reviewed monthly with operational staff, who are in a position to monitor and explain progress towards their budget objectives. The Group consolidated 56 companies of which 49 are operational: 30 are monitored directly by central management control and 19 by their own financial management. Among the active companies, 4 do not require monthly monitoring (holding or property companies) but are subject to quarterly reporting. The other 45 companies are subject to detailed monthly reporting that is presented to the Executive Board.

To complete this monthly reporting, all operational entities are included on the weekly management report (revenue, programme costs, gross profit) or daily report (revenue statistics).

d. Monitoring off-balance sheet commitments

The Group has an integrated tool to manage the rights and programming portfolios of the M6 free-to-air and digital networks, which comprise most of the off-balance sheet commitments of the Group. The other off-balance sheet commitments are summarised by Financial Management in close collaboration with the Legal Department in a half-year report.

At the balance sheet date the Financial Department obtains the information required to report consolidated off-balance sheet commitments from all Group departments.

e. Monitoring non-current assets

The Group's non-current assets are monitored using asset management software and a special application to manage audiovisual rights. At each balance sheet date the information generated by this software is reconciled with the accounting records.

Regular physical inventories and asset reviews ensure that the operating assets exist and have been accurately valued.

5.3 Conclusions and outlook

During 2010, various audit assignments have been performed, primarily in relation to cash management, the tendering process and the recognition of advertising revenue, which is the Group's principal resource.

These assignments have not revealed any significant weaknesses or inadequacies in the internal

control procedures.

General Management have overseen the continuous improvement of the internal control process, whilst having strengthened both tools and procedures.

In 2011, M6 intends to continue the development of a strong approach towards internal controls being taken by operating entities, accompanied by making them responsible for their own internal control matters.

Neuilly sur Seine, 22 March 2011

Chairman of the Supervisory Board

14.10. Statutory Auditors Report

KPMG Audit
1, cours Valmy
92923 Paris La Défense Cedex
France

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex
France

Ernst & Young et Autres
41, rue Ybri
92576 Neuilly-sur-Seine Cedex
France

Métropole Télévision S.A.

Registered office: 89, avenue Charles de Gaulle - 92575 Neuilly-sur-Seine Cedex

Share capital: €51,583,175.60

Financial year ended 31 December 2010

Statutory Auditors' report, prepared in application of Article L. 225-235 of the Commercial Code on the report by the Chairman of the Supervisory Board of Métropole Télévision S.A.

To the Shareholders,

As Statutory Auditors to the Métropole Télévision company and in application of the provisions of Article L.225-235 of the Commercial Code, we hereby present you our report on the report prepared by the Chairman of the Supervisory Board in accordance with the provisions of Article L.225-68 of the Commercial Code for the financial year ended 31 December 2010.

It is the Chairman's responsibility to give account, in his report, in particular on the conditions of preparation and organisation of the work of the Supervisory Board and of the internal control procedures implemented within the Company providing the other information required by Article L. 225-68 of the Commercial Code relative notably to the area of corporate governance.

It is our duty to:

- communicate any observations we may have on the information contained in the report of the Chairman concerning internal control procedures regarding the preparation and processing of accounting and financial information, and
- certify that this report includes the other information required by Article L. 225-68 of the Commercial Code, noting that we are not required to verify the accuracy of this other information.

We have performed our work in accordance with acceptable professional standards in France.

Information on the internal control procedures in respect of the preparation and processing of accounting and financial information

These require the performance of due diligence procedures to assess the fairness of information presented in the Chairman's report regarding internal control procedures for the preparation and processing of accounting and financial information. Specifically, these procedures consist of:

- becoming familiar with internal control procedures regarding the preparation and processing of accounting and financial information supporting the information provided in the Chairman's report, as well as existing documentation;
- becoming familiar with the work done to prepare this information and the existing documentation;
- establishing if major deficiencies of internal control regarding the preparation and processing of accounting and financial information that we may have identified as part of our assignment were properly supported by information provided in the Chairman's report.

On the basis of our work, we have no observations to formulate on the description of internal control procedures and the management of risks regarding the preparation and processing of accounting and financial information contained in the report of the Chairman of the Supervisory Board, prepared in application of the provisions of Article L. 225-68 of the Commercial Code.

Other information

We certify that the report of the Chairman of the Supervisory Board includes the other information required by Article L. 225-68 of the Commercial Code.

Paris La Défense and Neuilly-sur-Seine, 4 April 2011

The Statutory Auditors

KPMG Audit
a division of KPMG S.A.
Xavier Troupel
Partner

PricewaterhouseCoopers Audit
Marc Ghiliotti
Partner

Ernst & Young et Autres
Bruno Perrin
Partner

15. Sustainable development and corporate responsibility

15.1. Human resources

15.1.1. Group workforce

15.1.1.1. Workforce

At 31 December 2010 the total permanent workforce was 1,806 people.

Breakdown of M6 Group workforce by type of contract

	2009	2010
Permanent contracts	1,500	1,594
Fixed-term contracts	205	212
Total workforce	1,705	1,806

Breakdown of M6 Group workforce by gender

	2010	of which male	of which female
Employees	787	400	387
Managers	792	364	428
Journalists	151	100	51
Senior executives	76	52	24
TOTAL	1,806	916	890

The average age of the workforce was 35 years in 2010, stable compared to 2009.

Breakdown of total workforce by division

	2009	2010
Television	820	847
Diversification	885	959
TOTAL	1,705	1,806

Change in number of permanent contracts between 2009 and 2010

2009 permanent workforce	1,500
New hires	205
Fixed-term contracts made permanent	41
Departures:	
- resignation	(70)
- redundancy	(28)
- termination by mutual agreement	(32)
- retirement	(2)
- other grounds	(20)
2010 permanent workforce	1,594

Breakdown of fixed-term contracts

	2009	2010
Fixed-term contracts	180	185
Work experience contracts	17	18
Apprenticeships	8	9

Total fixed-term contracts	205	212
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M6 remains committed to work/study programmes and catered for and trained 27 young people under work experience contracts or apprenticeships.

Work/study contracts therefore represent 3.46% of Métropole Télévision's headline workforce, in excess of legal obligations.

Event contract workers

	2009	2010
FTE event contract workers and freelancers	535	558

The use of event contract workers increased by 4%, primarily due to the growth in-house production.

External Labour

The Métropole Télévision Group uses external service providers for the following:

- General services: reception, post and messages, security, facilities cleaning and maintenance and collective catering;
- IT: IT project maintenance.

The subcontractors concerned employed 189 people in 2010, compared to 191 in 2009, the Neuilly and Rungis sites. The change was primarily due to external IT service providers of the Ventadis business (planned rollout of a new ERP system).

15.1.1.2. Organisation of working time

Since the conclusion of a company agreement in 2000, Group employees benefit from an organisation of their working time calculated in hours or days according to their categories.

Therefore, working time may be analysed as follows by category (excluding specific cases):

	Average annual working time	35 hour week overtime
Employees	1,575 to 1,589 hours	22 or 23 days
Managers	215 days	13 days
Journalists	199 to 205 days	11 to 17 days
Senior executives	Not applicable	Not applicable

Part-time work: at 31 December 2010, 93 employees worked on a part-time permanent basis, of which 84% were female and 16% male.

Reasons for absence (excl. FCGB)

Type of absences	2009	2010
Nb of sick days	11,872	13,097
Nb of days absent for maternity/paternity leave	8,676	11,825
Nb of days absent due to work related accidents	557	762
Nb of unpaid days absent	5,877	2,910
Nb of days absent due to exceptional holidays	2,879	2,442
TOTAL	29,861	31,036
Absenteeism rate	7.77%	7.75%

During 2010, 9,273 supplementary or complementary hours were worked by the employees of the M6

Group.

15.1.2. Group remuneration policy

The pay packages of M6 Group employees are reviewed on an annual basis as part of their individual assessment. Employees may benefit from individual performance-based pay rises. An across-the-board pay rise is granted to employees whose salary is less than the Social Security cap and who have been employed for more than one year.

In addition to their basic salary, all employees receive a 13th month salary.

In addition to their basic salary, 196 employees benefit from variable remuneration, which is primarily based on financial performance indicators.

15.1.2.1. Changes in average remuneration

The average remuneration of Group employees excluding Football Club des Girondins de Bordeaux) in 2010 amounted to €53,929, compared to €51,212 in 2009. This increase was primarily due to the growing share of variable remuneration.

15.1.2.2. Employee savings

Profit sharing

Three profit-sharing agreements have been signed within M6 Group encompassing the following segments:

- M6 Group excluding Ventadis division and FCGB
- Ventadis division
- FCGB.

In total, the special reserve for profit-sharing for 2009, and paid in 2010, was **€6,902 thousand** compared to €5,862 thousand paid in 2009 for 2008. 2,568 employees benefited, compared to 2,526 employees in 2009.

Additional profit-sharing contribution

Management signed a specific profit-sharing agreement with trade unions with the purpose of paying an additional contribution for 2009 to employees within the Group structure, excluding Ventadis and FCGB.

The special reserve for additional profit-sharing contribution for the 2009 financial year paid in September 2010 was **€3,519 thousand**.

1,879 employees benefited.

Bonus scheme

Bonuses are calculated in application of the group-wide agreement of 27 June 2008. The bonus is based on M6 Group's operating profit, which is the Group's key business performance indicator.

Within a deteriorated business environment which caused a decline in advertising revenue, operating profit did not increase in 2009 compared to 2008; as a result, no profit-sharing bonus was paid in 2010 for 2009.

Group savings plan

The Métropole Télévision Group set up a Group savings plan where the Group makes individual contributions in respect of every employee. In 2010, the amount paid in respect of this contribution was **€920 thousand**, compared to **€858 thousand** in 2009.

In total, the amounts paid by the Group in respect of employee savings amounted to **€11,341 thousand** in 2010 compared to **€6,720 thousand** in 2009.

Lastly, the management of employee savings was entrusted to an external organisation, which proposes the following five separate funds, varying in terms of yield and risks:

- FCPE Diversifié Actions (70% shares, 30% bonds), high yield but high risk;
- FCPE Diversifié Taux (20% shares, 80% bonds) modest yield but lower risk;
- FCPE Monétaire (100% money market), low yield and risk free;
- FCPE "M6 Group", 100% Métropole Télévision shares;
- FCPE Impact ISR rendement solidaire (new), a diversified FCPE (French company savings plan), invested in European markets, of which between 5 and 10% in socially responsible shares.

15.1.2.3. Supplementary defined contribution retirement scheme

Marking its desire to improve loyalty among executive staff and to meet their expectation in enhancing their pension coverage, a supplementary and compulsory defined contribution retirement scheme was put in place in 2007 for this category of personnel.

At the end of December 2010, 70 senior executives of the Group benefited from this scheme.

This scheme enables the creation of an individual retirement account whose objective is the payment of a life annuity.

By setting up this supplementary pension scheme, the Group plays a full role in improving the pensions of executive staff.

15.1.2.4. Total remuneration of 10 highest paid employees

In 2010, a total amount of €5,006 thousand was paid to the 10 highest paid employees (excluding directors and the FCGB), compared to €3,875 thousand in 2009 (benefits in kind included). This increase was primarily due to higher variable remuneration, which rose from €939 thousand in 2009 to €1,842 thousand in 2010 (of which €330 thousand in exceptional bonuses).

15.1.3. Development of talents

15.1.3.1. Promotion and career development

Integration of new hires

From the time of their arrival, new employees follow a period of integration comprising, in particular, an induction seminar of one and a half days. On this occasion, the Chairman and a number of Operating or Functional Directors explain the fundamentals of their area, thereby enabling the new recruits to understand the diversity and complementary nature of the Group's businesses. This seminar is also the occasion for employees to develop their internal network and understand the opportunities of working in synergy. 80 new employees thus discovered the Group's work opportunities in 2010. A half day induction seminar is also organised every month for trainees who stay with the Group for 3 to 6 months: 300 young people attended this seminar in 2010.

Annual review

As in previous years, all employees had an annual review with their manager. Assessment criteria go beyond results achieved during the year just ended, and focus on know-how specific to each position, Group-wide knowledge and, where necessary, the ability to manage. The summary of the annual meeting is accessible on the intranet for every employee and is archived since 2008.

Mid-career interview

Starting this year, all employees aged 45 or more are offered a mid-career interview with their Human Resources Officer. The purpose of this interview is to define their mid-term career path and establish the necessary steps to support it.

In-house mobility and promotion

All vacancies are posted on the Group's intranet in order to give priority to internal candidates. In 2010, 165 employees benefited from in-house mobility or promotion within the Group.

Training

M6 develops the skills of its employees with a policy of continuous training, which is based on training in its businesses, management and in mastering languages. In 2010 689 people benefited from such action, compared to 691 in 2009.

In order to further improve the individualisation for training and to tailor it to business projects for employees, the Individual Right to Training (IRT) continues to be rolled out across the Group. Every full time employee has an Individual Right to Training of 21 hours per year, which can be accumulated for a period of 6 years and managed on a calendar year basis. In 2010, 17% of the training budget was allocated to such requests from employees.

In 2010, the training budget, IRT included, was €853 thousand, being a total of 922 training days provided. This training was equitably split between men and women.

In addition, the Group set up its own training organisation in 2007, M6 Campus, which provides training internally in management, office automation and languages and also technical skills.

In 2010, 264 employees followed a training programme offered by M6 Campus (compared to 180 in 2009).

Diversity

2010 was marked by the signing of the “Charter for Corporate Diversity”, which consists in particular in encouraging pluralism and in seeking diversity through recruitment and career management.

15.1.3.2. Trainee policy

In accordance with the French national trainee charter, the Group conducted a number of actions for the benefit of student trainees.

- Encourage the training process

In 2010, the Group received and trained 345 trainees, all covered by contract and paid for a period for the most part of 3 to 6 months. In addition, M6 received 180 pupils from 3rd or 2nd class for periods of one week for observational work experience.

- Prepare future recruits for the Group and encourage loyalty among trainees

Before the end of their training period, the young people have an evaluation meeting with their supervisor, which enables the validation of their choice of professional direction as well as their potential and motivation for the Group. Their job applications have priority for filling junior vacancies immediately at the end of their training period or subsequently. In 2010, 60 trainees were recruited on a contract, permanent, freelance or occasional basis.

15.1.4. Employment and integration of handicapped persons

The Métropole Télévision Group is committed to integrating handicapped persons: it also participates in the week “one day, one business in action” under the auspices of AGEFIPH that enables handicapped persons to discover the audiovisual world and to assess the compatibility of their handicap against the area they have selected. For a number of years, the M6 Group also subcontracted specific administrative tasks such as mail sorting, to companies employing disabled people.

M6 Group signed a partnership with Jaris Tv, a charity working at helping disabled people or people from disadvantaged areas to integrate.

15.1.5. Commitment to the employment of older people

Each company of the Métropole Télévision Group has drawn up a three-year action plan in favour of the employment of older people.

The following steps, supported by specific targets, were taken in favour of this category of employees:

- “early planning of professional career development”, which plans to offer a second part of career interview and a specific abilities assessment to employees over 45 year old;
- “improvement of working conditions and prevention of arduous situations” by reducing night shifts for the over 55 year olds, offering over 45 year olds training on ergonomics and posture at the

workstation and committing to considering applications for part-time work from employees over 55 year old and assent to them if departmental organisation allows;

- "end-of-career arrangements and work-retirement transition" by organising "prepare your retirement" training programmes for employees over 63 year old, as well as employees entitled to a full pension within the following two years;
- "knowledge and skills transmission and developing tutorship" encouraging tutoring practices;
- "skills and qualification development and access to training", especially favouring training as part of the VAE, CIF, Congés pour bilan de compétence, période de professionnalisation and ITR French training schemes.

In addition, depending on their population pyramid, the various M6 Group companies have subscribed either to a specific target of retention in employment, or a specific recruitment target.

Thus:

- Companies having employees over 52 year old as part of their workforce have subscribed to a retention target for the employment of employees over 55 year old;
- Companies having employees aged between 42 and 52 year old have subscribed to retention target for the employment of employees over 45 year old.

15.1.6. Promotion of corporate dialogue

The various representative bodies of the Group (works council, single personnel delegation, staff representatives, health and safety Committees for working conditions) enable a corporate dialogue that is sustained and constructive.

Over the scope of the ESU, elections were organised in 2010 for the renewal of employee representatives (18 sites) and the members of the Works Council (14 sites). The personnel representatives of the two organisations were elected for a term of four years following the second round that took place on 11 March 2010.

In 2010, a total of 5 meetings were held on average every month with the elected members or union representatives, altogether within the economic and social unit (ESU).

Various panels notably related to the Works Council meet regularly, such as the equality panel, the catering panel or housing committee.

15.1.7. Health and safety at work

Health and safety conditions are monitored on a regular basis, in particular through meetings with the Health & Hygiene Committee (10 meetings in 2010).

The main subjects discussed were corporate catering, infrastructure modernisation and health.

Many steps have been undertaken in 2010 to improve working conditions and safety, in particular the launch of the second phase of major work to soundproof the company restaurant initiated in 2009, making mealtimes more enjoyable for employees.

In 2010, the workstation of about 420 employees was modified as fitting work was carried out or following their transfer to new premises. The health and Safety Committee ensured compliance with workspace, ergonomics, lighting, computer screen orientation and workstation requirements and issued a favourable opinion for all projects.

- Safety, hygiene and health training

In 2010, 105 people underwent safety standards training (evacuation, use of fire fighting equipment, first aid at work...).

The training of 45 first aid workers was provided by the Group nurse, who was herself trained to that end.

- Occupational health

The daily presence of the qualified nurse in the medical room enabled her, in conjunction with internal communication, to renew the two annual blood donation campaigns, which represented nearly 150 donations in 2010.

The nurse also organised an initiative on sleep, in partnership with the French National Sleep Institute (Institut National du Sommeil and de la Vigilance). As part of this initiative, she organised workgroups on this theme and developed an information and awareness programme.

Employees doing shift work for part or all of the night are seen every 6 months by the company doctor, as part of the development of increased health monitoring.

In 2010, pre-packed kits containing mosquito repellent and tablets, as well as a survival kit (food rations, blankets, etc.) were provided to journalists on their international assignments.

- Work related accidents

The number of work or travel related accidents to permanent and contract employees that led to a cessation of work, was 6 in 2010 (being 98 days stoppage) with a frequency rate of 1.463 (compared to 3.11 in 2009) and a severity rate of 0.03 (in line with 2009).

15.1.8. Professional ethics

Each new recruit is provided with M6 Group's professional ethics code, which goes beyond compliance with laws and contractual commitments and sets a number of professional principles with which each employee must comply in their personal behaviour and to guide their professional choices.

One of these principles is striving to act professionally, loyally and diligently, with neutrality and discretion, both in relation to the Group and the general public, customers and suppliers. Also mentioned is the attitude to adopt in the case of a personal conflict of interest, or when dealing with sensitive information, receiving gifts and invitations and during periods where trading in company shares is forbidden.

15.1.9. Work environment

15.1.9.1. Benefits and services of the Works Council

The Works Council offers a number of benefits to employees: gift-cheques for births, contribution towards costs incurred by employees in sporting or cultural activities, organisation of holidays, sporting or tourist weekends in France or abroad, etc.

The Group budget for social activities is:

- for the ESU, 0.9% of total payroll, being €425,695 (compared to €431,851 in 2009);

- for the subsidiaries, 0.15% of total payroll, being €58,337 (€54,148 in 2009).

15.1.9.2. In-house communication

Associate employees with the Group's major projects and advertise work opportunities

Advertising the Group's work opportunities in order to develop synergies among the various operations, the feeling of belonging to the M6 Group and internal mobility is one of the common objectives of in-house media dedicated to employees:

- an intranet portal, which is updated daily, providing news about the Group and its subsidiaries, audience ratings, TV channel programmes, internal activities and company life, industry trends and legal framework, interviews with employees, games promoting the Group's operations, etc. and for every employee, the possibility of managing their holidays, their annual interview and manage their Group Savings Plan. Since its launch, the portal has been opened to an increasing

number of employees, virtually doubling the number of users since its launch (October 2008) and the end of 2009 (from 800 to 1600 employees concerned).

- A new 100% web-based version of the monthly newsletter, which presents news on all Group entities: new programmes, audience ratings, product launches (publishing, CD/DVDs, derivative products, etc.) partnerships, events, film coproduction's, new websites and distance-selling events. The newsletter is sent to nearly 2,000 employees;

Unite people around Sustainable Development

On the occasion of the French Sustainable Development Week, a business conference based on the *Capital Terre* programme and attended by the show's team was organised to answer employee's questions.

15.2. Corporate responsibility

The responsibilities and commitments of M6 Métropole Télévision come from the general principles set out on the Law of 30 September 1986 as amended. Pursuant to Article 28-1 of the Law of 30 September 1986 as amended, and following the decision n° 2001-107 of 27 February 2001 in favour of the renewal of the authorisation held by Métropole Télévision without launching a call for candidates, additional requirements were included in the agreement concluded with the Conseil Supérieur de l'Audiovisuel (CSA).

15.2.1. A framework that guarantees a high level of commitment to French society

15.2.1.1. [Excerpts of the agreement between the Conseil Supérieur de l'Audiovisuel and M6 Métropole Télévision in terms of general and professional ethics obligations](#)

These obligations, mentioned in the Agreement concluded with the CSA, notably include general and professional ethics obligations that guarantee a major commitment to French society, in relation to the following (please find below excerpts of the M6 Channel's agreement with the CSA, available in full on www.csa.fr):

- The Company is responsible for the content of the programmes that it broadcasts. Pursuant to the constitutional freedom of speech and communication, as well as the company's editorial freedom, the latter watches over compliance with the principles enacted in the following articles.
- The Company makes sure that the programmes it broadcasts are selected, designed and produced under conditions that guarantee its editorial independence, in particular in relation to the business interests of its shareholders (...)
- The Company commits to refrain from establishing any business or financial relationship between companies of the Métropole Télévision Group and that of the principal shareholder or controlling shareholders that would diverge from business conditions usually noted in the market (...)

[In relation to the plurality of expression of ways of thinking and opinions](#)

- The Company guarantees the plurality of expression of ways of thinking and opinions.

[In relation to public life](#)

- Pursuant to the right to information, the Company ensures compliance with the presumption of innocence, respect for privacy and the anonymity of juvenile delinquents.
- Programme content must not encourage delinquent or uncivil behaviour, it must respect the general public's various political, cultural and religious sensitivities, it must not encourage discriminatory behaviours based on race, gender, religion or nationality, it must promote the French republic's values of integration and solidarity and take into consideration, in on-air representation, the diversity of origin and the cultures of the French community.
- Every year, the channel informs the CSA of its commitments to encourage the representation of the diversity of French society in its programmes for the coming year.

[In relation to individual rights](#)

- The Company must guarantee personal dignity and individual rights relating to privacy, image, honour and reputation and that individuals' testimonies on facts regarding their private life are only collected with their informed consent

In relation to child and teenager protection

- The family-friendly nature of the Company's programming should be reflected at times where a younger audience is most likely to be watching TV, i.e. between 6am and 10pm. Within these time slots, and all the more so in the portion devoted to youth programmes, violence, even psychological, should not be perceived as continuous, omnipresent or presented as the sole solution to conflicts. The Company complies with the classification of programmes in accordance with five degrees of appreciation of their acceptability in light of child and teenage protection and applies the signalling code accordingly.

In relation to the honesty of information and programmes

- The honesty requirement applies to all programmes. The Company verifies the validity and sources of information. Its origin must be specified as often as possible. Uncertain information must be qualified. It should be impossible to identify people and places, except where the individuals involved have given their assent before the programme is broadcast.
- When the Company presents on air, outside advertising slots, audiovisual communication service editing or distribution activities developed by a legal entity with which it has a significant capital relationship, it should strive to give a strictly informative character to the presentation, in particular by moderating the tone and restraining the significance attached to the topic. It should point out the nature of this relationship to the audience on this occasion.

In relation to defending and illustrating the French language

- The Company makes sure to correctly use the French language in its programmes, as well as in adapting, dubbing and sub-titling foreign programmes. The Company must strive to use French in the titles of its programmes. A French language consultant must be appointed by the channel.

Other Group channels must also abide by a number of regulatory and conventional obligations, both of a quantitative and qualitative nature.

15.2.1.2. Compliance of advertisements

The Group's advertising agency, M6 Publicité, entrusted ARPP (Autorité de régulation professionnelle de la publicité), by right of an interprofessional agreement, with a consulting role in guaranteeing the compliance of advertisements with general audiovisual advertising and communication rules. The current procedure, at the expense of agencies and/or advertisers, provides for prior disclosure to the ARPP before the first broadcast. This disclosure is given an order number that must imperatively be communicated to M6 Publicité before the broadcast.

As mentioned in its General Terms and Conditions of Sales, M6 Publicité reserves the right to refuse to broadcast or interrupt the broadcast of any advertisement, if it considers that it fails to comply with the laws, regulations and practices governing audiovisual advertising and communication, or if it is contrary to the channels interests or those of its subsidiaries, or if the CSA subsequently deems that an advertisement is non-compliant and forbids any further broadcast and/or demands that the film is withdrawn from air. The editorial quality and legal control aspects are managed by the agency's advertisement broadcast department.

15.2.2. Information programmes accessible to all

15.2.2.1. Encourage a better understanding of the world

The M6 Group seeks to deliver the most complete and most diverse information possible and, as stated in Article 33 of its agreement, expand its programming of magazines, documentaries and information to provide a deeper knowledge and understanding of the contemporary world, by dealing with diverse subjects such as employment, integration, the economy, science, ecology, consumption, etc.

Capital, Zone Interdite, 66 Minutes, E=M6, Enquête exclusive, le 12.45 and le 19.45 are programmes that illustrate, via the subjects dealt with (*"Changer de travail, trouver un emploi: où sont les jobs in France ?"*, *"7 milliards sur la Terre: comment se nourrir sans détruire la planète ?"*, *"Paysans and fiers de l'être : nouvelles terres, nouveaux défis"*, *"Un an à l'internat qui peut changer leur vie"*, etc.) illustrate M6's commitment to inform and increase awareness of the current social issues and its expertise in

deciphering major challenges.

15.2.2.2. Programmes accessible to the widest audience

Above all, for M6 accessibility means, in accordance with the legal obligation set by the Law n°2005-102 on equal rights and opportunities, the participation and citizenship of people with disabilities, taking into account disabilities, first and foremost by subtitling its programmes for the benefit of the deaf and hard-of-hearing.

Since 8 February 2010, M6 makes all of its programmes accessible to people with hearing difficulties (excluding commercial breaks, sponsorship, trailers, songs interpreted live and instrumental music, home shopping and live broadcasts of sporting events between 12pm and 6am).

W9 subtitled 58% of its programmes in 2010. From 2011, it will have the obligation like M6 to subtitle all its programmes.

In addition, since 2009, the new broadcasting control room will enable all Group channels to broadcast specific subtitles and thus provide access to the greatest number of broadcasts by Paris Première, Téva and the 3 music channels.

15.2.3. Public awareness of great causes

15.2.3.1. A civil channel with a sense of responsibility and solidarity

M6 is highly committed to promoting a more socially responsible television service and broadcasts messages and short films with a social content free of charge.

M6 intends to assist and to encourage charitable actions and to increase the general public's awareness of them. In 2010, many humanitarian campaigns, non-governmental and charitable organisations thus broadcast free of charge on M6 and on the digital channels, representing international solidarity causes (Action Contre la Faim, Croix Rouge Française (French Red Cross), Foundation de France, Banques Alimentaires, ATD Quart-Monde, Emmaüs, Armée du Salut, Perce Neige, Secours Catholique, etc.), health issues (the fight against AIDS, the fight against cancer, research on rare diseases, Foundation pour la recherche sur le cerveau, etc.) and education/culture issues (children's schooling, etc.) representing more than 1,000 features on Group channels.

Since 2006, M6 has been the official TV sponsor of the Handicap International NGO, airing the organisation's communication on its TV networks and websites.

This support relates to the organisation's three major annual events: the Shoe Pyramid, aimed at making the general public aware of the extensive damage caused by cluster bombs, the Fir-tree Bag, with which W9 associated itself, and the kit plio (back-to-school book-covers) which allow people, through ethical and responsible consumption, to participate in the funding of the NGO's missions.

W9, for the second year and with other free DTT channels, continued to support "Pasteurdon", an event aimed at increasing awareness of the Institut Pasteur's research and its need for donations. Seven fund-raising short films and a video featuring scientists, artists and DTT hosts and supporting the Institut Pasteur were broadcast between 21 and 24 October 2010.

The broadcasts by the Group channels are an occasion to inform opinion on certain difficult situations and to bring the support of teams to improve the daily lives of those concerned.

Thus Valérie Damidot (D&CO) and her team contribute each year to improving the living environment of families. In 2010, they more specifically helped sick children in the Robert Debré hospital in with the *Cé ke du bonheur* charity, which seeks to improve the quality of life of hospitalised children and teenagers.

M6 associated itself with the Rockcorps programme, which offered a concert ticket in exchange for 4 hours of volunteer work for the benefit of 70 NGOs, then aired the concert on 8 November 2010.

Furthermore, M6 provided extensive coverage of concerts held to promote peace and solidarity values, such as the concert for tolerance on 6 November 2010 and the Peace one day concert on 11 November 2010.

15.2.3.2. Prevent, act and increase awareness of public health challenges

For many years, a Group mechanism, set up both on all Group channels and on the Internet, has been put in place to support the Sidaction campaign against AIDS, which ran from 26 to 28 March in 2010.

The Group's channels, supported by presenters, has made the Sidaction the keynote of a number of programmes, featuring announcements of the event, calls for donations, special shows, awareness building programmes, broadcasting of fund-raising advertisements, etc.

M6 strives to warn viewers of risks associated with alcohol and drugs in its many magazines and reports.

In accordance with the Food Charter signed on 18 February 2009, in 2010 M6 broadcast more than 15 hours of programming inviting viewers to visit the www.mangerbouger.fr website that promotes healthy food and exercise.

15.2.4. M6 Group, a player with a sense of solidarity

15.2.4.1. The M6 corporate foundation

The Group announced the creation of its corporate foundation at the start of 2010, having decided to get involved in the difficult matter of prison life.

As the first company to make this choice, the Group exercised its responsibility for a social cause that is consistent with its operations and unites its employees around a project financed by all Group companies.

This foundation was granted a budget of €2.5 million over 5 years and is intended to support the audiovisual activities proposed to inmates and contribute to the Ministry of Justice's integration initiatives, in particular through:

- Audiovisual work training with the aim of a potential integration,
- Improving the choice of activities through cultural entertainment and sport,
- Support for non-profit projects of good quality but with little resources,
- And maintaining family relationships between inmates and their relatives by renovating and improving the dedicated areas.

Helping and serving inmates: a social necessity

Even though life in prison and professional reintegration attract little media coverage, M6 Group's project echoes a strong demand from public authorities, charities and the inmates themselves, which today appears more of a true challenge than a simple corporate foundation developed with these partners.

M6 Group elected to serve this original yet natural project due to the fact that:

- Television, only authorised in prison since 1985, is, for most inmates, their only window to the world outside. The channel and the M6 Group by extension are legitimate stakeholders due to their role as content editors and use their expertise in an often forsaken environment,
- Prison is a true social issue that deserves dedicated human and financial resources so that beyond its punishing dimension, inmates are allowed to think things through and rebuild their life to integrate into society once again ,
- It is a difficult issue that can only be carried by a Foundation originated by a channel which intends to stand out from the rest.

Exercising M6 Group's corporate responsibility for a cause that is consistent with its operations

The goal of this Foundation is to support audiovisual activities offered to inmates and to contribute to the reintegration programmes initiated by the French Ministry of Justice.

The Foundation's mission is thus modelled on the Group's operations: providing collective entertainment, promoting a certain idea of life in society and always setting oneself new challenges:

- development of activities related to **audiovisual work** and **training** workshops (equipment and optimisation of the internal video channel, sound, image and control room training, writing and staging workshops, etc.) with the objective of **reintegrating** inmates into life in society.
- diversification of activities on offer through cultural entertainment (shows, concerts, conferences and debates, multimedia library) and sport,
- support for the prison administration's partner non-profit organisations.

Key figures of the Foundation

- a €2.5 million budget over 5 years,
- only 1 year in operation and already:
 - 10 audiovisual workshops, 75 people undergoing training,
 - 10 entertainment events organised, 800-strong audience,
 - 1 show staged, played and shot,
 - 3 charities supported 1,900 people (children and inmates) helped,
 - 66 facilities organising audiovisual activities.

Actions implemented by the Foundation

Concrete on-site actions:

- 75 inmates trained in the 10 audiovisual workshops supported by the Foundation (Tarascon, Bourg-en-Bresse, Rennes, Bonneville, Strasbourg, Dijon, Béziers, Varcès, St Quentin Fallavier and Avignon...).
- 800 inmates attended the 10 shows, films, cooking classes, etc. organised by the Foundation.
- 1 induction film for "new arrivals" produced for the Bourg-en-Bresse prison and 3 are being shot (Bois d'Arcy, Melun and Fresnes).
- 1 show, staged and acted by the Melun inmates and shot by the M6 Foundation.

Financial help for 3 charities

The M6 Foundation provides financial support to three charities:

a) The **Relais Enfants Parents** charity. The Foundation helped 1,350 children to visit their parents in hospital, 180 children to spend Christmas with their parents who are in prison and 150 inmates to manufacture presents for their children.

b) **Mouvement de Réinsertion Sociale** (MRS), a charity that provides individual support and access to self-governing housing to people leaving prison. Since July 2010, the M6 Foundation has, through MRS, enabled 60 inmates to be granted social housing and 10 inmates to start taking driving lessons to facilitate their reintegration into society.

c) The **Yeux de l'Ouïe** charity, which encourages the broadcast, production and promotion of sound and visual work to establish networks to exchange various artistic practices.

A uniting project for employees

The foundation motivates Group employees and brings them together around a rewarding and uniting project, which testifies to our Company's growing awareness of its role in society as a corporate citizen.

15 Group employees thus contribute on a regular basis, through an organisation committee that meets periodically. They give time and share their expertise and experience in their respective fields to develop, put into place and support the 2 employees who work full time for the M6 Foundation.

15.2.4.2. Numerous other initiatives

M6 Groups also associated itself, via F.C.G.B., with solidarity with children in Haiti following the earthquake, by electing to pay one euro per person in attendance at the Bordeaux-Lyon Ligue 1 match of 17 January 2010 to UNICEF.

The Group also support the “les Restos du Coeur” NGO, by giving this organisation redundant IT hardware every year, which it uses in its professional integration classes.

Group employees are also committed to many other causes, such as breast cancer, by taking part once again this year in La Parisienne race, by making donations to Entrepreneurs du Monde to help Haitians (with M6 Group doubling its employees’ contribution), through micro-credit, to put their country back on their feet, by giving their old mobile phones to the Ligue contre le Cancer, etc.

15.2.5. Child and youth protection and well-being

This cause is the mainstay of the social advocacy commitment of M6 Group, which is involved in a number of initiatives in this area to support sick children, provide remedial courses and prevent dangers.

15.2.5.1. Television, a powerful media

In addition to campaigns broadcast free of charge by the Group channels (SOS Villages d’enfants, Association Petits Princes, Action Innocence) more direct activities were carried out: thus, in response to the Haiti earthquake of early 2010, M6 elected to call for help on behalf of the children, in partnership with Figaro Group and RTL, by calling for donations for the benefit of Foundation de France, with a view to contributing to rebuilding orphanages.

The M6 network is also a major powerful contributor to the Amber Alert system, implemented in 2005 by all main and radio television channels who signed a memorandum of understanding concerning the Amber Alert mechanism that had been successfully experimented in the United States for a number of years. This requires the mobilisation of maximum media power during the first 24 hours after a child has been kidnapped, and to broadcast over as wide an area as possible information that could lead to retrieving the child. This commitment by the Group consists in communicating necessary information to as many people as possible, such as a description of the child or the abductor, as well as the circumstances of the kidnap, using tickers passing at the bottom of TV screens, interrupting programmes, or repeatedly showing photographs to help identification. In 2010, the Alert was raised once.

15.2.5.2. Protecting our young audience

Signalling system

Concerning programming, the protection of children has been promoted since 1989, when M6 took the initiative to create a signalling system stating the target audience of films. It was finally imposed on other channels by the Conseil Supérieur de l’Audiovisuel in 1996. However, the commitment of M6 in this area has not weakened and the Group also ensures that programmes do not contain violence, vulgarity, or anything likely to shock the sensitivity of young viewers. To this end, the Group follows with vigilance the preparation of co-produced series, from concept to delivery of the final episode. Dubbing of foreign films is also done with the greatest care. Thus, all the youth programmes, films, series, made-for-TV films, or musical clips are viewed and validated by a viewing Committee that gives its recommendations to the signalling Committee, the final arbitrator of the allocation of the 4 categories (everyone, less than 10 years old, less than 12 years old and less than 16 years old). Once again this year, the M6 network sustained and broadcast the signalling campaign proposed by the CSA.

In addition, pursuant to the terms of the CSA deliberation dated 17 April 2007, M6 has drafted a charter governing the participation of minors to its TV shows, with a view to protecting them and establishing specific reception conditions.

Food charter and fight against juvenile obesity

Under the auspices of the Health Minister and the Minister for Culture and Communication, on 18 February 2009, TV channels, producers and advertisers signed a charter devoted to fighting juvenile obesity in France. This charter, intended for the next 5 years and controlled by the CSA, grants

preferential prices to the “Institut national de prevention et d’éducation pour la santé” to broadcast its health prevention messages aimed at encouraging a balanced diet and physical activity. It includes editorial commitments by channels to promote and educate young audiences, in particular by promoting balanced food behaviours.

In this second year of application, M6 broadcast about ten different programmes, corresponding to more than 17 hours of hourly volume and airing all or part of the PNNS messages (Programme national nutrition santé). Programmes that promote balanced nutritional behaviour were broadcast throughout the year and addressed both parents and children, including the E=M6 and MIAM Mon invitation à manger, the short programmes Tous ensemble à table, the Vinz and Lou cartoon, as well as matters such “*Comment devenir un agriculteur en herbe ?*”

Control

The M6 Group is also responsible for the information broadcast on its websites. Concerning its community sites, a service provider is responsible for moderation and, once the messages have become public, verifies those which are insulting, defamatory, racist or that represent an incitement to violence or hatred and, where appropriate, removes them from the websites.

Via the community site for teenagers, Habbo.fr, a virtual bus of the Fil Santé Jeunes organisation is made available to members. Teenagers can thus freely get information or explain a problem to health professionals. Habbo has also set up a team of professionals responsible for containing the site and prevent any abuse or attempt to fraud linked to the use of a payment method proposed by the site.

M6 also associated itself with the “Internet without fear” campaign designed to increase young people’s awareness of proper internet usage, as well as the campaign aimed at protecting children under the age of three on the adverse effects of television.

Lastly, M6 mobile proposes fixed price offers with unlimited calls at night and weekends with its offer targeting 15/25 year olds. Since November 2007, members of AFOM (French Association of Mobile Phone Operators), of which M6 mobile is a member, due to its M6 Mobile by Orange offer, signed an agreement according to which they commit to automatically propose parental control from the time the phone line is open.

15.2.6. Promoting diversity

In 2010, as every year, the M6 Group continued its approach to implement initiatives and concrete steps to encourage the representation on the channel of the cultural multiplicity and diversity of the components of the French population (socio-economic groups, gender, country of origin and disability).

Its commitment to representing the diversity of the French population is now included in its agreement, but independent of its contractual duty, the channel has for a long time been conscious of its responsibilities in the area of education and the respect for differences.

As a broadcaster, it should reflect the image of a multi-cultural France in both the promotion of values of integration and solidarity and by the concrete representation on the channel of visible minorities. W9 implements the same approach.

The CSA watches over compliance with the commitments undertaken by the channels, based in particular on the results of diversity studies, the first results of which were satisfactory for M6 and W9.

15.2.6.1. Integration and diversity

Reports by Zone Interdite (“*Un an à l’internat qui peut changer leur vie*”), Capital (“*Jeux de plage*”) and episodes of the short programme *Un projet, une équipe* (*Easy Paye* and *Mum on the go*) looked at the life story of young people of foreign origin, following their efforts to succeed socially and make their dreams come true, free from clichés: giving their chance to students from deprived suburbs, designing an original

and handy child care product range, selling beach games or setting up a company specialised in human resources and payroll processing, etc.

True to its expertise in documentaries, the M6 channel, in order to better comprehend the challenges of today's world and the society in which we live, tackled the diversity issues by presenting several profiles and different approaches to success.

On 6 November 2010, the channel also broadcast the 5th edition of "Concert pour la tolerance", which carries a message of respect for others, of peace, fraternity and tolerance.

Diversity is also represented in many Group channels' programmes: including magazines and entertainment programmes (*D&Co*, *Pékin Express*, *un dîner presque parfait*, *la France a un incroyable Talent*, *Nouvelle Star*) as well dramas such as (*Scènes de Ménage*, *Ma femme, ma fille*, *2 bébés*, *Le pot de colle*, *Les Bleus premiers pas dans la police*), and also short programmes, such as *Plus vite que la musique* or *Sortie d'artiste* which introduce singers and artists of very diverse origins, such as Medi or Sheryfa Luna.

15.2.6.2. [A strong involvement with disabled people](#)

Many programmes were aired about the daily life of the disabled: *C'est ma vie* ("*A chacun son défi*", "*Etre une maman comme les autres*", "*Ma maladie, ce monde à part*") and 100% Mag ("*Ils adoptent des enfants handicapés*", "*Une scolarité classique pour les enfants autistes*"). Other shows invited disabled candidates, such as in *Un dîner presque parfait*, *Nouvelle Star* and *Top Chef*, whose said candidate went on to be a columnist for the show *M.I.AM, mon invitation à manger*.

Off-air, the Company also participated, as every year, in the week for the employment of disabled people from 15 to 21 November 2010 by inviting people to work with its teams.

15.3. Environmental responsibility

The Métropole Télévision Group does not structurally present a significant impact on the environment. However, on its own scale, M6 is attentive to its own consumption and seeks to take initiatives in this area, both in terms of recycling and making the public at large aware of the challenges of sustainable development.

To demonstrate its commitment, the M6 Group has adopted an approach in line with the charter proposed by the Minister for Ecology, Jean-Louis Borolo, and addresses many of the issues raised by the charter. In fact, the Group has already made a summary of its CO₂ emissions and broadcast more environmental information.

For instance, the Group launched the "1 week without a plastic cup" initiative during the sustainable development week running between 1 and 7 April 2010. This initiative which targeted the Group's employees consisted in removing plastic cups from the 23 coffee machines of the Neuilly sites. Real cups were put at the disposal of the staff near coffee machines and water fountains. The success of this initiative with employees was such that all plastic cups were definitely removed from June.

During the same week, a conference based around the **Capital Terre** show was also held in the auditorium for employees in order to raise their awareness of environmental impacts.

Furthermore, the Nationwide Editorial Officer of the M6 TV channel purchased an electric car at the end of the year in partnership with MOPeasy, a company specialised in vehicle sharing. This silent and pollution free car is used by journalists for their short-distance trips between Neuilly and the centre of Paris.

Lastly, the planned demolition and reconstruction of the property complex located at 107 avenue Charles de Gaulle is subject to a High Environmental Quality process, which encompasses both users' comfort and quality of life and respect for the environment: to date, the project has already achieved HEQ certification for the Design and Planning phase.

15.3.1. Environmental indicators

The consumption of water resources, raw materials and energy is monitored and controlled by the Group's General Services, as part of an approach aimed at reducing consumption and using equipment to improve energy efficiency.

Thus, in 2002, the Group's principal site was equipped with a regulation valve that led to a 40% reduction in gas consumption since then.

A complete modern management system has been installed to deal with energy consumption. This regulates the temperature and lighting of premises depending on a number of criteria, such as for example their occupancy rate. This centralised management of energy is intended to provide better control by the Group of its consumption.

The latter is very regularly monitored in all areas. Water and energy consumption and CO₂ emissions were the following in 2010:

Water consumption in millions of cubic meters

2008: 24.5 thousand m³

2009: 22.3 thousand m³

2010: 22.2 thousand m³

Water consumption level was stable between 2009 and 2010.

Electric energy consumption (in kWh)

2008: 8,580,787 kWh

2009: 9,296,595 kWh

2010: 9,069,870 kWh

This reduction in electricity consumption between 2009 and 2010 was made possible by the replacement of 700 35W / 6,000 hour halogen lamps by 11W / 15,000 hour low energy fluorescent lights.

CO₂ emissions (in millions of kg)

2008: 0.413 million kg

2009: 0.359 million kg

2010: 0.342 million kg

Here again, consumption was stable between 2009 and 2010

Waste produced (in tons) including paper and cardboard sorting.

2008: 418 tons

2009: 372 tons

2010: 324 tons

Paper and cardboard sorting

2009: 210 tons collected in bins

2010: 189 tons collected in bins

15.3.2. New developments in recycling

In parallel with this desire to control consumption (water, energy, etc.), M6 also has an active policy of recycling waste arising from its operations (batteries, neon lights, IT hardware, toner cartridges, etc.). The selective sorting, is place in both the main building at 89, avenue Charles de Gaulle and the building at 46, rue Jacques Dulud.

Various initiatives directly targeting Group employees were also carried out in 2010. Since June, all plastic

cups have been removed from automatic coffee dispensers on all Group premises, and all employees now have their own personal cup. This represents a saving of about 180,000 cups. Similarly, in partnership with the Ligue contre le cancer, used mobile phones were also collected.

In addition, the Ventadis business (Distance Selling), as part of the Waste Electrical and Electronic Equipment (WEEE or W3E), collected a contribution from its customers in addition to the price of equipment with electric or electrical components. This eco-contribution is paid in full to the suppliers who must fund the recycling of old equipment through specialised organisations. In 2010, a total of €1.6 million was collected, compared to €1.5 million in 2009.

As regards water treatment of the air conditioning system, an ultra-sound device was installed in the middle of the year, preventing 70kg / month of traditional treatment product to be disposed down the drain.

15.3.3. Community awareness

The responsibility of a group producing and broadcasting content lies also with a desire to make the general public aware of the challenges of sustainable development.

M6 decided to play an educational role via quality documentaries presenting the current ecological difficulties. These magazines have become flagships for the channel and thus represent a major audience attraction for these subjects among an increasingly generalist audience.

The channel thus created the “**Capital Terre**” show, which follows the Sunday night business magazine. The programme looked closely at new eating habits and their sometime devastating effects for the planet. Throughout the show, the host looked at many initiatives that may soon help feed a growing global population.

Another new magazine, “**Les 50 ans qui ont changé notre quotidien**”, focused this year on recounting half a century of daily life in France. In its first issue, the show recounted fifty years of housing history in France, from the first social housing buildings to “sustainable” housing, a strong challenge for the 21st century.

Environmental challenges and news were also covered many times in newscasts (le 12.50 and le 19.45): urban pollution energy saving, “Grenelle de l’Environnement”, clean up of the Mer de Glace in the alpine range by volunteers, etc. Newspapers regularly highlighted climate-related unusual stories or innovations, such as disused tanks turned into reefs for fish in Thailand”, “a glacier painted in the Andes”, etc.

In addition, the in-house magazine and news documentary production company C Production produced several topics on behalf of M6 around ecology and sustainable development, including “Grand Froid: comment bien isoler sa maison”, “Electricité, chauffage: je produis tout moi-même”, “Eco quartier: bienvenue dans les maisons du futur”, “Déco: ne jetez plus, récupérez !”, “Lave-linge, frigo, aspirateur: comment prolonger leur durée de vie ?”, “Nouveaux chauffages: plus beaux and plus économiques !” within the framework of 100% Mag. The channels’ historic magazines, Capital and Zone Interdite, also broadcast many topics related to sustainable development such as “Emploi vert: révélation sur les jobs de demain”, “Paysans et fiers de l’être, nouvelle terre, nouveaux défis”...

15.4. Economic responsibility

15.4.1. Sustainable mode of profitable growth

The economic responsibility of the M6 Group is to ensure its long term development by exploiting the growth reserves available in the various markets where it has a presence.

Conscious of delivering continuously better financial performance year on year, the Group also seeks to enlarge and consolidate the bases of its future growth in a competitive and technological environment undergoing rapid change.

Thus, in 2010, the M6 Group again successfully continued its growth strategy in all its operations as demonstrated by:

- the bolstered strength of the M6 channel, with growing audiences, in particular in strategic time slots,
- the very strong growth of W9, the second free channel of the Group, on the free DTT market,
- the consolidated position of its family of pay channels, with the confirmed success of Paris Première and Téva in particular,
- and an aggressive approach in the area of diversification and audiovisual rights, designed to enhance the Group's presence in activities that meet the following objectives: complementarity and synergies with TV operations, reduced dependence on the advertising market, asset and brand creation and presence of content on all distribution and viewing networks.

15.4.2. A Group actively seeking new growth opportunities within an environment that needs to be preserved

The first challenge for a media group today is to encourage innovation in order to adapt to technological changes and changes in viewing patterns and the use of its services. According to a Médiamétrie study (L'année TV 2010), more than one person out of two in France watches programmes after their initial broadcasting from time to time, regardless of the media used. More than 11 million people have already consumed catch-up TV to watch a programme they have missed or wish to watch again.

This development has led the Group, over the past few years, to make its content and products available on more distribution channels, necessitating investment in networks and digitalisation, as well as ascertaining the existence and the development of a viable business model for these new viewing patterns.

The second challenge consists in preserving the environment in which the Group operates, while at the same time making sure that this preservation does not slow down the necessary adaptation of the business models within a fast changing competitive and technological environment. Within this framework, The Group will continue to encourage cultural diversity, sustain artistic creation, and uphold respect for intellectual property, in order to increasingly participate in the content value chain.

15.4.2.1. Innovate and anticipate new usage

- Catch-up television

Broadband and mobility have transformed the methods of access to content that is ever more varied and available on a considerable number of platforms. The M6 Group is active in the development of these new methods of viewing audiovisual content, and in 2008 successfully launched a catch-up television platform, M6Replay, which enables people to watch the channel's best programmes only one hour after they were broadcast, free of charge and with a very ergonomic interface. In 2009, this strategy was extended with the launch of three new platforms: W9Replay, M6 Bonus and M6VOD.

- 3G telephony

With the advent of the third generation telephony (3G) and the possibility of downloading editorial content, the mobile phone has become a strategic distribution network for media businesses. The M6 Group, via its subsidiary M6 Web, has carved itself a place of choice in this area as it produces programmes specific to mobile telephony.

- Television on smartphones and tablets (3G and Wifi)

Launched in October 2010, the M6 application for iPhone and iPad provides live access to all the programmes of the channel and to M6Replay. The Group thus continues its innovation strategy to better respond to the viewers' new TV consumption patterns.

- Personal mobile TV (PMTV)

With the extension of this approach of accompanying the mobility of viewers, the CSA awarded M6 Group two Personal Mobile TV licences on behalf of its M6 and W9 channels. The launch of the PMTV offer is for the time being subject to an agreement on the business model of this new form of broadcast.

- High Definition (HD)

Since 2008 and the start of M6's broadcasting in High Definition on Digital Terrestrial Television, as a result of a commitment by the Group to develop the technologies. M6 is now assured of remaining a leader in the technical development of the media sector in the coming years. Internal production is already 100% in HD.

- Connected TV

The Group pays special attention to innovative technological usage, in particular in the budding market of connected TV, notably through its partnership agreement with SONY, which provides the M6Replay service directly from the interface of its connected TV sets.

In 2008, the M6 Group also proceeded with the switchover to a fully High Definition designed digital control room, which combines the latest digital tools with solid and upgradeable automation. It includes the multimedia dimension of the Group and enables the automated delivery of the various medias necessary for all sectors of broadcasting, that are terrestrial analogue television, High Definition and Standard Definition DTT, cable, satellite, television on PC, VoD such as M6 Replay, M6 websites, mobile telephones, etc. In 2009, following M6, W9, TF6, Série Club, Paris Première and Téva were successively broadcast from this unique broadcasting control room, which allows for multilingual broadcasting (French Version and Sub-titled original Version) and multiple subtitling (deaf and hard-of-hearing).

15.4.2.2. Uphold intellectual property

At a time where increased dematerialisation of supports necessitates new measures to protect works, the M6 Group, a producer and broadcaster of content, seeks to develop an effective policy to combat piracy and to uphold intellectual property.

This policy is based in these two principal areas:

- reduction in the timeframe for broadcasting works, an issue that should be addressed with the forthcoming adoption of the Creation and Internet law and the signing of the interprofessional agreement;
- the development of catch-up television and Video on Demand, that gives viewers access to a varied programme offering.

15.4.2.3. Support creation and new talents

As part of its production and broadcasting obligations, M6 is committed to developing artistic creation and to value its diversity by focusing on young talent in cinema, audiovisual works and music.

The Group thus shares its cinematic investment carried out by M6 Films between established producers and young talent waiting to be discovered. In 2010 M6 Films took part in the financing of many first films, directed by Sylvain Fusée (*Philibert*), Juliette Arnaud and Corinne Puget or Alexandre de La Patellière (*Le Prénom*).

On air, the Group is strongly attached to revealing new talent, including young actors in its audiovisual coproductions (Les Bleus, premiers pas dans la police, Scènes de ménages), presenters and hosts (Xavier de Moulins, Alex Goude, Karima Charni, Sandrine Corman, etc.) and programme participants (Camélia Jordana, in the music, Romain Tischenko in cooking. This is the Group's trademark, which is accompanied by loyalty to the talent revealed, as shown by the Group's support for their shows, disc productions and new films.

15.4.2.4. Obtain value from assets and work for the preservation of cultural heritage

The audiovisual rights subsidiaries of the Group contribute to the preservation of leading European films with the restoration of classic films.

This restoration work was initiated in 2005 with the purchase of SNC's catalogue of over 400 classic films by the M6 Group. This was continued in 2010, enabling the restoration of 5 additional films, including *Casanova un adolescent à Venise* from Luigi Comencini. A total of 125 films had been fully restored by the end of 2010.

15.4.3. Adapted governance structures

M6 corporate governance principles comply with standards and laws applicable in France. Since 2000, Métropole Télévision has been a limited liability company with an Executive Board and a Supervisory Board, which offers a clear separation between Group operational management and the supervision of that management.

In addition, contributing to preventing any excessive control and thus preserving a balance between shareholders, the cap on the number of voting rights and the organisation of corporate governance is repeated in the bylaws, pursuant to Article 2 of the agreement concluded with the CSA, which states that:

- Within the framework of the provisions of Article 28 and paragraph 1 of Article 39 of the Law of 30 September 1986, no shareholder or group of shareholders acting in concert may hold more than 34% of the total number of voting rights. No bylaw provision may call into question this cap, either directly or indirectly. This is a provision of the authorisation granted pursuant to Article 42-3 of the Law of 30 September 1986, as amended.
- At least a third of Supervisory Board members must be independent. A member of the Supervisory Board is deemed independent when he/she has no relationship of any kind with the Company, its Group or its management likely to compromise the exercise of his/her free judgement."

Lastly, within the M6 Group, there is an internal control mechanism with the objective of providing the means to achieve the objectives, both operational and financial, set by the Executive Board. The various procedures established enable the control of management action as well as the proper conduct of transactions, while preventing risks. This system guarantees reliable and accurate accounting information.

15.4.4. Balanced and transparent relations with partners

The role of the M6 Group with everyone it deals with such as shareholders, advertisers, viewers, customers or suppliers, is to maintain balanced and transparent relations with them.

In that respect, the Ethics Code to which all employees must adhere sets a number of principles referred to in section 15.1.7.4. of this management report.

15.4.4.1. Shareholders

Since 2004 and the extension of the free float, the M6 Group has stepped up its financial communication policy in order to deliver to all shareholders exact, precise and fair information, in accordance with applicable French standards and regulations.

Seeking to be attentive to the financial community and its shareholders in this matter, the Group set up new information supports for individual and institutional shareholders, via a website dedicated to current finances in French and English, completely redesigned in 2008 www.groupem6.fr (Finance).

Shareholders may contact the Company using the dedicated e-mail address: actionnaires@m6.fr.

15.4.4.2. Presenters

Relations with presenters and advertising agencies are governed by the Law of 1 April 1993, the so-called "Loi Sapin", which guarantees a perfectly transparent advertising market.

15.4.4.3. Suppliers

Relations with suppliers, particularly programme producers are governed by multi-year contracts as regards US studios (films series), that ensures smooth exchange of content. In addition, M6 Group plays a leading part in creating French and European audiovisual and cinematic works, by dedicating a significant part of its advertising revenue to numerous co-productions and by reserving part of its investments for independent producers.

15.4.4.4. Viewers

In order to strengthen dialogue with viewers and to reply to their queries as soon as possible, the M6 Group has set up a fully dedicated service.

In 2010, more than 50,000 viewer queries were thus processed, either by phone (30%), e-mail (66%) or by post (4%). In addition, on 4 October 2010, the Group launched a service to bring it closer again to its viewers by providing them with access to a dedicated website, "*M6 et vous*", with a W9 extension, "*W9 et vous*".

This procedure is used by the Group to improve its programme offering and every day, a summary of the various comments is compiled and communicated to the teams, who must take account of viewers' expectations and reactions.

15.4.4.5. At the service of consumers

The M6 Group, with the development of its Ventadis business (Distance Selling) acquired real expertise in customer relationship management, from the original order to customer service, to deal with all calls and requests in the best timeframes and conditions.

In early June 2010, Ventadis also achieved the AFAQ ISO 9001 Quality Certification for its "supply chain activities", including customer relations, logistics and the Chilly-Mazarin distribution centre. With more than 400 customer service operators and 50,000 m² of dedicated warehousing, Ventadis thus does everything in its power to provide the best possible service for each of the 3 million parcels shipped every year.

16. Exceptional events and litigations

M6 advertising breaks in Switzerland

Pursuant to the CSA's decision of 8 October 2001, M6 was authorised to make advertising breaks in Switzerland for programmes it broadcasts there, in application of the provisions of the International Agreement of the Council of Europe "Cross-border television".

TSR had disputed the legality of this broadcast before the Swiss courts. On 12 January 2010, the Swiss Federal Court gave its final ruling and dismissed TSR's claims in full.

Regualification of employment contracts for candidates in reality television shows

To date, the Group received 38 requests to appear before a number of Labour Courts seeking to requalify contracts signed by participants in reality television shows produced by the Group as

employment contracts (notably Pékin Express, les Colocataires and the Bachelor).

M6 Group disputes the validity of these claims.

Notification of complaints by the Competition Authority

On 7 January 2009, stakeholders to the CanalSat TPS merger transaction that created Canal + France received a notification of complaint from the French Competition Authority, which has since become the Competition Authority, as the Committee's Reporting Secretary considered that certain clauses of the agreement entered into by the two parties could be criticised in light of Competition regulations. In its ruling of 16 November 2010, the French Competition Authority considered that it was not its role to call into question the exclusivity and non-competition clauses concluded between Canal + Distribution and M6 Group, which had been notified to the Ministry for the Economy and which was expressly authorised by the latter in its decision to authorise the merger between CanalSat and TPS. However, the Authority claimed jurisdiction to examine, as part of the transfer to the examining judge, exclusivity clauses relative to optic fibre and catch-up TV services concluded between Canal + Distribution and M6 Group, which in the Authority's opinion, were not included in the ruling of the Ministry for the Economy. This ruling by the Competition Authority was subject to an appeal before the Court of Appeal of Paris by France Telecom. M6 Group communicated with this court at its own initiative.

Appeal before the Conseil d'Etat

Following an appeal filed by M6 Group, in December 2010 the Conseil d'Etat approved the decisions of the Competition Authority and the Conseil Supérieur de l'Audiovisuel, which authorised the takeover by TF1 Group of two digital channels, TMC and NT1. M6 Group duly took note of this ruling, which was based on a different reading of Article 42-3 of the Law of 1986, with the commitments taken by TF1 and the acquired channels playing a crucial role.

M6 also submitted two appeals in 2010 relating to the new free DTT production decrees (Decrees 2009-1271 of 21 October 2009 and 2010-747 of 2 July 2010) which should reflect the interprofessional agreements signed by Group channels in the regulations. These recourses, which more specifically dispute the late publication of the decrees will be judged in 2011.

Lastly, following the settlement of a dispute concerning the distribution of its channels by the Bis satellite package, resolved by the Conseil Supérieur de l'Audiovisuel in 2008, the Group also appealed to the Conseil d'Etat to win acceptance for its right whether or not to enter into contracts or not with a distributor.

Settlement of a dispute before the Conseil Supérieur de l'Audiovisuel

Within the framework of a referral to the CSA by France Télévisions, relative to the positioning of the France 5 TV channel in the new national service plan of the Numéricâble cable operator, the Paris Première channel which had effectively been granted the 5th channel claimed by the public service was party to settlement agreement in 2010. This litigation should be resolved in 2011.

The financial risks arising from all the matters in progress, with the most significant described above, were estimated prudently and provided for where required in the financial statements of the Group.

To date, there are no governmental, legal or arbitration procedures, including any procedure known to the Company, that is in suspense or in which it is threatened, which is likely to have or having had a significant effect in the last twelve months on the financial position or profitability of the Group.

17. Statutory Auditors fees

Statutory Auditors fees for 2010 and other fees billed in 2010:

€ thousands	Ernst & Young		KPMG		PWC		TOTAL		TOTAL (in %)	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Audit										
Statutory Audit, Certification of parent company and consolidated financial	249	244	255	242	256	241	759	727	97%	90%
<i>Métropole Télévision</i>	78	76	78	76	78	76	233	228	30%	28%
<i>Fully consolidated subsidiaries</i>	171	168	177	166	178	165	526	499	67%	62%
Other related assignments and other audit assignments	2	35	13	22	9	23	24	80	3%	10%
<i>Métropole Télévision</i>	-	2	-	1	1	15	1	18	0%	2%
<i>Fully consolidated subsidiaries</i>	2	33	12.75	21.2	9	8	23	62	3%	8%
Sub-total	251	279	267	264	265	264	783	807	100%	100%
Other services										
Legal, fiscal, corporate	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	-	-	-
TOTAL	251	279	267	264	265	264	783	807	100%	100%
TOTAL in %	32.0%	34.6%	34.2%	32.7%	33.8%	32.7%				

The Group may need to call in other Statutory Auditors in addition to the three firms mentioned above for recently for recently acquired subsidiaries or whose operations are not significant. Fees incurred in that respect were €30.3 thousand in 2010, being 3.7% of services rendered by Statutory Auditors.

18. Annual information document

In accordance with Article 222-7 of the AMF General Regulations, M6 - Métropole Télévision, a company listed on compartment A of Eurolist, has prepared an information document listing all information published or disclosed to the public over the past 12 months in France, in order to comply with its legal or regulatory obligations in terms of financial instruments, financial instrument issuers and financial instrument markets.

Revenue

27 January 2010	2009 4 th quarter revenue
4 May 2010	2010 1 st quarter revenue
27 July 2010	2 nd quarter and 1 st half-year 2010 revenue
4 November 2010	2010 3 rd quarter revenue
15 February 2011	2010 4 th quarter revenue

Annual and interim financial results

11 February 2010	Annual results at 31 December 2009
29 March 2010	Release of the 2009 Registration Document
27 July 2010	Interim results at 30 June 2010
28 July 2010	Release of the 2010 interim financial report
15 February 2011	Annual results at 31 December 2010

Other press releases

1 February 2010	Exercise of the Canal+ put option
25 March 2010	Reappointment of the Executive Board of Métropole Télévision
8 April 2010	M6 Group and Mangas Gaming announced a strategic partnership in France in online gambling
1 October 2010	M6 Group, through its Mistergooddeal subsidiary, acquired monAlbumPhoto.fr

Releases on significant audiences are also released within the framework of regulated information and are on line on the Group's website.

Notices

Notification acting as notice of meeting

Publication in the BALO of 30 March 2010 (n°38)

Notice of meeting

Publication in the Petites Affiches of 16 April 2010

Transactions

26 March 2010 Notice of share buyback programme (included in the registration document submitted to the AMF of the same date)

AMF declarations

8 January 2010	Half year report on the liquidity contract at 31 December 2009
12 May 2009	Declaration of transactions on treasury shares from 6 to 13 May 2009
11 June 2010	Monthly disclosure of voting rights: May 2010
6 July 2010	Half-year liquidity contract statement at 30 June 2010
4 August 2010	Monthly disclosure of voting rights: July 2010
7 December 2010	Monthly disclosure of voting rights: November 2010
6 January 2011	Half year report on the liquidity contract at 31 December 2010

Registration document

26 March 2010 AMF submission n° D.10-176

19. Other disclosures

19.1. Tax grouping

Métropole Télévision has declared itself as the parent company of a tax grouping, pursuant to the provisions of Article 223 A of the French Income Tax Code. Métropole Télévision is solely liable for amounts due by subsidiaries in the determination of the Group's overall tax liability, pursuant to Article 223A of the Income Tax Code.

The companies Girondins Horizons and 33 FM elected to join the tax grouping with effect from 1 January 2010. The following companies left the tax grouping during the year: Femmes En Ville, Citato and Hugo Films following their merger into other Group companies.

Companies in which the Group does not hold at least 95% of the share capital may not be included in the tax grouping.

19.2. Change in accounting principles

The application in 2010 of revised IFRS 3– *Business combinations* and IAS 27 – *Consolidated and separate financial statements* had an impact on the Group's accounting rules and methods as described in Note 4.4. to the consolidated financial statements. However, the resulting changes had no impact deemed significant on the computation of net profit for the period.

No other new IFRS standard or interpretation applicable from this financial year or which would have been adopted early by the Group had any impact on the Group's consolidated financial statements. The attached notes were enhanced and completed in line with IFRS where their revision was considered necessary.

In addition, the parent company, Métropole Télévision (M6), did not identify any new accounting standard that could apply to the 2010 financial year.

19.3. Other information in respect of the parent company financial statements

19.3.1. Tax information

FINANCIAL STATEMENTS AT 31 DECEMBER 2010	Amount (€ thousands)
Total of expenses and charges excluded from deductible expenses (Article 39-4 of the French Income Tax Code)	34.4
Total amount of attendance fees excluded from deductible expenses (Article 210 (vi) of the French Income tax)	0
Remunerations and other charges relating to the 10 highest paid persons	7,412.0
Gifts and reception costs	295
Expenses reported on the special summary of General Expenses (Article 223 (v) of the French Income Tax Code)	
Expenses added back to taxable profit	34.4

19.3.2. Corporate information

The Company will provide any shareholder who requests it with a copy of the corporate report provided by Articles L.438-1 and subsequent of the Labour Code.

20. Appendices to the Management Report

20.1. Five year financial results summary

This information is to be found on page 250 of the present document.

20.2. Statutory Auditors' report on the consolidated financial statements

This information is to be found on pages 225 and 226 of the present document.

20.3. Statutory Auditors' report on the parent company financial statements

This information is to be found on pages 251 and 252 of the present document.

20.4. Statutory Auditors' special report and supplementary special report on regulated agreements

This information is to be found on pages 253 to 256 of the present document.

20.5 Special report on the share capital reduction, as provided by resolution 8 to the 2011 Combined General Meeting

This information is to be found on pages 284 of the present document.

20.6 Statutory Auditors' report on the issue of shares and/or various marketable securities giving access to the share capital, as provided by resolution 9 to the 2011 Combined General Meeting

This information is to be found on page 285 of the present document.

20.7 Statutory Auditors' report on the capital increase reserved to employees who are members of a company savings plan, as provided by resolution 10 to the 2011 Combined General Meeting

This information is to be found on page 286 of the present document.

20.8 Special report on the authorisation to be given to the Executive Board to allocate free shares, already existing or to be issued, to employees (and/or executive officers), as provided by resolution 11 to the 2011 Combined General Meeting

This information is to be found on page 287 of the present document

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CONSOLIDATED FINANCIAL STATEMENTS

A. CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2010**1. Consolidated statement of financial position**

ASSETS

<i>(€ millions)</i>	Note n°	31/12/2010	31/12/2009
Goodwill	14	76.2	74.3
Audiovisual rights	15	58.1	70.6
Other intangible assets	15	59.8	73.7
INTANGIBLE ASSETS		194.1	218.6
Land	16	18.6	14.1
Buildings	16	80.7	73.5
Other property, facilities and equipment	16	25.4	28.0
PROPERTY, FACILITIES AND EQUIPMENT		124.8	115.7
Financial assets available for sale	17	11.5	10.5
Other non-current financial assets	18	2.9	3.3
Shareholdings in associates		-	-
FINANCIAL ASSETS		14.4	13.8
Deferred tax assets	11	31.4	13.4
TOTAL NON-CURRENT ASSETS		364.7	361.5
Broadcast rights inventory	21	160.8	194.8
Other inventories	21	29.1	30.4
Trade receivables	22	254.5	256.1
Current tax		1.7	1.6
Derivative financial instruments	22.3	1.0	-
Other current financial assets	22	0.3	384.4
Cash and cash equivalents	23	376.9	85.6
Other current assets	22	172.1	161.3
TOTAL CURRENT ASSETS		996.6	1,114.2
TOTAL ASSETS		1,361.3	1,475.7

EQUITY AND LIABILITIES

<i>(€ millions)</i>	Note n°	31/12/2010	31/12/2009
Share capital		51.6	51.6
Share premium		24.3	24.3
Treasury shares		(8.5)	(17.7)
Consolidated reserves		461.4	624.9
Other reserves		(4.1)	(1.5)
Net profit for the year (Group share)		157.1	139.2
GROUP EQUITY		681.8	820.8
Non-controlling interests		-	(0.1)
SHAREHOLDERS' EQUITY		681.8	820.7
Provisions for liabilities and charges	27 et 28	7.7	6.5
Financial debt	25	2.0	2.4
Other financial liabilities	26	5.6	-
Liabilities relating to non-current assets		0.7	6.7
Other liabilities		0.8	0.7
Deferred tax liabilities	11	-	-
TOTAL NON-CURRENT LIABILITIES		16.8	16.3
Provisions for liabilities and charges	28	97.4	87.3
Financial debt	25	0.3	1.5
Other financial liabilities	26	1.2	0.6
Trade payables		341.9	343.9
Other operating liabilities		88.6	85.8
Current tax		20.8	10.1
Tax and social securities payable		97.5	84.7
Liabilities relating to non-current assets		15.0	24.8
TOTAL CURRENT LIABILITIES		662.7	638.7
TOTAL EQUITY AND LIABILITIES		1,361.3	1,475.7

CONSOLIDATED FINANCIAL STATEMENTS

2. Consolidated statement of comprehensive income

(€ millions)	Note n°	31/12/2010	31/12/2009
CONSOLIDATED STATEMENT OF PROFIT AND LOSS			
Revenue		1,462.0	1,376.6
Other revenues from recurring operations	8.1	17.4	11.2
Total revenues from recurring operations		1,479.4	1,387.8
Materials and other service purchase	8.2	(818.2)	(758.8)
Personnel costs (including profit sharing plan contributions)		(252.7)	(245.9)
Taxes and duties		(62.5)	(64.5)
Net depreciation/amortisation/provision charges	8.3	(105.1)	(129.6)
Impairment of unamortised intangible assets	8.3 / 14	-	(4.9)
Total operating expenses		(1,238.5)	(1,203.7)
Capital gains on disposals of non-current assets		1.5	-
Operating profit		242.4	184.0
Income generated by cash balances		3.4	1.9
Interest expenses		(0.3)	(0.8)
Revaluation of derivative financial instruments		-	0.4
Other financial expenses		(0.2)	20.8
Net financial income	10	2.8	22.3
Share of profit from associates	20	0.6	(1.5)
Profit before tax		245.7	204.8
Income tax	11	(88.7)	(65.6)
Net profit from continuing operations		157.0	139.1
Net profit for the year		157.0	139.1
attributable to equity owners of the parent		157.1	139.2
attributable to non-controlling interests		(0.1)	(0.1)
Earnings per share – basic (€) - Group share	12	1.223	1.082
Earnings per share from continuing operations – basic (€) - Group share		1.223	1.082
Earnings per share – diluted (€) - Group share		1.219	1.080
Earnings per share from continuing operations – diluted (€) - Group share		1.219	1.080
COMPREHENSIVE INCOME			
Consolidated net profit		157.0	139.1
Change in value of derivative instruments		(5.3)	3.4
Change in value of translation adjustment		1.0	(0.6)
Actuarial gains and losses		(0.9)	-
Tax on items directly credited to or debited from equity		2.1	(1.2)
Other items of comprehensive income		(3.1)	1.6
Comprehensive income for the year		153.9	140.7
attributable to equity owners of the parent		154.0	140.8
attributable to non-controlling interests		(0.1)	(0.1)

CONSOLIDATED FINANCIAL STATEMENTS

3. Consolidated statement of cash flows

<i>(€ millions)</i>	Note n°	31/12/2010	31/12/2009
Operating profit		242.4	184.0
Non-current asset depreciation and amortisation		121.5	131.0
Capital gains (losses) on disposals		(15.3)	(7.3)
Other non-cash items*		5.6	3.9
<i>Operating profit after restatement for non-cash items</i>		<i>354.2</i>	<i>311.6</i>
Income generated by cash balances	10	3.7	1.0
Interest paid	10	(0.2)	(0.6)
SELF-FINANCING CAPACITY (BEFORE TAX)		357.7	312.0
Movements in inventories	21	35.3	7.0
Movements in trade receivables	22	4.4	(16.8)
Movements in operating liabilities	22	12.9	3.5
NET MOVEMENT IN WORKING CAPITAL REQUIREMENTS		52.6	(6.3)
Income tax paid	11	(90.7)	(53.2)
CASH FLOW FROM OPERATIONS		319.5	252.6
Investing activities			
Intangible assets acquisitions	15	(94.4)	(80.7)
Property, facilities and equipment acquisitions	16	(21.4)	(20.2)
Investments acquisitions		-	(0.5)
Cash and cash equivalents arising from subsidiary acquisitions		(6.3)	(5.0)
Cash and cash equivalents arising from subsidiary disposals		-	5.8
Disposals of intangible assets and property, facilities and equipment	15 /16	11.8	14.2
Disposals of investments		385.4	0.9
NET CASH USED IN INVESTING ACTIVITIES		275.2	(85.5)
Financing activities			
Share capital increases		-	-
Current financial assets		0.6	0.5
Financial liabilities		(1.9)	(2.2)
Income from the exercise of stock options		-	-
Purchase of treasury shares	24	-	(10.9)
Dividends paid to shareholders of the parent company	13	(302.1)	(109.3)
NET CASH USED IN FINANCING ACTIVITIES		(303.4)	(121.9)
Cash flow linked to discontinuing operations		-	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	23	291.3	45.1
Cash and cash equivalents – start of year	23	85.6	40.5
CASH AND CASH EQUIVALENTS – END OF YEAR		376.9	85.6

* primarily related to the charge recognised pursuant to IFRS 2– Share-based payments

CONSOLIDATED FINANCIAL STATEMENTS

4. Consolidated statement of changes in equity

<i>(€ millions)</i>	<i>Number of shares (thousands)</i>	<i>Share capital</i>	<i>Share premium</i>	<i>Treasury shares</i>	<i>Consolidated reserves Group net profit</i>	<i>Fair value movements Foreign exchange difference</i>	<i>Group equity</i>	<i>Non- controlling interests</i>	<i>Shareholders' equity</i>
BALANCE AT 1 JANUARY 2009	128,954.7	51.6	24.3	(9.7)	732.0	(3.1)	795.1	(0.1)	795.0
<i>Other items of comprehensive income</i>		-	-	-	-	1.6	1.6	-	1.6
Net profit for the year					139.2		139.2	(0.1)	139.1
Comprehensive income for the year		-	-	-	139.2	1.6	140.8	(0.1)	140.7
Dividends					(109.3)		(109.3)		(109.3)
Changes in consolidating company's equity							-		-
Purchases/sales of treasury shares				(8.0)	(1.9)		(9.9)		(9.9)
Total transactions with shareholders		-	-	(8.0)	(111.2)	-	(119.2)	-	(119.2)
Cost of stock options (IFRS 2)					3.9		3.9		3.9
Free share allocation hedging instruments					0.2		0.2		0.2
Other movements							-		-
BALANCE AT 31 DECEMBER 2009	128,954.7	51.6	24.3	(17.7)	764.1	(1.5)	820.8	(0.1)	820.7
BALANCE AT 1 JANUARY 2010	128,954.7	51.6	24.3	(17.7)	764.1	(1.5)	820.8	(0.1)	820.7
<i>Other items of comprehensive income</i>		-	-	-	(0.6)	(2.5)	(3.1)		(3.1)
Net profit for the year					157.1		157.1	(0.1)	157.0
Comprehensive income for the year		-	-	-	156.5	(2.5)	154.0	(0.1)	153.9
Dividends					(302.1)		(302.1)		(302.1)
Changes in consolidating company's equity			0.0				0.0		0.0
Purchases/sales of treasury shares				9.2	(6.0)		3.1		3.1
Total transactions with shareholders		-	0.0	9.2	(308.1)	-	(298.9)	-	(298.9)
Cost of stock options (IFRS 2)					6.2		6.2		6.2
Free share allocation hedging instruments							-		-
Other movements					(0.2)		(0.2)	0.3	0.0
SITUATION AU 31 DECEMBRE 2010	128,957.9	51.6	24.3	(8.5)	618.5	(4.1)	681.8	0.0	681.8

B. Notes to the consolidated financial statements

Unless otherwise mentioned, the amounts presented in the notes are expressed in millions of Euros.

1. Financial year significant events

On 1 February 2010, the Group exercised, in accordance with the schedule established by the memorandum of understanding concluded on 4 January 2007, the Vivendi put option on the 5.1% it held in the share capital of Canal+ France. This exercise resulted in the payment by Vivendi of the guaranteed minimum price of €384.2 million on 22 February 2010.

On 8 April 2010, the Group announced having entered in to a strategic partnership with Mangas Gaming, which operates BetClic and Everest, within the outlook of the opening of online gambling (poker and sports betting), which was gradually implemented after BetClic and Everest were granted the authorisations they had requested. This overall four-year agreement was designed on the basis of poker and sports programme sponsorship, the development of innovative content driven by celebrities of the Group's channels and the integration of BetClic and Everest's online poker and betting services into M6 Group's websites.

On 30 September 2010, the Group, via its Mistergooddeal subsidiary, finalised the acquisition of 95% of the share capital of MonAlbumPhoto.fr, one of the leading players in the French online photo book market. With this targeted acquisition, M6 Group continued to develop its e-commerce activities by adding to its product offering.

On 10 November 2010, Mistergooddeal disposed of 32.67% investment in TyreDating, the publisher and operator of PopGom, an online tyre dealer. The disposal of the Group's investment to the company's original shareholders was implemented following approval from the relevant competition authorities.

On 30 November 2010, M6 Web acquired the 50% of Echo 6 it did not previously own from Echovox, the joint shareholder since the creation of Echo 6 in July 2006.

On 17 December 2010, M6 Web, which already held a 50% shareholding in La Boîte à News, acquired the remaining 50% from other joint shareholders with a view to winding down the company; the assets contributing to the publication and operation of the Ozap.com website were transferred to Webedia.

2. Company information

The consolidated financial statements at 31 December 2010 of the Group of which Métropole Télévision is the parent company (the Group) were approved by the Executive Board on 11 February 2011 and reviewed by the Supervisory Board on 15 February 2011. They will be submitted for approval to the next Annual General Meeting on 4 May 2011.

Métropole Télévision is a public limited company governed by an Executive Board and a Supervisory Board, registered at 89, avenue Charles-de-Gaulle, Neuilly sur Seine in France. Its shares trade on the compartment A of the Euronext Paris Stock Exchange (code ISIN FR0000053225). The Company is fully consolidated into the RTL Group, which is listed on the Brussels and Luxembourg stock exchanges.

3. Basis of preparation and presentation of the consolidated financial statements

3.1. Accounting framework

The consolidated financial statements at 31 December 2010 were prepared in accordance with the IAS/IFRS (International Financial Reporting Standards) in force within the European Union at that date. They are presented with comparative figures for 2009 established under the same framework.

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The IFRS standards adopted by the European Union at 31 December 2010 are available in the section IAS/IFRS, SIC and IFRIC standards and interpretations adopted by the Commission of the following website: http://ec.europa.eu/internal_market/accounting/ias/index_en.htm.

In relation to texts having an impact on M6 Group's consolidated financial statements, there were no differences between the texts approved by the European Union and the standards and interpretations published by the IASB.

PRINCIPLES APPLIED

The principles applied for the establishment of these financial statements result from the application of:

- all standards and interpretations adopted by the European Union, the application of which is mandatory for financial years starting on or after 1 January 2010;
- options retained and exemptions used.

NEW ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS IN FORCE WITHIN THE EUROPEAN UNION, THE APPLICATION OF WHICH IS MANDATORY FOR FINANCIAL YEARS STARTING ON OR AFTER 1 JANUARY 2010

The adoption of revised IFRS 3– *Business combinations*, applicable to financial years starting on or after 1 July 2009, and revised IAS 27 – *Consolidated and separate financial statements*, had an impact on the Group's accounting rules and methods.

The main changes related to:

- business combinations carried out on or after 1 January 2010;
- the additional acquisition of securities after taking exclusive control of an entity.

These changes are presented in greater detail in Note 4.4 Business combinations and goodwill.

The other amendments and interpretations to IFRS applicable to the said financial years had no impact on the Group's consolidated financial statements at 31 December 2010:

- Amendment to IAS 39 - *Eligible hedged items*, applicable to financial years starting on or after 1 July 2009;
- Improvements to IFRS – *Collection of amendments to IFRS*, applicable to financial years starting on or after 1 January 2010;
- Amendments to IFRS 2 – *Group cash-settled share-based payments*, applicable to financial years starting on or after 1 January 2010;
- Amendment to IFRS 5, – *Non-current assets held for sale and discontinued operations*, applicable to financial years starting on or after 1 July 2009;
- IFRIC 16 – *Hedges of a net investment in a foreign operation*, applicable to financial years starting on or after 1 July 2009;
- IFRIC 17 – *Distributions of non-cash assets to owners*, applicable to financial years starting on or after 1 November 2009.

The Group is not concerned by:

- IFRIC 12 - *Service concession arrangements*, applicable to financial years starting on or after 29 March 2009;
- IFRIC 15 – *Agreements for the construction of real estate*, applicable to financial years starting on or after 1 January 2010;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- IFRIC 18 – *Transfers of assets from customers*, applicable to financial years starting on or after 1 November 2009.

APPLICATION OF NEW STANDARDS IN ADVANCE OF THE DATE ON WHICH THEIR APPLICATION BECOMES MANDATORY

The Group has chosen not to apply in advance any standards, amendments to standards or interpretations, the application of which is not mandatory until after 1 January 2010. The following could apply to the Group:

- Revised IAS 24 – *Related party disclosures*, applicable to financial years starting on or after 1 January 2011;
- Annual improvements to IFRS, applicable to financial years starting on or after 1 January 2011;
- IFRIC 19 – *Extinguishing financial liabilities with equity instruments*, applicable to financial years starting on or after 1 July 2010;
- Amendment to IFRIC 14 – *Prepayments of a minimum funding requirement*, applicable to financial years starting on or after 1 January 2011.

The Group should not be concerned by:

- Amendment to IAS 32 – *Classification of rights issues*, applicable to financial years starting on or after 1 February 2010.

STANDARDS PUBLISHED BY THE IASB BUT NOT YET APPROVED BY THE EUROPEAN UNION

The Group may be concerned by:

- IFRS 9 – *Financial instruments (phase 1: classification and measurement of financial assets and liabilities)*, applicable to financial years starting on or after 1 January 2013;
- Amendments to IFRS 7 – *Disclosures: transfers of financial assets*, applicable to financial years starting on or after 1 July 2011.

OPTIONS AVAILABLE AND APPLIED BY THE GROUP IN RELATION TO THE ACCOUNTING FRAMEWORK

Some of the international accounting standards allow options relating to the valuation and accounting treatment of assets and liabilities. The options utilised by the Group are detailed in note 3.5.

In addition, IFRS 1 – *First adoption of IFRS*, relating to the first time application of the international reporting framework, allows options in respect of the retrospective application of IFRS at the date of transition (1 January 2004) for the Group. In this regard, the Group has used the following options:

- business combinations prior to 1 January 2004 have not been restated in accordance with IFRS 3 – *Business combinations*;
- IAS 39 has been applied retrospectively as from 1 January 2004.

3.2. Preparation principles

The consolidated financial statements were prepared in accordance with the historic cost principle, except for derivative instruments, financial assets available for sale and assets measured at fair value through the income statement, which were measured at fair value. Other financial assets were measured at amortised cost.

Except for derivatives measured at fair value, financial liabilities were valued in accordance with the amortised cost principle. The book value of assets and liabilities recognised in the balance sheet and

subject to a fair value hedge were restated to reflect the movements in the fair value of the risks hedged against.

3.3. Use of estimates and assumptions

In order to prepare the consolidated financial statements in compliance with IFRS, the Group Management makes estimates and formulates assumptions which affect the amounts presented as assets and liabilities on the consolidated balance sheet, the information provided on contingent assets and liabilities at the time of preparing this financial information, as well as the income and expenditure recognised in the income statement.

Management continually reviews its estimates and assumptions of the book value of asset and liability items, taking into account past experience as well as various other factors that it deems reasonable (such as the prevailing economic climate of the year).

The estimates and assumptions established during the finalisation of the consolidated financial statements are liable to be substantially called into question over future financial years, both as a result of changes in the Group's operations and performance and exogenous factors affecting the Group's development.

The main estimates and assumptions relate to:

- the valuation and realisable value of goodwill and intangible assets such as audiovisual rights and the acquisition cost of sports club players; the estimation of the realisable value of these assets effectively rests on the determination of cash flows resulting from their use or the known market value of the assets. It could turn out that the cash flows actually realised from these assets differ significantly from initial projections. In the same manner, the market value of assets, particularly sports club players, can evolve and differ from the previously recognised values;
- the measurement, methods of usage and recoverable value of audiovisual rights recognised in inventories;
- the valuation of retirement benefits, the measurement methods of which are detailed in note 4.14;
- the valuation of commercial discounts (note 4.17);
- the determination of the amounts recognised as provisions for liabilities and charges given the uncertainties likely to affect the occurrence and cost of the events underlying the provisions.

3.4. Presentation principles

PRESENTATION OF THE INCOME STATEMENT

The Group has presented the income statement based on the nature of expenses, as permitted by IAS 1 - *Presentation of Financial Statements*

Operating profit is equal to consolidated net profit before taking into account:

- finance income;
- finance costs;
- income tax;
- share of profit of associates;
- net profit from operations held for sale.

PRESENTATION OF THE BALANCE SHEET

In compliance with IAS 1, the Group presents current and non-current assets and liabilities separately on the balance sheet. Considering the nature of the Group's activities, this classification is based upon the timescale in which the asset will be realised or the liability settled: current when this is within the operating cycle or less than one year and non-current if longer.

PRESENTATION OF CONTINGENT ASSETS AND LIABILITIES

Commitments given in respect of purchases of rights are stated net of advances and account payments paid in this regard for the corresponding rights not yet recognised in inventories.

3.5. Options retained in relation to measurement and recognition of assets and liabilities

Some of the international accounting standards make provision for options as concerns the measurement and recognition of assets and liabilities.

Within this framework, the Group has retained the following:

- the valuation at historic cost of property, facilities and equipment and intangible assets, without revaluation at each balance sheet date;
- the proportional consolidation of jointly controlled entities, as permitted by IAS 31 – *Interests in joint ventures*;
- the option for measurement at fair value through profit or loss, in accordance with the amendment to IAS 39.

Lastly, in the absence of standards or interpretations applicable to a specific transaction, the Group Management uses its judgment to define and apply the accounting principles and methods which allow the presentation of relevant and reliable information, so that the financial statements are:

- a fair presentation of the Group's financial position, performance and cash flows;
- representative of the economic reality of transactions;
- prepared in accordance with neutrality (objectivity) and prudence principles
- complete in all significant aspects.

4. Accounting principles, rules and methods

4.1. Consolidation principles

SUBSIDIARIES

A subsidiary is an entity controlled by the Group. Control exists when the Group has the power to govern the entity's financial and operating policies in order to derive benefits from its operations. Potential voting rights currently exercisable are taken into consideration to evidence the existence of control.

Companies exclusively controlled by Métropole Télévision are fully consolidated. Acquisitions or disposals of companies during an accounting period are taken into account in the consolidated financial statements from the date of taking of control or until the date of effective loss of control. The full consolidation method implemented is that under which the assets, liabilities, income and expenses are completely integrated.

The proportion of net assets and net profit attributable to minority interests is presented separately as non-controlling interest in shareholders' equity in the consolidated balance sheet and in the consolidated income statement.

JOINT VENTURES

Jointly controlled companies (joint control is the shared control of a single entity by a limited number of associates or shareholders, from whose agreement financial and operational decisions are made) are proportionally consolidated, in compliance with IAS 31 – *Financial reporting of interests in joint ventures*, which maintained this option.

Under this method, the Group includes its proportion of the assets, liabilities, income and expenses of the subsidiary under the appropriate heading of the consolidated financial statements.

ASSOCIATES

Associated companies are entities in which the Group has significant influence over the financial and operating policies, but does not control these policies. Significant influence is presumed when the Group holds between 20% and 50% of the voting rights of an entity but a third party has exclusive control of this entity.

Associated companies are accounted for under the equity method (equity-accounted companies) and are initially recognised at acquisition cost. The Group's shareholding includes goodwill identified upon the acquisition, net of cumulative impairment charges.

Under this method, the Group accounts for its share of net assets of the associate on the balance sheet and records a specific line item in the consolidated income statement entitled "Share of profit/(loss) from associates" its share of the net income of the entity consolidated using the equity method.

Consolidated financial statements include the Group's share of total profit and loss and equity movements recognised by equity accounted companies, taking account of restatements necessary for accounting policies to comply with those of the Group, from the date on which significant influence is exercised and until significant influence ceases.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire book value of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset, by comparing its realisable value (higher of value in use and fair value less cost of disposal) with its book value. Any impairment loss recognised forms part of the book value of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the realisable value of the investment subsequently increases.

If the Group's share of losses exceeds the value of its shareholding in the equity-accounted company, the book value of equity-accounted shares (including any long-term investment) is brought down to zero and the Group ceases to recognise its share of subsequent losses, unless the Group is under the obligation of sharing in the losses or to make payments in the name of the company.

The existence and effect of potential voting rights exercisable or convertible at year end are taken into consideration when assessing whether the Group has control or significant influence over the entity.

TRANSACTIONS ELIMINATED ON CONSOLIDATION

All inter-company transactions and balances between the Group's consolidated companies have been eliminated for subsidiaries. In the case of companies consolidated under the proportional consolidation method, intercompany transactions are eliminated to the extent of the Group's ownership level in these companies.

FINANCIAL YEAR END

All consolidated companies have a year end of 31 December.

4.2. Translation of financial statements of consolidated foreign entities

The presentation currency of the consolidated financial statements is the Euro.

The financial statements of foreign operations are translated into Euros, the Group's financial statement reporting currency. All assets and liabilities of the entity are translated at the closing exchange rate of the financial year and income and expenses are translated at the average rate of the year just ended, corresponding to the approximate rate at the transaction date in the absence of significant fluctuations. Translation reserves resulting from this treatment and those resulting from the translation at year end rate of subsidiaries' opening equity are posted to "Other reserves" under consolidated equity and to "Change in value of foreign exchange difference" under other items of comprehensive income.

4.3. Foreign currency transactions

Foreign currency transactions are initially recorded in the functional currency (Euro) using the exchange rate prevailing at the date of the transaction, in application of IAS 21 – *Effects of changes in foreign exchange rates*.

At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing at the balance sheet date. All differences are recorded in the income statement. Non monetary items in foreign currencies which are valued at historic cost are translated at the exchange rate at the initial date of the transaction.

Exchange differences resulting from the conversion of assets and liabilities denominated in foreign currency arising from commercial transactions are accounted for in operating profit; for financial transactions, these same differences are accounted for in finance income and expense.

The treatment of foreign exchange hedges is detailed in note 4.16.

4.4. Business combinations and goodwill

Business combinations are accounted for using the acquisition method on the acquisition date, which is the date control is transferred to the Group.

- In relation to acquisitions carried out since 1 January 2010, the Group applied le Groupe revised IFRS 3 – *Business combinations*, as well as revised IAS 27 – *Consolidated and separate financial statements*.

The main changes include the following:

- Business combinations carried out on or after 1 January 2010 are now accounted for as follows:
 - The identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date,
 - Investments that do not result in control over the company acquired (non-controlling interests) are measured either at fair value or at the non-controlling interests' proportionate share of the acquired company's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Acquisition-related costs are generally recognised in profit or loss as incurred. Potential restatements of the price of business combinations are measured at fair value on the acquisition date. After the acquisition date, the price restatement is measured at fair value at each balance sheet date. At any time after the first year following the acquisition date, any fair value change is recognised in profit or loss. Within this first-year timeframe, fair value changes explicitly related to events occurring after the acquisition date are also recognised in profit or loss. Other changes are offset against goodwill.

On the acquisition date, goodwill is measured as the excess of:

- The fair value of the consideration transferred, increased by the value of non-controlling interests in the entity acquired and, within the framework of a

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transaction by transaction business combination, and the fair value on the acquisition date of the equity interest previously held by the acquirer in the entity acquired, thus restated through profit or loss,

- over the net value of the identifiable assets acquired and the liabilities assumed on the acquisition date.

- The acquisition of additional securities after taking exclusive control:

When additional securities are acquired in an entity over which exclusive control is already being exercised, the excess of the acquisition price of the securities over the additional proportion of consolidated equity acquired is recognised under consolidated equity attributable to equity holders of the Group's parent company, with the consolidated value of identifiable assets and liabilities of the subsidiary, including goodwill, remaining unchanged.

- The recognition of acquisitions of non-controlling equity interests:

Pursuant to revised IAS 27, acquisitions of non-controlling equity interests are accounted for as transactions with the owners of the entity, acting in this capacity, and consequently no goodwill is recognised following this type of transaction. Restatements of the value of non-controlling interests are measured based on the share of ownership of the subsidiary's net assets.

- Business combinations carried out between 1 January 2004 and 1 January 2010 remain accounted for in accordance with IFRS 3 – *Business combinations*.

In this context, goodwill represents the difference between the acquisition price, plus related expenses, of the shares of consolidated entities and the Group share of the fair value of their net assets, less any contingent liabilities at the date of investment. The evaluation period for this fair value may be up to 12 months following the acquisition. When the acquisition price, together with related expenses, is less than the fair value of the identified assets and liabilities and contingent liabilities acquired, the difference is immediately recognised in the income statement.

In the specific case of the acquisition of minority interests in an already fully-consolidated subsidiary and in the absence of any specific IFRS provision, the Group elected not to recognise additional goodwill and to record under equity the difference between the acquisition cost of the shares and the minority interests acquired.

Once allocated to each of the Cash Generating Units, goodwill is not amortised. It is subject to impairment tests from the point of indication of impairment, and as a minimum, once a year (see note 4.7).

In connection with its transition to IFRS in 2005, the Group adopted the option offered by IFRS 1 – *First-time adoption of IFRS* not to restate business combinations prior to 1 January 2004 which do not comply with the recommendations of IFRS 3 – *Business combinations*.

Goodwill recorded prior to 1 January 2004 has been frozen at its carrying amount at this date and will no longer be amortised, complying with IFRS 3, as from this date.

Goodwill is valued at the cost (on allocation of the price of the business combination), less cumulative impairment. As for equity-accounted companies, the book value of the goodwill is included in the book value of the shareholding. In case impairment is recognised, the full investment is written down, not only goodwill. Goodwill impairment may be reversed.

4.5 Intangible assets

Intangible assets principally comprise:

- advances and payments on account for non-current assets;
- audiovisual rights held for commercialisation by companies with such a mandate;
- production and co-production share of drama and feature films and others;
- acquisition costs of sports club players;
- computer software and e-business websites;
- brands.

NON-CURRENT ASSET ADVANCES AND PAYMENTS ON ACCOUNT

Advances and payments on account comprise:

- audiovisual rights not yet open held with a view to their commercialisation,
- co-production rights awaiting receipt of technical acceptance or commercialisation visa.

AUDIOVISUAL RIGHTS

Audiovisual rights, comprising rights to films for movie theatre distribution, as well as television and videographic rights, purchased with or without a minimum guarantee, in view of their commercialisation (distribution, trading), produced or co-produced are classified as an intangible asset in compliance with IAS 38 – *Intangible assets*.

The method of amortisation of an asset should reflect the pattern according to which the benefits generated by the asset are consumed. That is why audiovisual rights:

- are amortised according to the pattern of revenues generated, compared to the total estimated revenues, and as a minimum are amortised over the life of the contract, subject to the following limits:
 - 3 years if the company is a distributor of these rights;
 - 5 years if the company is a dealer in these rights;
 - 15 years if the company is a producer of these rights;
 - Amortisation schedules are consistent with industry practices and correspond to the timeframe during which audiovisual rights are most likely to generate revenue and cash flow.
- are subject, in conformity with IAS 36 – *Impairment of assets* (see note 4.7) to an impairment test, which could lead to the recognition of an impairment should the carrying amount of the right exceed its recoverable value.

COPRODUCTION SHARE OF FEATURE FILMS, DRAMA AND OTHER COSTS

Co-production costs are also capitalised as other intangible assets and are amortised first and foremost as revenue is generated. Assets are amortised on a straight-line basis over 3 years if expected revenue is spread over more than 3 years. Lastly, in the case that revenue is insufficient in light of the book value of the production, the asset's full value is immediately amortised.

In application of IAS 20 – *Accounting for government grants and disclosure of government assistance*, grants received from the Centre National de Cinématographie (CNC) are accounted for as a reduction in the acquisition cost of financed co-production assets, and are subsequently accounted for in the income statement according to the pattern of consumption of the expected economic benefits of the co-productions as previously defined.

ACQUISITION COST OF SPORTS CLUB PLAYERS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

In application of IAS 38 – *Intangible assets*, transfer fees of sports club players are capitalised as intangible assets at their acquisition cost and are amortised on a straight-line basis over the length of their contracts. The term of these contracts may vary but it is generally from 1 to 5 years. The realisable value is also assessed in compliance with IAS 36 – *Impairment of assets* (see note 4.7).

COMPUTER SOFTWARE AND E-BUSINESS WEBSITES

Computer software purchased or internally developed is reported at acquisition or production cost and amortised on a straight-line basis over its period of use, which does not exceed four years.

Under IAS 38 – *Intangible assets*, development costs of “active” websites must be capitalised as intangible assets from the time the Company can demonstrate the following:

- its intention and financial and technical capacity to complete the development project;
- the likelihood that future economic benefits attributable to the development costs will flow to the Company;
- and that the cost of this asset can be reliably measured.

BRANDS

Only those brands that are separable and well known are recognised as assets in the case of business combinations and the resulting allocation of the acquisition price.

Acquired brands are initially recognised at their fair value, which is estimated on the basis of the methods normally used to measure brands.

When such brands have a finite useful life, i.e. they are expected to be no longer usable at the end of a determined period, they are amortised on a straight-line basis over their useful lives.

Brands are tested for impairment in accordance with IAS 36 – *Impairment of assets*.

4.6. Property, facilities and equipment

Property, facilities and equipment are recorded at their acquisition cost, reduced by accumulated depreciation and impairment provisions, according to the treatment specified by IAS 16 – *Property, plant & equipment*. This cost includes costs directly attributable to the transfer of the asset to its place of operation and its adaptation to operate in the manner anticipated by management.

DEPRECIATION

Depreciation is calculated in line with the pattern of consumption of the expected economic benefits of each individual asset, based on its acquisition cost, less its residual value.

The straight-line method is applied over the following useful lives:

- Buildings	25 years
- General purpose facilities, office furniture	10 years
- Computer hardware	4 years
- Office and technical equipment	3 to 5 years

RESIDUAL VALUE

The residual value of an asset is the estimated amount that the Group would obtain from disposal of the asset, after deducting the estimated costs of disposal, at the end of its useful life.

The residual value of an asset may increase to an amount equal to or greater than the asset's carrying amount. If it does, the asset's depreciation charge is zero unless and until its residual value subsequently decreases to an amount below the asset's carrying amount.

IMPAIRMENT LOSSES

Property, facilities and equipment are subject to impairment tests when indications of a loss of value are identified. Should this be the case, an impairment loss is recorded in the income statement under the caption "Net depreciation, amortisation and provision charges".

FINANCE LEASES

Assets acquired through finance leases are capitalised when virtually all risks and rewards of ownership of these assets have effectively been transferred to the Group. They are recorded on the balance sheet at the lower of their fair value and the discounted value of minimum lease payments, reduced by accumulated depreciation and impairment.

These assets are depreciated over the shorter of the duration of the lease and their estimated useful lives. Leases for which the risks and rewards are not transferred to the Group are classified as operating leases. Operating lease payments are accounted for as expenses on a straight-line basis over the duration of the lease.

4.7. Impairment of assets

According to IAS 36 – *Impairment of assets*, the realisable value of intangible assets and property, facilities and equipment is tested at the appearance of indications of impairment.

The realisable value of unamortized intangible assets is tested at the appearance of indications of impairment, and as a minimum once a year.

The realisable value is determined on an asset by asset basis, unless the asset in question does not generate cash flows largely independent of those generated by other assets or groups of assets. These assets, connected at operational and cash flow generation levels constitute a Cash Generation Unit ("CGU"). A Cash Generating Unit is the smallest group of assets, which includes the asset, and which generates cash flows that are largely independent of other assets or groups of assets. In this case, the recoverable value of the CGU is subject to the impairment test.

For sports club players more particularly, the realisable value of these intangible assets is tested separately, player by player, and in relation to other Ligue 1 players as a whole (French Football League).

Similarly, audiovisual rights recognised as intangible assets are monitored on an individual basis. Only the oldest rights, purchased as part of the acquisition of SNC in 2005 (rights to films made from the 30s to the 60s) are allocated to the CGUs, the establishment of which is consistent with the nature of the rights and their original producer.

Goodwill and intangible assets to which it is not possible to directly match independent cash flows are grouped together, at the time they are first recorded, into the Cash Generating Unit to which they belong.

Impairment is recognised when, as a result of specific events or circumstances arising during the period (internal or external criteria), the realisable value of the asset or group of assets falls below its carrying amount.

The realisable value is the higher of fair value, net of disposal costs, and value in use.

The value in use retained by the Group corresponds to the discounted cash flows of the CGU, including goodwill, and is determined within the framework of the economic assumptions and operating conditions as provisionally established by the Management of Métropole Télévision in the following manner:

- future cash flows stem from the medium term budget (5 years) drawn up by the Management,
- beyond this timescale, the cash flows are extrapolated by application of a perpetual growth rate appropriate to the potential development of the markets in which the entity concerned operates, as well as the competitive position held by the entity within these markets.

- the discount rate applied to the cash flows is determined using the rates which are most appropriate to the nature of the operations and the country. It takes into account the time value of money and risks specific to the CGU for which cash flows have not been adjusted,

Impairment recognised in respect of a cash generating unit (or group of units) is allocated firstly to reducing the book value of any goodwill associated with the cash generating unit, and subsequently to the book value of other assets of the unit (or group of units), proportionally to the book value of each asset of the unit (or group of units).

Impairment recognised in respect of goodwill may not be reversed. As for other assets, the Group assesses at each balance sheet date if there is any indication that impairment recognised in previous financial years has decreased or no longer exists. Impairment is reversed if a change has occurred in estimates used to measure the recoverable value.

The book value of an asset, increased by an impairment reversal, may not exceed the book value which would have been measured, net of amortisation and depreciation charges, if no impairment had been recognised.

4.8. Financial assets available for sale, other financial assets and financial liabilities

FINANCIAL ASSETS

In accordance with the recommendations of IAS 39 – *Financial instruments: recognition and measurement*, the shares of non-consolidated companies belong to the asset category “financial assets available for sale”. They are initially recognised at fair value, corresponding to their original acquisition cost, and are then revalued to fair value through equity at each balance sheet date. Loans and receivables, as well as assets held until maturity are measured at fair value and then revalued at their amortised cost.

The following assets are tested for impairment at each period end:

- loans and receivables issued by the entity and held-to-maturity assets: when there is an objective indication of impairment, the amount of the impairment loss is recognised in profit or loss;
- assets available for sale: changes in fair value are recognised as other items of profit and loss until the effective disposal of the shares or the recognition of impairment via profit and loss. An impairment of assets available for sale can be recorded in profit and loss if the corresponding loss in value is considered to be sustainable or permanent.

Financial assets at fair value through profit or loss comprise:

- assets that are regarded as held for trading, which comprise assets that the company intends to sell in the near term in order to realise a gain, which are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking (mainly cash and cash equivalents and other cash management financial assets);
- assets explicitly designated by the Group upon initial recognition as financial instruments, the changes in fair value of which are recognised in profit or loss. This designation is used when such use results in the provision of better quality financial information and enhances the consistency of the financial statements.

FINANCIAL LIABILITIES

Financial liabilities valued at fair value through the income statement result in the realisation of profit due to short-term variations in price. This applies only to liabilities resulting from short sales of shares or other financial assets or derivatives which are not hedge derivatives.

Other financial liabilities are valued at amortised cost, with the exception of derivative financial instruments which are valued at fair value.

Derivative instruments relating to cash flows are valued at fair value at each balance sheet date, and the change in the fair value of the ineffective portion of the hedge is recognised in the income statement and the change in the fair value of the effective portion of the hedge in other items of comprehensive income.

FAIR VALUE

The fair value is determined by reference to a quoted price in an active market where such a market price exists. Failing that, it is calculated using a recognised valuation technique such as the fair value of a similar and recent transaction or the discounting of future cash flows, based on market data. However, the fair value of short-term financial assets and liabilities can be deemed to be similar to their balance sheet value due to the short maturity of these instruments.

4.9 Income tax

Income tax includes current tax and deferred tax charges. Tax is recognised against profit except where it relates to items directly recognised as other items of comprehensive income or under equity, in which case it is recognised under equity as other items of comprehensive income.

Current tax is the estimated amount of income tax payable in respect of the taxable income of a period, measured using taxation rates adopted or virtually adopted at the balance sheet date, before any adjustment of current tax payable in respect of previous periods.

Deferred tax is measured and recognised according to the liability method balance sheet approach for all temporary differences between the carrying amount of assets and liabilities and their tax base. However, the following items do not give rise to the recognition of deferred tax:

- the initial recognition of an asset or liability as part of a transaction that is not a business combination and that affects neither book profit nor taxable profit;
- temporary differences, to the extent that they may not be reversed in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that the Group will generate sufficient taxable profit in the future against which corresponding temporary differences may be offset. Deferred tax assets are examined at each balance sheet date and are adjusted, if necessary, in the light of estimated future taxable profits.

Recognised deferred tax assets reflect the best estimate of the schedule of taxable temporary difference reversal and realisation of future taxable profits in the tax jurisdictions concerned. These future taxable profit forecasts are consistent with business and profitability assumptions used in budgets and plans and other budget estimates used to value other balance sheet items.

Furthermore, deferred tax is not recognised in case of a taxable temporary difference generated by the initial recognition of goodwill.

Deferred tax assets and liabilities are valued at the income tax rate expected to apply to the period in which the asset will be realised or the liability settled, based on tax regulations that have been adopted or virtually adopted at the balance sheet date.

In accordance with IAS 12 – *Income tax*, deferred tax assets and liabilities are not discounted and are offset if a legally enforceable right to offset current tax assets and liabilities exists and if it concerns income tax collected by the same tax authority, either from the same taxable entity or from different taxable entities, which intend to settle current tax assets and liabilities based on their net value or to realise the assets and pay the tax liabilities at the same time.

4.10 Inventories

Inventories are comprised of programmes, broadcast rights and commercial inventories.

PROGRAMMES AND BROADCAST RIGHTS

In compliance with IAS 2 – *Inventories*, programmes and broadcast rights are recorded in inventory at the date the rights are open.

Rights which are not yet open and not yet billed are classified as off-balance sheet commitments.

The billed portion of rights not open is recognised in advances and payments on account.

Programmes and broadcast rights are valued at their acquisition costs, reduced each balance sheet period by the amount consumed, as calculated according to the following models.

Métropole Télévision programmes, which constitute the predominant part of the Group's broadcast rights inventories, are considered to be utilised when broadcast, in accordance with the following rules:

- rights acquired for a single broadcast and various rights (documentaries, concerts, sporting events, etc.): 100% expensed on first broadcast;
- rights acquired for multi-broadcasts:
 - 1st broadcast: 66%
 - 2nd broadcast: 34%

Different amortisation schedules may be considered in highly specific cases of rights acquired for 4 to 5 broadcasts, the audience potential of which is deemed particularly high for each broadcast.

On the other hand, a writedown provision is established for broadcast rights relating to programmes that are not likely to be broadcast or whose unit cost turns out to be higher than the revenue expected to be generated within the broadcasting window, on the basis of a review, title by title, of the portfolio of broadcast rights.

OTHER INVENTORIES

These inventories comprise products and home shopping products relating to the brand diversification activities of the Group. These inventories are valued at the lower of their acquisition cost and their net realisable value which corresponds to the estimated sales price, net of estimated costs necessary to realise their sale.

A writedown provision is established whenever their net realisable value is less than their acquisition cost, measured on a case by case basis (slow rotation, inventories for reimbursement, returns, etc.).

4.11 Receivables

If the maturity date is less than one year and the effects of discounting are not significant, receivables are measured at cost (nominal amount of the receivable). Conversely, receivables are measured at amortised cost, using the effective rate of interest, when their maturity date exceeds one year and the effects of discounting are significant.

A writedown provision is calculated for each receivable as soon as circumstances indicate the possibility that the customer may not pay the total of the receivable within the contracted terms. The amount of the provision equates to the difference between the carrying amount and the discounted value at the initial effective interest rate (should the case arise) of estimated future cash flows.

4.12 Treasury shares

Treasury shares are recorded as a reduction to shareholders' equity at their purchase cost.

When future contracts are entered into to purchase treasury shares at a given price and on a given date, the commitment is reflected by the recognition of a financial liability representative of the discounted buyback value and offset against equity. Subsequent variations in the value of this financial liability are recognised under finance income and expense.

On the disposal of treasury shares, gains and losses are recorded in consolidated reserves, net of tax.

4.13 Share-based payments

M6 Group has implemented share subscription option plans, as well as free share allocation plans for the benefit of its personnel (see note 9). In compliance with IFRS 2 – *Share-based payments*, personnel remuneration items paid in equity instruments are recognised as personnel costs in the Income Statement and offset against equity.

The total cost of the benefit is measured once and for all, using the binomial mathematical model in the case of share subscription option plans, at the date of allocation of the options and spread over the vesting period.

In the case of free share allocation plans, the total cost is estimated to be the market value of the M6 share on the date of allocation less dividends expected during the vesting period. This cost is posted to the income statement and spread over the same vesting period.

In the context of the transition to IFRS and in compliance with the requirements of IFRS 1, the Group has only recognised, in its valuation the fair value of benefits awarded to employees, those plans granted after 7 November 2002, for which the rights had not yet been vested at 1 January 2005.

4.14 Retirement benefits and other employee benefits

RETIREMENT BENEFITS

The Group only has retirement benefit commitments under defined benefit schemes.

A defined benefit plan is a post-employment benefit plan under which payments made to a distinct entity do not discharge the employer from its obligation to pay additional contributions.

The Group' net obligation in respect of defined benefit plans is measured using the value of future benefits acquired by personnel in exchange of services rendered during the current and previous periods. This amount is discounted to measure its present value. The costs of unrecognised past services and the fair value of plan assets are subsequently deducted. The discount rate is equal to the interest rate, at the balance sheet date, of top-rated bonds with a maturity date close to that of the Group's commitments and denominated in the same currency as that used to pay out benefits.

Calculations are carried out every year by a qualified actuary using the projected unit credit method.

The Group immediately recognises against equity all actuarial differences arising in respect of defined benefit plans.

SEVERANCE PAY

Severance pay is recognised as an expense when the Group is obviously committed, with no real possibility to retract, to a formal and detailed redundancy plan before the normal retirement age.

SHORT-TERM BENEFITS

Obligations arising from short-term benefits are measured on a non-discounted basis and recognised as corresponding services are rendered.

A liability is recognised for the amount the Group expects to pay in respect of employee profit-sharing plans and for bonuses paid in short-term cash when the Group has an actual obligation, legal or constructive, to make these payments as consideration for past services rendered by personnel and this obligation may be reliably assessed.

4.15 Provisions

In compliance with IAS 37 – *Provisions, contingent liabilities and contingent assets*, the Group recognises a provision when, at the balance sheet date, it has an obligation (legal or constructive) towards a third party resulting from a past event, for which it is probable that an outflow of resources embodying economic benefits will be required, and when a reliable estimate can be made of the amount of the obligation.

The amount recognised under provisions is the best estimate of the cash outflow necessary to settle the present obligation on the balance sheet date.

In the case that this liability is not probable and cannot be reliably measured, but remains possible, the Group recognises a contingent liability in its commitments.

Provisions are predominantly intended to cover probable costs of trials or litigation in process, of which the trigger event existed at the balance sheet date.

4.16 Derivative financial instruments

The M6 Group is exposed to foreign exchange rate risk principally when purchasing broadcast rights in a foreign currency. In order to protect itself from foreign currency exchange risk, the Group uses simple derivative instruments guaranteeing it a covered amount and a maximum exchange rate for this hedged amount.

The Group's use of derivative instruments is with the sole aim of hedging commitments arising from its activity and never for a speculative purpose.

DETERMINATION OF FAIR VALUE

In accordance with IFRS 7 – *Financial instruments: disclosures* and IAS 39 – *Financial instruments: recognition and measurement*, derivative financial instruments are measured at fair value, based on a valuation carried out by a third party derived from observable market data. The fair value of foreign currency purchase contracts is calculated with reference to a standard forward exchange rate for contracts with similar maturity profiles. The fair value of interest rate swaps is determined with reference to the market values of similar instruments.

FINANCIAL INSTRUMENTS QUALIFYING AS HEDGES

The Group decided to apply hedge accounting for the majority of its derivative instruments in order to reduce the impact on profit of hedges implemented.

The main hedge instruments authorised within the framework of the Group hedging policy are as follows: pure time, first generation options and swaps (currency or interest rate).

The hedging policies adopted by the Group are mainly of two types:

▪ *Hedging the exposure to movements in the fair value of an asset or liability*

All gains or losses from the revaluation of the hedging instrument to fair value are immediately recognised in the income statement.

All gains and losses on the hedged item attributable to the hedged risk adjust the carrying amount of the hedged item and are recognised in the income statement.

This results in symmetric recognition of movements in fair value of the hedged item and the hedging instrument for the effective part of the hedge in EBITA. The ineffective part of the hedge is recorded in finance income/expense.

▪ *Hedging future cash flows*

This involves hedging the exposure to movements in cash flow that is attributable either to a forecast transaction or to a firm commitment.

Movements in the fair value of the financial instrument, as regards the effective portion, are recognised in equity until the balance sheet recognition of the asset or liability. When the hedged item is recorded and leads to the recognition of an asset or a liability, the amount recorded in equity is transferred and included in the initial value of the cost of acquisition of the asset or liability. As regards the ineffective portion, movements in value are included in finance income/expense.

For all other cash flow hedges, the amounts taken directly to other items of comprehensive income are transferred to income for the year in which the forecast transaction or firm commitment affects the income statement.

FINANCIAL INSTRUMENTS NOT QUALIFYING AS HEDGES

Some financial instruments are not treated as hedges according to the definition of IAS 39, despite effectively being hedge instruments used to manage economic risks. Gains and losses resulting from the revaluation of financial instruments which may not be accounted for as hedges are recognised in the income statement of the period.

4.17 Revenue

In compliance with IAS 18 – *Revenue*, revenue realised by the various Group entities is recognised when:

- it is probable that the economic benefits of the transaction will flow to the Group;
- the amount of revenue can be measured reliably;
- at the transaction date, it is probable that the amount of the sale will be recovered.

More specifically, the revenue recognition principles per activity are as follows:

- advertising revenues are recorded on the broadcast of the advertisements which are the subject of the sale; revenue is recognised net of commercial rebates;
- remuneration of digital channels granted by cable and satellite broadcast operators that broadcast them are calculated on a per subscription basis or at an annual set price;
- diversification activities revenues are recognised on the provision of the service or delivery of the products; they are recognised net of provisions for returns; these revenues also include, where relevant, the financial contribution, invoiced to the final customer, relating to the unit costs incurred in the gathering and elimination of waste electrical and electronic equipment (“eco-participation”). When the Group acts as an agent instead of a principal in a transaction, recognised revenue corresponds to the net value of commissions received by the Group;
- sales of audiovisual rights are recognised at the opening date of the rights, essentially within the framework of television sales; other sales (theatre, video) are recognised on admission or on delivery of the material;

- sports revenues, such as broadcast rights paid by the organisers of competitions, are recognised in line with the sports season with the exception of premiums relating to future ranking which are recognised at the date on which the ranking is acquired;
- mobile telephone revenues are recognised:
 - for the portion relating to signing up, the month of signing of a new subscription and adjusted for attrition rates;
 - and, for the portion relating to monthly operating revenues, spread over the duration of the subscription period to match the revenues received by the Group.

4.18 Earnings per share

In accordance with the recommendations of IAS 33 – *Earnings per share*, basic earnings per share is determined by dividing the net profit attributable to Group shareholders by the weighted average number of ordinary shares outstanding during the period.

Treasury shares carried as a reduction to consolidated equity are not taken into account in the calculation of earnings per share.

Diluted earnings per share is calculated inclusive of all instruments giving deferred access to the Group's share capital and having a dilutive effect. The dilution of share purchase and subscription options is determined in accordance with the share purchase method. This method allows the determination of shares not purchased which are added to the ordinary shares in circulation and have a dilutive effect.

4.19 Cash and cash equivalents

Cash comprises cash in hand in the bank current account and demand deposits.

Cash equivalents are investments, readily convertible into a known amount of cash, subject to an insignificant risk of changes in value, with a maturity of less than 3 months.

In this respect, the FCP mutual funds held by the Group are recognised as cash equivalents. As such, they are exposed to a very limited rate risk and their volatility over 12 months is very close to that of Eonia.

4.20 Cash flow statement

The table presents actual cash flows relating to the operations of the entities within the scope of consolidation at the year end. It has been established in compliance with IAS 7 – *Cash flow statements*.

CASH FLOW FROM OPERATING ACTIVITIES

Movements in inventories and receivables are calculated net of movements in provisions against the current assets.

In addition, in order to highlight the effect of taxation on the movement in cash, the tax expense is removed from the self-financing capacity, and the movement in the tax liability is removed from the variation in working capital requirements (WCR). The disbursement for taxation is thus isolated as a specific line item.

CASH FLOW FROM INVESTING ACTIVITIES

The effects on cash of adjustments to the consolidation scope resulting from acquisitions and disposals of entities (other than discontinuing operations) are identified on the lines "cash and cash equivalents arising from subsidiary acquisitions" and "cash and cash equivalents arising from subsidiary disposals".

DISCONTINUING OPERATIONS

The effects on the Group's cash of discontinuing operations are shown on a separate line in the cash flow statement, "Cash flow linked to discontinuing operations".

5. Impacts of changes in methods

The application of revised IFRS 3 and revised IAS 27 induced a change of method for the Group, as described in Note 4.4 Business combinations and goodwill.

6. Business combinations

6.1. Acquisitions in the year

ACQUISITION: 50% ECHO 6

On 30 November 2010, M6 Web acquired the 50% of Echo 6 it did not previously own from the joint shareholder Echo Vox, thereby increasing its equity holding in this company to 100%.

Shares previously held were revalued based on the acquisition price of the newly acquired 50% holding. The acquisition led to the recognition of a revaluation income of €0.1 million and additional goodwill of €0.3 million.

ACQUISITION: 95% MONALBUMPHOTO

On 30 September 2010, Mistergooddeal acquired 95% of the share capital of MonAlbumPhoto.

This acquisition generated a goodwill of €2.9 million. The fair value of assets and liabilities acquired had not been assessed at the 2010 year-end but it will be within 12 months of the acquisition.

ALLOCATION OF ACQUISITION COST

The acquisition cost of these companies was allocated as follows:

	2010
Acquisition cost	4.0
Upward revaluation of securities previously held	0.4
Value of assets and liabilities acquired (Group share)	
Net value of assets acquired	1.1
Capitalisation of losses brought forward and deferred tax assets	0.1
Revalued net assets	1.1
Total to be allocated	3.3
Allocated to goodwill	3.2
Allocated to brands and technologies	-
Allocated to audiovisual rights	-
Allocated to other current assets	0.1
Recognition of deferred tax liabilities relating to allocations	-

6.2. Follow up of acquisitions carried out in 2009

The Group did not make any acquisitions in 2009.

7. Segment reporting

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Group has applied IFRS 8 *Operating segments* since 1 January 2009 in order to present its net profit, balance sheet and investments by relevant operating segment.

The internal management reporting prepared on a monthly basis and communicated to the principal operational decision-maker, i.e. the Executive Board, as well as to other operational decision makers is actually based on these segments.

Revenue and EBITA are the most closely monitored performance indicators. Capital employed and investments made by each segment are also analysed on a regular basis in order to assess the profitability of resources allocated to each segment and make decisions about the future investment policy.

The operating segments presented are as follows:

M6 TV NETWORK

This segment includes the M6 TV channel, based on a business model entirely financed by advertising and extensive broadcasting (analogue, SD and HD digital), as well as all the main associated activities, such as the production, co-production and advertising agency activities.

DIGITAL CHANNELS

This segment includes Group channels that are solely broadcast digitally (DTT network or as part of packages broadcast by cable or satellite). These channels were originally termed thematic channels and have considerably increased their market share, both in terms of audience ratings and advertising revenue over the past few years.

The business model of the so-called “pay channels” is based on mixed financing (advertising revenue and income from cable operators), whereas free channels (free SD DTT broadcasting) is fully dependent on advertising.

DIVERSIFICATIONS AND AUDIOVISUAL RIGHTS

This segment includes all activities considered independent, in part or in full, from the TV channel broadcasting business. Their main features notably include the distribution of physical or intangible goods to consumers, merchandise inventory building, buying and reselling and event organisation.

Revenues primarily originate from sales to consumers and ticket sales, as well as sales to specialised distributors and vendors. The contribution of advertising revenue, although remaining marginal for this segment, is growing rapidly.

ELIMINATIONS AND UNALLOCATED ITEMS relate to the cost of the share purchase and subscription plans, the cost of the free share allocation plans, the net profit of property companies and dormant companies, as well as unallocated consolidation restatements primarily corresponding to the elimination of intra-Group gains on the disposal non-current assets or inventories.

INCOME STATEMENT

The contribution of each business segment in the income statement is detailed as follows:

	M6 TV Network		Digital channels		Diversification & Audio visual rights		Elimination and unallocated items		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
External revenue	677.9	612.1	168.9	147.1	614.9	617.1	0.3	0.2	1,462.0	1,376.6
Inter-segment revenue	36.1	36.5	2.6	2.1	23.8	31.6	(62.5)	(70.2)	-	-
Revenue	714.0	648.6	171.5	149.3	638.7	648.7	(62.3)	70.0	1,462.0	1,376.6
Profit from recurring operations (EBITA) from continuing operations	162.7	117.9	29.2	22.7	52.9	52.2	(2.6)	(2.6)	242.2	190.3
Amortisation and impairment of intangible assets relating to acquisitions (including goodwill)	-	-	-	(4.6)	(1.3)	(1.7)	-	-	(1.3)	(6.3)
Income from disposal of subsidiaries and investments	-	-	-	-	1.5	-	-	-	1.5	-
Operating profit (EBIT) from continuing operations	162.7	117.9	29.2	18.1	53.1	50.5	(2.6)	(2.6)	242.4	184.0
Net finance income/(expense)	-	-	-	-	-	-	-	-	2.8	1.0
Fair value movement of the Canal + France financial asset	-	-	-	-	-	-	-	-	-	21.2
Group share of profit from associates	-	-	-	-	-	-	-	-	0.6	(1.5)
Profit before tax (EBT) from continuing operations	-	-	-	-	-	-	-	-	245.7	204.8
Income tax	-	-	-	-	-	-	-	-	(88.7)	(65.6)
Net profit from continuing operations	-	-	-	-	-	-	-	-	157.0	139.1
Net profit	-	-	-	-	-	-	-	-	157.0	139.1
Net profit - Group share	-	-	-	-	-	-	-	-	157.1	139.2
Minority interests	-	-	-	-	-	-	-	-	(0.1)	(0.1)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

The contributions of each business segment to the financial position are presented below:

	M6 TV Network		Digital channels		Diversification and Audio visual rights		Elimination		Total of continuing operations	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Assets and liabilities										
Segment assets	485.7	512.4	77.7	74.8	437.5	468.8	(161.4)	(164.2)	839.5	891.9
Shareholdings in associates									-	-
Unallocated assets									521.7	583.8
Total Assets	485.7	512.4	77.7	74.8	437.5	468.8	(161.4)	(164.2)	1,361.3	1,475.7
Segment liabilities	327.0	321.1	110.5	101.3	368.6	378.7	(161.4)	(164.2)	644.7	636.9
Unallocated liabilities									34.8	18.1
Total Liabilities	327.0	321.1	110.5	101.3	368.6	378.7	(161.4)	(164.2)	679.4	655.0
Total Net Assets	158.7	191.3	(32.8)	(26.5)	68.9	90.1	0.0	-	681.8	820.7
Other segment information										
Non-current asset acquisitions	9.8	16.0	2.3	3.1	77.9	82.5			89.9	101.6
Depreciation and amortisation	(12.6)	(13.9)	(2.1)	(1.1)	(72.0)	(64.0)			(86.6)	(79.0)
Impairment	0.6	(0.2)	(0.6)	(1.6)	(21.4)	(24.0)			(21.4)	(25.8)
Other unallocated segment reporting items									11.4	2.6

Unallocated assets relate to cash and other Group financial assets, as well as taxation receivables. They notably included the Canal + France shares at 31 December 2009, with total value of €384.2 million. These securities were sold in the first half of 2010.

Unallocated liabilities relate to debt and other Group financial liabilities, as well as tax liabilities.

The Group does not present any segmental information by geographical segment as it has no significant operations outside of France.

8. Other operating income and expenses

8.1. Other operating income

Other operating income totalled €17.4 million and primarily comprised:

- proceeds from the sale of football players (€12.4 million, compared to €9.8 million in 2009);
- operating grants received (€2.0 million, compared to €2.2 million in 2009);
- operating exchange gains (€0.5 million).

8.2 Materials and other operating expenses

	2010	2009
Broadcasting rights consumption and programme flows	(222.9)	(177.6)
Cost of sales	(171.0)	(172.0)
Other external services	(424.0)	(407.8)
Foreign exchange losses	(0.2)	(0.9)
Other expenses	(0.1)	(0.5)
Cost of sales and other operating expenses	(818.2)	(758.8)

8.3 Amortisation, depreciation, impairment, foreign exchange differences and inventory costs included in operating expenses

	2010	2009
Amortisation and net provisions - audiovisual rights	(64.6)	(64.2)
Amortisation and net provisions - production costs	(8.2)	(9.4)
Amortisation and net provisions - other intangible assets	(25.6)	(22.6)
Depreciation - property, facilities and equipment	(12.3)	(11.5)
Writedown of broadcasting rights	12.3	(18.8)
Other	(6.7)	(3.1)
Goodwill impairment	-	(4.9)
Total of amortisation and depreciation (net)	(105.1)	(134.5)

8.4 Employee and workforce expenses

	2010	2009
Wages and salaries	(161.3)	(162.8)
Social Security charges	(69.5)	(66.1)
Profit sharing plan contributions	(12.0)	(9.3)
Other employee costs	(10.0)	(7.8)
Employee costs	(252.7)	(245.9)

Other employee costs include provision charges and reversals for retiral, provisions for employee litigations as well as the cost of stock options (IFRS 2).

The “full time equivalent” (FTE) workforce of wholly consolidated Group companies was 2,309 in 2010, compared to 2,200 in 2009.

The FTE workforce of jointly owned companies was stable with 24 people in 2010.

9. Share-based payments

PLANS ALLOCATED IN 2010

Pursuant to the authorisation granted by the Combined General Meeting of 6 May 2008,

- an allocation of free shares was decided by the Executive Board on 25 March 2010, following approval by the Supervisory Board on the same date. This plan covered 22,000 shares, subject to beneficiaries being employed by the Group at the end of an unavailability period of 2 years.
- allocations of free shares were decided by the Executive Board on 27 July 2010 and on 22 December 2010, following approval by the Supervisory Board on 27 July 2010.

The plan of 27 July 2010 covered 323,500 shares, subject to beneficiaries being employed by the Group and the achievement of consolidated net earnings per share objectives in 2010. The number of free shares allocated may be increased to a maximum of 372,025 shares (15% more) in the event objectives are significantly exceeded.

The plan of 22 December 2010 more particularly concerns employees of the Ventadis division and covers 35,650 shares, subject to beneficiaries being employed by the Group and the achievement of divisional operating profit objectives in 2011. The number of free shares allocated may be increased to a maximum of 48,000 shares (35% more) in the event objectives are exceeded.

Conversely, no allocations of share subscription options were decided in 2010.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

VALUATION AT FAIR VALUE OF BENEFITS GRANTED TO EMPLOYEES

Pursuant to IFRS 2 – *Share-based payments* and IFRS 1 – *First-time adoption of IFRS*, the allocation of options to purchase and to subscribe for shares and the allocation of free shares granted since 7 November 2002 have been valued at their fair value at the date of grant.

The fair value of options granted to purchase and to subscribe for shares was based on a binomial model of option valuation.

The fair value of free shares granted is based on the value of the share at date of grant less the current value of future dividends estimated for the period of unavailability.

FEATURES OF PLANS AND FAIR VALUE OF BENEFITS GRANTED

The principal features of option plans to purchase, subscribe and the allocation of free shares outstanding at 31 December 2010 and for which, pursuant to IFRS 1 – *First-time adoption of IFRS*, there was a valuation at fair value of the benefit granted to employees, as follows:

	Model	Reference price	Exercise price	Historic volatility	Free risk rate	Expected yield	Fair value
Share subscription plans							
06/06/2006	Binomial	24.63	24.60	43.1%	4.02%	3.81%	8.57
02/05/2007	Binomial	26.55	27.52	37.8%	4.40%	3.99%	7.94
06/05/2008	Binomial	15.22	14.73	40.0%	4.39%	6.30%	3.59
Plans granting free shares							
06/05/2008		15.22	N/A	N/A	4.39%	6.30%	13.42
28/07/2009		13.00	N/A	N/A	2.49%	4.90%	11.83
23/12/2009		18.02	N/A	N/A	1.42%	4.01%	16.63
25/03/2010 (*)		18.84	N/A	N/A	1.00%	5.04%	17.03
27/07/2010 (*)		17.66	N/A	N/A	1.00%	5.38%	15.79
22/12/2010 (*)		18.22	N/A	N/A	1.13%	5.49%	16.25

(*) Risk-free rate: specified term after 2 years

The maturity used for each plan corresponds to its period of partial unavailability (4 years) for share subscription plans increased by two years, the options being exercisable in a period of three years after the end of the partial unavailable period.

Based on the attrition rate historically noted, it is also assumed that 20% of options will not be exercised due to beneficiaries leaving the Group before the exercise date. The cost of share subscription plans was restated based on the actual turnover rate where it exceeds the initial selected rate of 20%.

The maturity used corresponds to the period of unavailability (2 years) for all plans granting free shares. In addition, it is assumed that 10% of the shares will not be delivered due to the departure of beneficiaries during the unavailability period. However, the cost of free share allocation plans is restated at the end of the plans based on the actual departure rate.

The balance of options and allocated shares changed as follows during the financial year:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Allocation at plan date	Balance at 31/12/2009	Allocated	Exercised	Cancelled	Balance at 31/12/2010
Share subscription plans	4,678,575	3,338,975	-	3,249	613,342	2,722,384
25/07/2003	713,500	421,000	-	-	421,000	-
14/11/2003	20,000	20,000	-	-	20,000	-
28/04/2004	861,500	527,000	-	-	32,000	495,000
02/06/2005	635,500	421,500	-	-	30,000	391,500
06/06/2006	736,750	504,250	-	-	29,500	474,750
02/05/2007	827,500	651,500	-	-	37,500	614,000
06/05/2008	883,825	793,725	-	3,249	43,342	747,134
Plans granting free shares	1,059,220	595,609	386,150	205,759	27,500	748,500
06/05/2008 (*)	280,720	205,759	-	205,759	-	-
28/07/2009	346,700	344,200	-	-	22,500	321,700
23/12/2009	45,650	45,650	-	-	-	45,650
25/03/2010	22,000	-	22,000	-	-	22,000
27/07/2010	328,500	-	328,500	-	5,000	323,500
22/12/2010	35,650	-	35,650	-	-	35,650

(*) the balance at 31 December 2009 specified in the 2009 registration document was 200,759, due to a data entry error in the monitoring of the plans

Cancellations recorded during the year resulted either from beneficiaries leaving the Group before the end of the vesting period or from plans expiring due to market conditions preventing all rights from being exercised. They may also be due to non-achievement of financial performance targets set on allocating the plans.

Data relating to the free share allocation plan are reference data corresponding to the achievement of performance objectives set within the context of the 2008, 2009 and 2010 plans. Therefore, they do not include the revaluation of the number of shares allocated as a function of over-performance.

The number of shares to be permanently vested within the framework of the plan of 6 May 2008 is 221,051, due to the achievement of financial objectives attached to the plan. An additional 7.43% was thus allocated.

Due to the likelihood that financial objectives will be achieved and the employee departures already noted, the number of shares to be permanently vested within the framework of the various outstanding plans has been estimated to date as follows:

- Plan of 28 July 2009: 358,835 shares
- Plan du 23 December 2009: 44,783 shares
- Plan du 27 July 2010: 339,998 shares
- Plan du 22 December 2010: 43,200 shares

CHARGE RECOGNISED IN 2010

Due to the data set out above and the assessment of the charge resulting from the free share allocation plans, based on the number of shares previously granted, this resulted in the following impact to the line personnel costs in the income statement:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Personnel cost	
	2010	2009
Share subscription plans		
02/06/2005	-	0.0
06/06/2006	0.1	0.8
02/05/2007	1.1	1.3
06/05/2008	0.6	0.6
Plans granting free shares		
02/05/2007	-	(0.9)
06/05/2008	0.5	1.2
28/07/2009	2.1	0.8
23/12/2009	0.4	0.0
25/03/2010	0.1	-
27/07/2010	1.2	-
22/12/2010	0.0	-
Total cost	6.2	3.9

10. Net financial income

	2010	2009
Interest on loans from banks and associates	(0.1)	(0.7)
Capitalised interest on pension	(0.3)	(0.3)
Revaluation of derivative instruments	(0.1)	(0.1)
Other financial expense	(0.5)	(1.7)
Financial expenses	(1.0)	(2.8)

	2010	2009
Investment income	3.2	0.9
Other interest income	0.2	1.0
Revaluation of derivative instruments	0.1	0.6
Income from disposal of financial assets held for sale	-	-
Fair value movement of the Canal + France financial asset	-	21.2
Other financial income	0.3	1.4
Financial income	3.8	25.1

NET FINANCIAL INCOME	2.8	22.3
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In 2009, net financial income included a €21.2 million upward revaluation of the financial asset comprising Canal+ France securities and the attached put option. At the 2009 year-end, the Canal+ France financial asset was thus recognised at its minimum guaranteed price, which reflected its fair value.

No revaluation of these securities was recognised in 2010, given that the asset was sold on 1 February 2010.

The collection of the proceeds of this sale contributed to the increase in the value of deposits, and thereby the income from deposits, despite the decrease in interest rates (with a historic low for the EONIA benchmark rate, which averaged 0.431% in 2010, compared to 0.708% in 2009).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

In addition, the Group did not draw down any of its credit facilities, which resulted in a reduction in financial expenses.

11. Income tax

Métropole Télévision has declared itself as the parent company of a tax grouping pursuant to the provisions of Articles 223-a and subsequent of the General Tax Code, as of 1 January 1988.

All French registered Group companies that are subject to income tax and are more than 95% continuously owned directly or indirectly by Métropole Télévision are members of the tax grouping.

The main components of income tax are as follows:

	2010	2009
<i>Income tax payable:</i>		
Tax charge for the year	(101.3)	(72.0)
<i>Deferred tax:</i>		
Creation and reversal of temporary differences	12.6	6.4
Total	(88.7)	(65.6)

The deferred tax rate used for 2010 was 34.43%, which is the same as 2009.

Deferred tax relating to adjustments to equity was as follows:

	2010	Change	2009
Revaluation to fair value of foreign exchange contracts (cash flow hedges)	(0.1)	(0.4)	0.3
IAS 19 actuarial gains and losses	0.2	0.3	(0.1)
Treasury share forward purchase	2.2	2.2	-
Total	2.3	2.1	0.2

The reconciliation between the income tax charge calculated by applying the applicable rate to profit before tax and the charge calculated by applying the Group's actual tax rate is as follows:

	2010	2009
Net profit - Group share	157.1	139.2
Non-controlling interests	(0.1)	0.1
Profit or loss after tax of discontinuing operations	-	-
Income tax	(88.7)	(65.6)
Share of profit from associates	0.6	(1.5)
Goodwill impairment	-	(4.9)
Profit from continuing operations before tax and goodwill impairment	245.1	211.2
 Theoretical tax rate	 34.43%	 34.43%
Theoretical tax charge	(84.4)	(72.7)
 Reconciling items:		
Cost of stock options	(2.1)	(1.3)
Revaluation of the Canal+ France financial asset	-	6.9
C.V.A.E. tax	(5.4)	-
Impact relating to the exit of one company from the tax pooling	2.1	-
Other differences	1.1	1.5
Effective tax charge	(88.7)	(65.6)
 Effective tax rate	 36.20%	 31.07%

Other permanent differences primarily relate to tax credits older than 2010.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The sources of deferred tax at 31 December were as follows:

	2010	2009
Deferred tax assets		
Intangible assets	0.2	0.8
Investments in associates	-	-
Other assets	8.5	9.8
Retiral provisions (non-deductible)	2.4	1.9
Non-deductible provisions	27.9	21.5
Expenses payable non-deductible	3.3	3.3
Derivative instruments	2.1	0.3
Losses brought forward	1.9	1.9
Other	0.6	0.6
Impact of offset of deferred tax assets and liabilities on the balance sheet	(16.2)	(26.6)
Total	30.6	13.4
Deferred tax liabilities		
Catalogues	(7.5)	(9.4)
Brands	(1.9)	(2.4)
Intangible assets	-	(6.6)
Accelerated depreciation and amortisation	(2.9)	(3.0)
Canal + France asset	-	(1.3)
Writedown of treasury shares	(2.7)	(2.6)
Other	(1.2)	(1.3)
Impact of offset of deferred tax assets and liabilities on the balance sheet	16.2	26.6
Total	0.0	0.0

The deferred tax assets and liabilities of companies included in the tax grouping were offset.

The cumulative losses brought forward of group companies were €13.9 million at 31 December 2010.
The deficits that were capitalised as deferred tax assets amounted to €5.4 million at 31 December 2010.

At 31 December 2010, no deferred tax liability was recognised for taxes which may be due on undistributed profits of certain Group subsidiaries, associated companies or joint ventures.

The payment of dividends by the Group to its shareholders had no fiscal consequences.

The 2010 Finance Act, passed on 31 December 2009, also removed the liability of French entities to the business tax from 2010 and replaced it with two new contributions:

- The C.F.E., based on the real estate rental values of the former Business Tax;
- The C.V.A.E., based on the added value evident in a company's financial statements.

Following the tax change referred to above and based on the accounting treatment selected by other issuers, at 31 December 2010 the Group reviewed its accounting treatment of French tax in light of IFRS standards, taking account of the latest analyses available on the accounting treatment of taxes and duties, in particular those provided by IFRIC, in order to improve comparability with other issuers.

After carrying out this analysis, the Group decided to reclassify the C.V.A.E. from operating expenses to income tax, for an amount of €8.3 million for the year to 31 December 2010.

Pursuant to the provisions of IAS 12, the classification of the C.V.A.E. as income tax would have led to the recognition as from 31 December 2009 of deferred tax relating to temporary differences existing at that date, given that the Finance Act was passed in 2009. The corresponding deferred tax was not restated for the 31 December 2009 year-end, since the impact of €0.1 million is negligible in relation to the size of the Group.

12. Earnings per share

	2010	2009
Net profit attributable to shareholders	157.1	139.2
Profit /(loss) attributable to discontinuing operations	-	-
Net profit from continuing operations attributable to shareholders	157.1	139.2
Average weighted number of shares (excluding treasury shares) for basic earnings per share	128,417,609	128,622,161
Total options granted (including non-dilutive)	3,584,123	3,338,975
Number of shares to be added for dilutive effect	473,848	284,467
Average weighted number of shares (excluding treasury shares) adjusted for dilutive effect*	128,891,457	128,906,628
Net earnings per share (€)	1.2231	1.082
Net earnings per share from continuing operations (€)	1.2231	1.082
Diluted earnings per share (€)	1.2186	1.080
Diluted earnings per share from continuing operations (€)	1.2186	1.080

* Only includes dilutive shares (with regard to market conditions at closing)

The calculation of diluted earnings per ordinary share takes into account the share subscription options granted by the plans of 28 July 2009, 23 December 2009, 25 March 2010, 27 July 2010 and 22 December 2010, and the share subscription option plan granted on 6 May 2008. Shares with a dilutive impact totalled 473,848, with a dilutive effect on EPS of €0.45 cents per share.

13. Dividends paid and proposed

	2010	2009
Declared and paid during the year	302.1	109.3
Dividend paid for ordinary shares (€)	0.85	0.85
Exceptional dividend paid by ordinary share (€)	1.50	-
Proposed for approval of AGM	128.6	303.0
Dividend paid per ordinary share (€)	1.00	0.85
Exceptional dividend paid by ordinary share (€)	-	1.50

14. Goodwill impairment tests and intangible assets with an indeterminable life

MOVEMENTS

Goodwill evolved as follows:

	2010	2009
Opening balance net of impairment	74.3	83.0
Acquisitions	3.2	-
Disposals	-	-
Allocations	(1.3)	(3.7)
Goodwill of operations held for disposal	-	-
Other	-	-
Impairment	-	(4.9)
Closing balance	76.2	74.3
Opening balance		
Gross value	107.9	111.7
Accumulated impairment	(33.6)	(28.7)
Net	74.3	83.0
Closing balance		
Gross value	109.8	107.9
Accumulated impairment	(33.6)	(33.6)
Net	76.2	74.3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2010 financial year goodwill movements resulted from:

- the adjustment of the liability relating to the Cyréalís earn-out;
- the acquisition of MonAlbumPhoto;
- the acquisition of the remaining 50% in Echo 6.

ANALYSIS

Goodwill is analysed by CGU thus:

Net value	2010	2009
M6 TV Network	-	-
Digital channels	-	-
Diversification		
CYREALIS	35.4	36.8
Mistergooddeal SA	32.8	32.8
HSS Group	4.0	4.0
VENTADIS	36.8	36.8
MonAlbumphoto SAS	2.9	-
SND SA	0.8	0.8
Echo6 SAS	0.3	-
Total	76.2	74.3

IMPAIRMENT TESTS

At 31 December 2010, the Group considers Ventadis as a Cash Generating Unit ("CGU") due the increasing pooling of resources resulting from the operating merger between HSS and Mistergooddeal: pooling of all support functions, including order taking and delivery, development of HSS Group online sales, which benefited from the expertise of Mistergooddeal, and cross-selling activities.

The other CGUs selected for impairment tests were Paris Première and Cyréalís Group, even though the latter has been merged into M6 Web since its acquisition.

The discounted cash flow method (DCF) used to measure the value in use is based on the following factors:

- Use of data derived from the 2010 – 2013 business plan prepared as part of the Group's budgeting process in October 2010;
- Assumptions specific to the Ventadis CGU:
The discount rate used was determined by calculating an average of the weighted average cost of capital used to assess the main quoted comparables of Ventadis. Full funding through equity was assumed. The discount rate before tax was 9.9% in 2010, compared to 9.33% in 2009, the rate uniformly used in all impairment tests as the weighted average cost of capital applicable to the M6 Group.
The infinite growth rate used was also based on the average noted on the valuation of comparables and was 1.5% for 2010 and 2009 alike.
- Assumptions specific to the Cyréalís CGU:
The discount rate used was determined by calculating an average of the weighted average cost of capital used to assess the main quoted comparables of Cyréalís. Since comparables had very little debt, full funding through equity was assumed. The discount rate before tax was 10.9% for 2010, compared to 9.33% in 2009, the rate uniformly used in all impairment tests as the weighted average cost of capital applicable to M6 Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The infinite growth rate used was also based on the average noted on the valuation of comparables and was 2% for 2010, compared to 1.5% in 2009.

- Common assumptions:

Revenue growth of 3% in 2014 and 2015

EBITA growth of 3% in 2014 and 2015

No capital expenditure in 2014 and 2015

Constant WCR in 2014 and 2015

An analysis of the sensitivity of the value in use to testing factors has been conducted but did not show any likely scenario according to which the realisable value of the CGU would fall below their net book value, as shown by the 2 tables below:

Ventadis		Discount rate			
		9,4	9,9	10,4	10,9
G r o w t h	0,0	165,0	156,0	147,9	140,5
	0,5	171,5	161,7	152,9	145,0
	1,0	178,8	168,1	158,5	149,9
	1,5	186,9	175,1	164,7	155,3
	2,0	196,2	183,1	171,6	161,4

net book value measured = €50.5 million

Cyréal		Discount rate			
		9.9	10.4	10.9	11.4
G r o w t h	0.5	49.3	46.8	44.5	42.4
	1	51.1	48.3	45.9	43.7
	1.5	53.1	50.1	47.4	45.0
	2	55.3	52.0	49.1	46.5
	2.5	57.9	54.2	51.0	48.2

net book value measured = €38.5 million

No new event occurred in 2010 that would lead to calling into question the assumptions supporting Paris Première's business plan, and consequently the impairment of its goodwill was maintained at the level recognised in 2009. Therefore, the net value of Paris Première's goodwill was nil.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. Intangible assets

	Audio visual rights	Other intangible assets	Advances and prepayments	Goodwill	Total 2009
At 1 January 2009, net of depreciation and writedowns	83.3	45.9	22.1	83.0	234.3
Acquisitions	15.7	37.9	34.5	-	88.2
Change in group structure (gross amounts)	0.1	-	-	-	0.1
Disposals	(10.8)	(7.5)	-	-	(18.2)
Other movements	(1.9)	6.7	-	(3.7)	1.1
Reclassifications	36.3	6.9	(43.2)	-	(0.0)
Writedown	(20.2)	(6.1)	-	(4.9)	(31.3)
2009 amortisation charge	(44.0)	(25.9)	-	-	(69.9)
Changes in Group structure - accumulated amortisation charges	1.3	(2.4)	-	-	(1.1)
Reversal of amortisation on disposals	10.8	4.6	-	-	15.4
At 31 December 2009, net of depreciation and writedown	70.6	60.3	13.4	74.3	218.6
At 1 January 2009					
Gross value	549.5	385.6	22.6	111.7	1,069.4
Accumulated amortisation and writedowns	(466.2)	(339.6)	(0.6)	(28.7)	(835.1)
Net total	83.3	45.9	22.1	83.0	234.3
At 31 December 2009					
Gross value	588.9	453.8	13.9	107.9	1,164.6
Accumulated amortisation and writedowns	(518.3)	(393.5)	(0.6)	(33.6)	(946.1)
Net total	70.6	60.3	13.4	74.3	218.6
	Audio visual rights	Other intangible assets	Advances and prepayments	Goodwill	Total 2010
At 1 January 2010, net of depreciation and writedowns	70.6	60.3	13.4	74.3	218.6
Acquisitions	50.7	16.0	15.9	-	82.6
Change in group structure (gross amounts)	-	0.9	-	3.2	4.2
Disposals	(67.4)	(24.0)	(0.1)	-	(91.5)
Other movements	-	-	-	(1.3)	(1.3)
Reclassifications	1.6	4.2	(5.8)	-	0.0
Writedown	(12.6)	(8.9)	-	-	(21.5)
2010 amortisation charges	(52.0)	(24.9)	-	-	(76.9)
Changes in Group structure - accumulated amortisation charges	0.0	(0.6)	-	-	(0.6)
Reversal of amortisation on disposals	67.2	13.4	-	-	80.6
At 31 December 2010, net of depreciation and writedown	58.1	36.4	23.4	76.2	194.1
At 1 January 2010					
Gross value	588.9	453.8	13.9	107.9	1,164.6
Accumulated amortisation and writedowns	(518.3)	(393.5)	(0.6)	(33.6)	(946.1)
Net total	70.6	60.3	13.4	74.3	218.6
At 31 December 2010					
Gross value	573.8	485.3	24.0	109.8	1,192.9
Accumulated amortisation and writedowns	(515.7)	(448.9)	(0.6)	(33.6)	(998.9)
Net total	58.1	36.4	23.4	76.2	194.1

Audiovisual rights include cinematographic and television rights acquired within the framework of productions or co-productions, as well as in application of distribution agreements for which a fixed amount (guaranteed minimum) was paid to the producer.

2010 and 2009 were marked by significant investments by SND.

Other intangible assets consist of computer software, co-productions and assets related to the transfer fees of football players. Assets related to these fees totalled €9.9 million at the 2010 balance sheet date, compared to €34.0 million at 31 December 2009.

In application of IAS 20 – *Accounting for government grants and disclosure of government assistance*, grants received from the CNC are recognised as a reduction in the value of the co-production assets.

All other intangible assets are amortisable assets.

16. Property, facilities and equipment

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	Land	Buildings	Technical facilities	Other PFE	Assets under construction	Total 2009
At 1 January 2009, net of depreciation and writedowns	14.1	69.4	16.7	6.1	2.2	108.5
Additions	-	7.6	10.2	2.6	(1.5)	18.9
Subsidiary acquisitions (gross)	-	-	-	(0.0)	-	(0.0)
Disposals	-	(0.0)	(5.9)	(0.8)	-	(6.7)
(Depreciation charges) / Reversals 2009	-	(3.4)	(5.7)	(2.4)	-	(11.5)
Depreciation of acquired subsidiaries	-	-	-	0.0	-	0.0
Reversal of depreciation on disposal	-	0.0	5.7	0.7	-	6.4
At 31 December 2009, net of depreciation and writedown	14.1	73.5	21.0	6.3	0.8	115.7
At 1 January 2009						
Cost or fair value	14.1	99.6	56.3	27.8	2.2	200.0
Accumulated depreciation charges and writedowns	-	(30.3)	(39.6)	(21.7)	-	(91.5)
Net value	14.1	69.4	16.7	6.1	2.2	108.5
At 31 December 2009						
Cost or fair value	14.1	107.1	60.6	29.7	0.8	212.3
Accumulated depreciation charges and writedowns	-	(33.6)	(39.6)	(23.4)	-	(96.6)
Net value	14.1	73.5	21.0	6.3	0.8	115.7
	Land	Buildings	Technical facilities	Other PFE	Assets under construction	Total 2010
At 1 January 2010, net of depreciation and writedowns	14.1	73.5	21.0	6.3	0.8	115.7
Additions	4.6	10.7	4.4	2.4	(0.6)	21.4
Subsidiary acquisitions (gross)	-	-	0.0	0.0	-	0.1
Cessions	-	(0.1)	(17.4)	(13.6)	-	(31.1)
(Depreciation charges) / Reversals 2010	-	(3.5)	(6.4)	(2.4)	-	(12.3)
Depreciation of acquired subsidiaries	-	-	(0.0)	(0.0)	-	(0.0)
Reversal of depreciation on disposal	-	0.1	17.4	13.6	-	31.1
At 31 December 2010, net of depreciation and writedowns	18.6	80.7	19.0	6.2	0.2	124.8
At 1 January 2010						
Cost or fair value	14.1	107.1	60.6	29.7	0.8	212.3
Accumulated depreciation charges and writedowns	-	(33.6)	(39.6)	(23.4)	-	(96.6)
Net value	14.1	73.5	21.0	6.3	0.8	115.7
At 31 December 2010						
Cost or fair value	18.6	114.8	46.7	18.5	0.2	198.9
Accumulated depreciation charges and writedowns	-	(34.1)	(27.7)	(12.3)	-	(74.2)
Net value	18.6	80.7	19.0	6.2	0.2	124.8

At 31 December 2010, property, facilities and equipment totalled €124.8 million, an increase of €9.1 million primarily relating to capital expenditure for the construction of a new building. Property, facilities and equipment under construction relating to this expenditure is presented in the “construction” column.

17. Financial assets held for sale

Financial assets held for sale constitute investments held by the Group in non-consolidated companies and receivables which are directly related to them.

2010						2009				
	Reference currency	Gross value	Fair value movements	Net fair value	% held	Gross value	Fair value movements	Net fair value	% held	
Summit Entertainment	(\$) Dollar	11.4	-	11.4	9.06%	10.3	-	10.3	9.06%	
European News Exchange	(€) Euro	0.1	-	0.1	20%	0.1	-	0.1	20%	
Autres		-	-	-	-	-	-	-	-	
TOTAL		11.5	-	11.5		10.5	-	10.5		

None of these companies are continuously quoted on an organised market.

Within this context, the criteria selected by the Group to reflect a significant or sustained decline in value – unchanged since 2008 – is based on an analysis of all financial information at our disposal as minority shareholders: financial statements and notes, auditors’ reports, excerpts of minutes of board meetings if available, potential transactions in the securities of these companies, expert reports, business plans, etc.

A significant or sustained decline would be evidenced if:

- the Group’s equity holding or an objective valuation (i.e. based on expert reports or resulting from a transaction or planned transaction) were to demonstrate that the value of the securities had fallen;
- a business plan or objective information were to demonstrate the inability of the company, in which the Group holds an equity holding, to create value again through the generation of positive cash flow.

Both of the above conditions must be met.

Based on information obtained by the Management, there is no indication at this stage that these securities may be affected by impairment or should be revalued upwards.

18. Other financial assets

This mainly includes the part not eliminated of current accounts with joint ventures and considered to have a maturity of over 1 year. The debt arising from financing a co-shareholder is classified as noncurrent financial debt in accordance with the principle of not offsetting financial assets and liabilities. The current accounts are loans at variable interest rates based on Eonia.

The Group does not hold any non-current financial assets with fixed interest rates.

Income arising from these assets is recorded in the period as finance income. Such loans are initially recognized at fair value, then subsequently at amortised cost.

	2010	2009
Associates current account	2.9	3.3
Impairment of associates current account	-	-
Financial assets at fair value through profit and loss	-	-
Other financial assets	-	-
Other non-current financial assets	2.9	3.3
Associates current account	-	0.2
Impairment of associates current account	-	-
Financial assets at fair value through profit and loss	-	384.2
Other financial assets	0.3	-
Other current financial assets	0.3	384.4

In 2009, financial assets valued at fair value through the income statement comprised the Canal+ France financial asset.

19. Investments in joint ventures

Entities in which M6 or one of its subsidiaries has a joint venture interest are as follows:

% held	2010	2009	Business sector
TCM DA	50%	50%	Broadcasting rights portfolio
Série Club	50%	50%	Série Club digital channel
TF6	50%	50%	TF6 digital channel
TF6 Gestion	50%	50%	TF6 management company
Echo6	100%	50%	Mobile phone product marketing
HSS Belgique	50%	50%	Home shopping programmes

By the end of 2010, M6 Web had increased its equity holding in Echo 6 to full ownership. This company is now fully consolidated in the Group's financial statements.

The contributions of joint ventures to the Group consolidated balance sheet were as follows:

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	2010	2009
Non-current assets	4.6	5.9
Current assets	9.4	9.5
Non-current liabilities	(1.1)	(1.7)
Current liabilities	(11.0)	(11.3)
Net assets	1.9	2.4
Contribution by company:		
	2010	2009
Assets		
TF6 - Série Club	8.1	9.1
TCM DA	3.2	4.1
Other	2.7	2.2
	14.0	15.4
Liabilities		
TF6 - Série Club	(9.0)	(9.2)
TCM DA	(0.9)	(2.1)
Other	(2.2)	(1.7)
	(12.1)	(13.0)
Net assets	1.9	2.4

The contributions of joint ventures to Group revenue and net profit were as follows:

	2010	2009
Revenue	25.1	25.7
Net profit	2.8	2.8
Contribution by company:		
	2010	2009
Revenue		
TF6 - Série Club	13.2	13.9
HSS Belgique	6.5	6.1
TCM DA	4.2	4.4
Other	1.2	1.3
	25.1	25.7
Net profit		
TF6 - Série Club	(0.6)	(0.1)
TCM DA	2.9	2.3
HSS Belgique	0.5	0.5
Other	0.1	0.1
	2.8	2.8

20. Investments in associates

On 10 November 2010, M6 Group sold its 32.67% equity holding in TyreDating, which it had owned since 16 April 2008. The Group recorded a €1.4 million net capital gain as part of this transaction.

The following table summarises financial information for 2009 relating to the investment in this associated company:

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	2009
Share held in associates' net assets	(0.6)
<i>Of which</i>	
<i>Non-current assets</i>	0.1
<i>Current assets</i>	0.8
<i>Non-current liabilities</i>	(0.7)
<i>Current liabilities</i>	(0.7)
Goodwill	-
Deferred taxation	-
Contribution to the Group's net assets	(0.6)
	2009
Revenue	4.9
Net profit	(1.2)
Movement in deferred taxation	(0.2)
Goodwill impairment	-
Contribution to Group net profit	(1.5)

Furthermore, the share of profit from associates increased by €0.6 million in 2010 following the reversal of a provision for losses of TyreDating recognised in 2009. In that year, the Group had recognised the full amount of its share of TyreDating's losses (€1.5 million), beyond the value of its shares. The excess of €0.6 million had been recognised under provisions for liability and charges.

21. Inventories

	Broadcasting rights	Commercial inventory	Total 2009
Net book value at 1 January 2009	206.3	25.9	232.2
Acquisitions	207.7	176.5	384.2
Subsidiary purchase	-	(0.0)	(0.0)
Subsidiary disposals	-	-	-
Expensed	(200.4)	(176.0)	(376.5)
Writedown (charge)/reversal 2009	(18.8)	4.1	(14.8)
Net book value at 31 December 2009	194.8	30.4	225.2
At 31 December 2008			
Cost or fair value	276.7	37.0	313.5
Accumulated writedown	(70.4)	(10.9)	(81.2)
Net book value at 31 December 2008	206.3	25.9	232.2
At 31 December 2009			
Cost or fair value	283.9	37.2	321.1
Accumulated writedown	(89.2)	(6.8)	(96.0)
Net book value at 31 December 2009	194.8	30.4	225.2

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	Broadcasting rights	Commercial inventory	Total 2010
Net book value at 1 January 2010	194.8	30.4	225.2
Acquisitions	200.8	173.1	373.9
Subsidiary purchase	-	-	-
Subsidiary disposals	-	-	-
Expensed	(247.1)	(174.6)	(421.8)
Writedown (charge)/reversal 2010	12.3	0.3	12.6
Net book value at 31 December 2010	160.8	29.1	190.0
At 31 December 2009			
Cost or fair value	284.0	37.2	321.2
Accumulated writedown	(89.2)	(6.8)	(96.0)
Net book value at 31 December 2009	194.8	30.4	225.2
At 31 December 2010			
Cost or fair value	237.7	35.7	273.4
Accumulated writedown	(76.9)	(6.5)	(83.4)
Net book value at 31 December 2010	160.8	29.1	190.0

22. Financial instruments

This note presents information on the Group's exposure to each of the following risks, as well as its objectives, policy and assessment procedures and risk management.

22.1. Credit risk

The credit risk represents the risk of financial loss for the Group in the event a customer or financial instrument counterparty was to fail to meet its contractual duties.

TRADE RECEIVABLES

Risk assessment differs across Group operations.

Advertising revenue

In order to secure its advertising sales, the main step taken by the M6 Publicité advertising agency is to carry out credit inquiries. These are systematically carried out with the support of specialised external companies on new customers and on an on-going basis on recurring customers.

The latter represent the large majority of advertisers. The advertiser base thus appears relatively stable, with more than 90% of revenue being generated from the same customers from one year to the next. Furthermore, it comprises a majority of quoted French companies and French subsidiaries of major international corporations.

Based on the results of credit enquiries and the amounts incurred in relation to the campaign, different payment terms are granted to customers. In particular, M6 demands that advertisers who do not meet its solvency criteria pay their campaigns in advance. These provisions are included in the terms and conditions of sale of the M6 Publicité advertising agency.

Due to this prudent policy, the risk of non payment of advertising campaigns remained less than 0.4% of advertising revenue (0.3% in 2009).

In order to further curtail this risk, M6 Publicité imposes late payment penalties on unpaid invoices and has an internal team dedicated to recovering trade receivables.

Non-advertising revenue

As regards non-advertising revenue, no single customer risk is material enough to significantly impair the Group's profitability.

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Nonetheless, personnel dedicated to collecting trade receivables guarantee throughout the year that everything is done to reduce bad debts. In addition to follow-up by this dedicated team, the Group may call upon the services of specialised debt collectors.

BANKING COUNTERPARTIES

The Group neither securitises, nor assigns nor factors trade receivables.

The Group pays particular attention to the quality of its banking counterparties. The Group strived to diversify its mutual fund depositories, in which excess cash is invested in accordance with the cash management policy described in note 22.3.

The Group works with leading European banks that benefit from an investment grade rating.

ASSET DERIVATIVE FINANCIAL INSTRUMENTS

The book value of financial assets represents the maximum exposure to the credit risk at year end, as follows:

2010			Analysis by category of instruments					
	Balance sheet value	Fair value	Fair value through profit and loss	Available for sale financial assets	Investments held until maturity	Loans and receivables	Debt amortised at cost	Derivative instruments
Available-for-sale financial assets	11.5	11.5		11.5				
Other non-current financial assets	3.2	3.2	0.3			2.9		
Trade receivables	254.5	254.5				254.5		
Other current assets	172.1	172.1				172.1		
Derivative financial instruments	1.0	1.0						1.0
Cash equivalents	367.1	367.1	367.1					
Bank and cash	9.8	9.8	9.8					
Assets	819.2	819.2	377.2	11.5		429.5		1.0
2009			Analysis by category of instruments					
	Balance sheet value	Fair value	Fair value through profit and loss	Available for sale financial assets	Investments held until maturity	Loans and receivables	Debt amortised at cost	Derivative instruments
Available-for-sale financial assets	10.5	10.5		10.5				
Other non-current financial assets	387.7	387.7	384.2			3.5		
Trade receivables	256.1	256.1				256.1		
Other current assets	161.4	161.4				161.4		
Derivative financial instruments	0.0	0.0						0.0
Cash equivalents	78.8	78.8	78.8					
Bank and cash	6.8	6.8	6.8					
Assets	901.3	901.3	469.8	10.5		421.0		0.0

MATURITY OF FINANCIAL ASSETS

The maturity dates of financial assets were as follows at the balance sheet date:

	Closing balance		Neither impaired nor matured		<= 1 month		2 - 3 months	
	2010	2009	2010	2009	2010	2009	2010	2009
Long-term investments	2.9	3.5	2.9	3.5	-	-	-	-
Trade receivables - gross	285.4	284.3	180.2	200.2	29.6	36.2	7.4	8.9
Other receivables - gross	177.5	164.7	171.5	162.4	2.9	0.0	-	-
Total	465.9	452.5	354.6	366.0	32.6	36.2	7.4	8.9
	3 - 6 months		6 - 12 months		> 1 year		Gross impaired amount	
	2010	2009	2010	2009	2010	2009	2010	2009
Long-term investments	-	-	-	-	-	-	0.0	-
Trade receivables - gross	11.0	3.5	8.1	2.8	22.8	9.1	26.3	23.5
Other receivables - gross	0.3	-	-	-	0.2	0.4	2.7	2.0
Total	11.3	3.5	8.1	2.8	23.0	9.5	29.1	25.5

Trade and other receivables comprise commercial receivables and other receivables linked to operations, such as advances and deposits.

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22.2. Liquidity risk

The liquidity risk is the risk that the Group may find it difficult to meet its liabilities when they fall due. In order to manage the liquidity risk, the Group has implemented a policy of forecast cash position and financing needs monitoring, so that it always has sufficient cash to meet its current liabilities. Cash management is centralised in a cash pooling, in order to optimise financial resources.

To that end, the Group avails of financing facilities but does not use credit derivatives.

LIABILITY DERIVATIVE FINANCIAL INSTRUMENTS

The Group's maximum exposure to the liquidity risk at year end was as follows:

2010		Analysis by category of instruments					
	Balance sheet value	Fair value	Fair value through profit and loss	Available for sale financial assets	Investments held until maturity	Loans and receivables	Derivative instruments
Non-current financial debt	2.0	2.0	-	-	-	-	-
Leases	0.0	0.0	-	-	-	-	-
Non-current financial liabilities	5.6	5.6	5.6	-	-	-	-
Current financial debt	0.2	0.2	-	-	-	-	-
Current financial liabilities	1.2	1.2	0.9	-	-	-	0.3
Trade and other payables	341.9	341.9	-	-	-	-	-
Liabilities on non-current assets	15.7	15.7	-	-	-	-	-
Other current liabilities	89.4	89.4	-	-	-	-	-
Total liabilities	456.1	456.1	6.5	-	-	-	0.3

2009		Analysis by category of instruments					
	Balance sheet value	Fair value	Fair value through profit and loss	Available for sale financial assets	Investments held until maturity	Loans and receivables	Derivative instruments
Non-current financial debt	2.4	2.4	-	-	-	-	-
Leases	0.3	0.3	-	-	-	-	-
Non-current financial liabilities	-	-	-	-	-	-	-
Current financial debt	1.3	1.3	-	-	-	-	-
Current financial liabilities	0.6	0.6	-	-	-	-	0.6
Trade and other payables	343.9	343.9	-	-	-	-	-
Liabilities on non-current assets	31.5	31.5	-	-	-	-	-
Other current liabilities	85.8	85.8	-	-	-	-	-
Total liabilities	465.7	465.7	-	-	-	-	0.6

DEBT SCHEDULE

Group debt may be analysed as follows by maturity date:

	< 1 year		1 - 5 years		> 5 years		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
Other financial liabilities	1.2	0.6	5.6	-	-	-	6.8	0.6
Trade and other payables	341.9	343.9	-	-	-	-	341.9	343.9
Other current liabilities	88.6	85.8	0.8	0.7	-	-	89.4	86.5
Tax and social contribution payable	97.5	84.7	-	-	-	-	97.5	84.7
Balance owed on non-current asset acquisitions	15.0	24.8	0.7	6.7	-	-	15.7	31.5
Balance owed to associates	-	-	-	-	-	-	-	-
TOTAL	544.2	539.7	7.0	7.4	-	-	551.2	547.1

22.3. Market risk

Market risk is the risk that movements in market prices, such as foreign exchange rates, interest rates and equity instrument prices may adversely affect the Group's financial performance or the value of its financial instruments. The objective of market risk management is to define a strategy that limits the Group's exposure to the market risk, while at the same time ensuring that this strategy does not come at a significant cost.

FOREIGN EXCHANGE RISK

The Group is exposed to foreign exchange risk through audiovisual rights purchase contracts, both for its TV operations' programme line-up and the cinema distribution activity.

These purchases are primarily denominated in US dollars.

In order to protect itself from random currency market movements that could adversely impact its financial income and wealth, the Group decided to hedge all its purchases. The coverage is undertaken at the signing of supplier contracts and is weighted as a function of the underlying due date. Commitments to purchase rights over periods exceeding 24 months are partially hedged.

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The Group only uses simple financial products that guarantee the amount covered and a maximum rate of coverage. These are forward purchases, for the most part.

A report is prepared every month on the movements in exchange exposure in order to monitor risk management.

However, foreign currency purchase flows only represented 5.1% of 2010 total purchases.

Foreign currency-denominated revenues are not hedged as they are not significant (less than 0.1% of revenue).

Analysis of exposure to foreign exchange risk (USD)

	(€ millions) (1)	Total
Assets	5.2	5.2
Liabilities	(2.4)	(2.4)
Off-balance sheet	(59.4)	(59.4)
Unhedged position	(56.6)	(56.6)
Forex hedges	54.7	54.7
Net exposed position	(1.9)	(1.9)
<i>(1) at closing price: €1 = USD 1.3276</i>		

95% of the Group's exposure is hedged.

In order to hedge against market risks, the Group put into place 47 new foreign exchange hedges in 2010 in relation to its USD-denominated liabilities, for a total value of €70.3 million, corresponding to the full value of commitments undertaken over the period.

The Group's foreign currency net exposed position for all its activities is a call position of €1.9 million, which would yield a €0.2 million loss in the event of an unfavourable foreign exchange movement of €0.10 against the US dollar.

INTEREST RATE RISK

The Group is exposed to risks pertaining to interest rate movements. Interest rate risk management relating to the Group's net cash position is established based on the consolidated position and market conditions.

The main objective of the interest risk management policy is to optimise the cost of Group financing and maximise cash management income.

The main features of financial assets and financial liabilities are as follows:

Maturity schedule of financial debt and financial assets at 31 December 2010

(€ millions)	< 1 year	1 to 5 years	> 5 years	Total
Variable rate financial assets	376.9	2.9	-	379.8
Other fixed-rate financial assets	-	-	-	-
Total financial assets	376.9	2.9	-	379.8
Variable rate financial debt	(0.3)	(2.0)	-	(2.3)
Other fixed-rate financial debt	-	-	-	-
Total financial debt	(0.3)	(2.0)	-	(2.3)

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Sensitivity of variable rate net positions

(€ millions)	Variable rate		Total
	< 1 year	> 1 year	
Financial assets	376.9	2.9	379.8
Financial liabilities	(0.3)	(2.0)	(2.3)
Net position	376.6	0.9	377.5

The Group's variable rate position was positive by €377.5 million at 31 December 2010. This net cash position is primarily comprised of monetary cash instruments and commercial paper.

The financing provided by the Group to its jointly-controlled subsidiaries is treated as a financial asset up to the share of ownership held by the joint shareholder. Conversely, the financing provided by the joint shareholder in such jointly controlled companies is recognised as a financial debt in the same proportion.

Given the historically low level of interest rates, the full-year impact of a 1% interest rate increase (100 basis points) is estimated at €3.3 million on net financial income. Conversely, a 0.50% decrease in interest rates (50 basis points) would cause a €1.7 million decline on full-year net financial income.

CASH MANAGEMENT POLICY

All cash resources must be able to be mobilised rapidly while limiting capital risk. The Group's approach is absolutely prudent and non speculative.

All investments made by the Group meet the criteria of IAS 7 – *Cash flow statement*.

The corresponding deposits are thus considered as cash equivalents, since they are liquid, can easily be converted into a known amount of cash and are subject to a negligible risk of change in value.

Certain prudent rules have also been enacted as part of the Group's cash management:

- not to invest more than 20% in a single management company (or in a single company issuing commercial paper);
- select banks holding deposits rated as investment grade (minimum BBB-);
- not to hold more than 5% of the assets of a fund (control ratio);
- invest in funds having the following features:
 - in the case of a management company with which the Group has had business relations for at least two years, the invested fund must have existed for at least two years;
 - the asset managed by the master fund must be valued at more than €1 billion;
 - the year-on-year volatility of the fund is less than 0.25%;
 - concerning the correlation of fund volatility with the fund's benchmark index, the volatility variance must be less than 5 basis points;
 - virtually all securities held by the fund (97%) must be rated as investment grade (minimum BBB-);
 - the percentage of unrated securities must represent less than 5% of the fund.

Nonetheless, due to the Group's current cash position and the yield curve, and as announced in its registration document for last year, the Group reserves the right to stimulate income from its cash holdings:

- on the one hand, by departing on a one-off basis and to a limited extent from one of the rules listed above, providing other prudential rules are strictly complied with, and more particularly by increasing the investment of its cash holdings in the same management company to 30% or by investing in fund rated at least B +;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- on the other hand, by investing, in compliance with the prudential rules listed above, in funds that cannot be classified as cash equivalents; however, the Group did not avail of the latter option in 2010.

All securities in which the Group's cash holdings are invested, as well as a list of securities in which the Group would consider investing is monitored on a daily basis. On this basis, the Group arbitrates in favour of both the most regular and the most profitable funds, within the framework of the constraints listed above.

Investment yields are regularly measured and reported to management every month. A detailed analysis of the various risks of these deposits is also produced quarterly.

Furthermore, the Group has strengthened existing controls, more specifically by demanding:

- comprehensive details concerning the investment portfolio of each fund and its breakdown by rating, on a monthly basis;
- a breakdown of maturity by duration, as well as the average timeframe of the portfolio;
- the size of the liquidity pocket.

All cash OPCVM selected by the Group are classified in the "Short-term monetary OPCVM" category, as defined by the CESR (Committee of European Securities Regulators) within the framework of recommendations coming into force on 1 July 2011.

DERIVATIVE FINANCIAL INSTRUMENTS

They are classified as other current financial assets when the market value of the instruments is positive and classified as current financial liabilities when their market value is negative.

FAIR VALUE

	2010	2009
	Fair value	Fair value
Forward call contracts *		
Métropole Télévision	0.9	(0.6)
SND	(0.3)	0.0
HSS	0.1	
TOTAL	0.7	(0.6)

* primarily US dollar swap options and forward purchases.

MATURITIES

The maturity of hedge instruments (measured in euro at the year end forward hedge rate) was as follows:

	2010			2009		
	Total	< 1 year	1 to 5 years	Total	< 1 year	1 to 5 years
Métropole Télévision	18.0	17.7	0.3	17.6	0.3	17.4
SND	31.2	21.5	9.7	8.7	8.7	-
HSS	5.1	5.1	-	-	-	-
TOTAL	54.3	44.3	10.0	26.3	9.0	17.4

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22.4. Financial instrument effect on Income Statement

2010		Analysis by category of instruments					
	Effect on income statement	Fair value through profit and loss	Available for sale financial assets	Investments held until maturity	Loans and receivables	Debt at amortised cost	Derivative instruments
Impact on net financial income/(expense)	3.1						
Total interest income	3.4	-	-	-	3.4	-	-
Total interest expense	(0.1)	-	-	-	-	(0.1)	-
Revaluations	(0.2)	(0.2)	-	-	-	-	-
Net income/(expenses)	0.0	0.0	-	-	-	-	-
Income/(loss) on disposals	-	-	-	-	-	-	-
Impact on EBIT	(7.0)						
Net capital gains/(losses)	-	-	-	-	-	-	-
Impairment	(7.0)	-	-	-	(7.0)	-	-
Net income/(loss)	(3.8)	(0.2)	-	-	(3.6)	(0.1)	-

2009		Analysis by category of instruments					
	Effect on income statement	Fair value through profit and loss	Available for sale financial assets	Investments held until maturity	Loans and receivables	Debt at amortised cost	Derivative instruments
Impact on net financial income/(expense)	22.6						
Total interest income	1.9	1.0	-	-	0.9	-	-
Total interest expense	(0.7)	-	-	-	-	(0.7)	-
Revaluations	21.7	21.2	-	-	-	-	0.5
Net income/(expenses)	(0.3)	(0.3)	-	-	-	-	-
Income/(loss) on disposals	-	-	-	-	-	-	-
Impact on EBIT	(7.0)						
Net capital gains/(losses)	0.1	-	-	-	0.1	-	-
Impairment	(7.1)	-	-	-	(7.1)	-	-
Net income/(loss)	15.5	21.9	-	-	(6.1)	(0.7)	0.5

23. Cash and cash equivalents

	2010	2009
Deposit with Bayard d'Antin	35.0	-
FCP and SICAV mutual funds	332.1	78.8
Cash at bank	9.8	6.8
Total cash and cash equivalents	376.9	85.6

Cash and marketable securities are financial assets held for trading and as such are measured at fair value (fair value through income statement).

The FCP and SICAV mutual funds do not contain any unrealised capital gains, as these were realised at 31 December 2010.

In application of the deposit policy described above, virtually all cash is invested in cash mutual funds with an average term of less than 90 days, in commercial papers and in term deposits with investment grade counterparts.

Remaining cash is deposited with Bayard d'Antin, a related party, as part of a treasury management agreement renewed by the Supervisory Board on 11 February 2010.

24. Equity

24.1. Share capital management policy

Management of the Group's shareholders' equity primarily refers to the dividend distribution policy and more generally to the remuneration of the Métropole Télévision shareholder. It also aims at maintaining a shareholders' equity and a cash/net debt ratio at levels that are deemed sound and prudent, while at the same time optimising the cost of capital.

To that end, in order to finance both its growth and the remuneration of its shareholders, M6 put into place in 2008 two banking credit facilities totalling €85 million. In addition, the Group also implemented a €50 million credit line with its main shareholder (Bayard d'Antin).

No credit lines were drawn down in 2010.

Therefore, the Group retains significant borrowing power, which thus does not make it necessary to raise additional finance from the market.

As regards remuneration of the shareholders, the Group has set itself, since at least 2004, the objective of distributing a dividend of approximately 80% of net earnings per share (from continuing operations, Group share). However, an exceptional dividend distribution may be considered when the Group generates profits of a non-recurring nature, in particular due to the disposal of discontinued assets or operations. Within this framework, and subsequent to the exercise of the put option on the 5.1% held in Canal + France, the Group paid an exceptional dividend of €1.50 per share in the first half of 2010 (totalling €192.8 million).

Furthermore, the Executive Board of Métropole Télévision was granted an authorisation to buy back its own shares by the Ordinary General Meeting of 4 May 2010, with a view to:

- stimulate the secondary market or the liquidity of the Métropole Télévision share through an intermediary investment service provider, through a liquidity contract in compliance with the AFEI's ethical code approved by the AMF,
- retain the shares purchased and ultimately use them via exchange or payment within the framework of potential acquisitions, provided that the shares acquired for this purpose do not exceed 5% of the Company's share capital,
- provide adequate coverage for share option plans and other forms of share allocations to Group employees and/or executive officers within the conditions and according to the methods permitted by law, notably in order to share the profits of the Company, through a company savings plan or by the granting of free shares,
- provide adequate coverage of marketable securities giving right to Company shares within the framework of current regulations,
- cancel shares, in accordance with the authorisation granted by the Extraordinary General Meeting of shareholders of 5 May 2009.

Shares were only bought back in 2010 as part of the liquidity contract. After taking account of purchases made prior to 2010, M6 held 460,004 of its own shares at 31 December 2010, including 102,132 as part of the liquidity contract and 357,872 to cover free share allocation plans.

Within the scope of the next free share plans, Métropole Télévision entered into three forward treasury share purchase contracts in relation to 422,000 shares, maturing on 23 December 2011, 25 March 2012 and 27 July 2012.

Aside from share capital increases carried out as part of the exercise of share subscription option and even though it has been granted authorisations by the Shareholders' General Meeting to proceed in specified cases with share capital increases (through the issue of ordinary shares and / or marketable securities providing access to the share capital), the Company currently has no plans to issue new shares.

Thus, in 2010, M6 carried out three capital increases totalling 3,249 shares following the exercise of subscription options.

By virtue of its corporate purpose and status as an operator of analogue and digital terrestrial television broadcasting licence, the Company is governed by a specific legal and regulatory regime in terms of shareholders and shareholding. Under the terms of Article 39 of the Law n° 86-1067 of 30 September 1986 as amended, as well as Law n° 2001-624 of 17 July 2001, an individual or entity, acting alone or in concert, shall not hold, directly or indirectly, more than 49% of the capital or voting rights of a company licensed to operate a nationwide television service by terrestrial transmission. Therefore, any decision liable to have a dilutive or enhancing effect on existing shareholders must be assessed in the light of this specific legal requirement.

24.2. Shares comprising Métropole Télévision's capital

<i>(thousands)</i>	2010	2009
Ordinary shares with a par value of € 0.4	128,958	128,955
Number of outstanding shares:		
<i>(thousands)</i>	2010	2009
At 1 January 2010	128,274	128,643
Exercised stock options	3	-
Movement in treasury shares :		
- allocation of free shares	221	(86)
- liquidity contract movement	0	48
Implementation of the share buyback programme (before cancellation of shares)	-	(331)
At 31 December 2010	128,498	128,274

The shares comprising the capital of Métropole Télévision are all ordinary shares with one vote each. All shares are fully paid.

Five share subscription plans and five share allocation plans for the benefit of management and senior executives were in place at 31 December 2010.

SHARE BUYBACK PROGRAMME

The share buyback programme initiated in 2007 was not activated during the financial year. Consequently, no shares were bought back with a view to cancelling them.

24.3. Movements in equity not recorded in the income statement

Movement in the fair value of derivative financial instruments, actuarial gains and losses and foreign exchange differences are recorded in other items of comprehensive income and added to the "other reserves" caption of equity.

Movements in actuarial gains and losses are accounted for as other items of comprehensive income and are added to the "consolidated reserve" caption.

The impact on equity, under other reserves and consolidated reserves, was as follows:

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Balance of other reserves at 1 January 2009 (3.1)

Exchange gain realised on incomplete transactions	-
New hedges	(0.0)
Former hedge variations	(0.6)
Maturity of hedges	2.9
Impact of operations on realised profit recorded in equity	-
Variation in assets held with a view to being disposed	-
Variation in available-for-sale assets	(0.6)
Movement in pension commitments	0.0
Total movements of the year	1.6

Balance of other reserves at 31 December 2009 (1.5)

Exchange gain realised on incomplete transactions	-
New hedges	(4.5)
Former hedge variations	1.0
Maturity of hedges	0.0
Impact of operations on realised profit recorded in equity	-
Variation in assets held with a view to being disposed	-
Variation in available-for-sale assets	1.0
Movement in pension commitments	(0.6)
Total movements of the year	(3.1)

Balance of other reserves at 31 December 2010 (4.6)

25. Financial debt

Movement in net debt:

	2010	2009
Bank loans	0.1	-
Others	1.9	2.4
Total non-current liabilities	2.0	2.4
Bank loans	0.1	-
Others	0.2	1.5
Total current financial liabilities	0.3	1.5

Group net debt at 31 December 2009 and 2010 is analysed thus, by maturity:

	Total 2010	< 1 year	1 to 5 years	> 5 years
Total financial liabilities	2.3	0.3	0.1	1.9
	Total 2009	< 1 year	1 to 5 years	> 5 years
Total financial liabilities	3.9	1.5	-	2.4

Other financial debt primarily includes the following:

- share of debts to other shareholders of jointly held companies (€1.3 million);
- advances subject to conditions received by Diem 2 (€0.6 million).

The Group put into place in 2008 medium-term banking loans for a total of €85 million, in order to cover the liquidity risk described in Note 22.2.

These facilities include:

- a clause of change of ownership;
- financial ratio covenants;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- net debt / equity < 1;
- net debt / Ebitda < 2;
- Ebitda / financial expenses > 8,

which were all complied with at 31 December 2010.

However, these lines were not drawn down at 31 December 2010 and none of them had been used during the financial year.

In addition, the Group put into place a €50 million credit facility with its main shareholder (Bayard d'Antin). This facility had not been drawn down at 31 December 2010 had not been used during the financial year.

26. Financial liabilities

Within the scope of the next free share plans, Métropole Télévision entered into three forward treasury share purchase contracts in relation to 422,000 shares, maturing on 23 December 2011, 25 March 2012 and 27 July 2012.

At 31 December 2010, the present value of this financial liability totalled €6.5 million, of which €5.6 million is due in more than one year.

In application of IAS 32 – *Financial instruments: disclosures and presentation*, this commitment was recognised at its present value as a financial liability and was offset under equity (other reserves).

27. Retirement benefits severance pay

Commitments undertaken in respect of retirement benefits severance pay are not covered by any dedicated insurance contract or assets

MAIN ACTUARIAL ASSUMPTIONS

%	2010	2009
Discount rate	4.40	5.30
Future salary increases *	3.60	3.60
Inflation rate	2.00	2.00

*median measured on the basis of age and position

INCOME STATEMENT EXPENSES

	2010	2009
Current service cost	(0.6)	(0.5)
Interest expense	(0.3)	(0.3)
Expected return on plan assets	-	-
Net expense	(0.9)	(0.8)

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PROVISION AND PRESENT VALUE OF OBLIGATION

	2010	2009
Value of obligation - opening balance	5.9	5.1
Current service cost	0.6	0.5
Interest expense	0.3	0.3
Benefits paid	(0.0)	-
Actuarial gain or loss - Changes in assumptions	0.9	-
Actuarial gains and losses - Experience effect	-	-
Change in Group structure	-	-
Value obligation - closing balance	7.7	5.9

The cumulative actuarial differences recognised in other items of comprehensive income totalled €(0.4) million at 31 December 2010.

SENSITIVITY TO ASSUMPTIONS

Obligation at year end with a discount rate of + 1%: €6.5 million;
Obligation at year end with a salary increase rate of + 1%: €9.0 million.

28. Provisions

Provisions movements between 1 January 2009 and 31 December 2010 were the following:

	Provisions for retirement benefits (1)	Provisions from loss from associated companies	Provisions for restructuring	Provisions for litigations (2)	Provisions for unlikely broadcasting (3)	Other provisions for charges (4)	Total
At 1 January 2009	5.1	-	3.7	27.5	19.7	18.5	74.5
Subsidiary acquisitions	-	-	-	-	-	-	-
Subsidiary disposals	-	-	-	-	-	-	-
Charge	0.8	-	2.3	11.8	19.0	17.3	51.2
Use	(0.1)	-	(4.8)	(5.5)	(9.8)	(2.9)	(23.1)
Reversals	-	-	(0.6)	(4.7)	(1.4)	(2.8)	(9.5)
Others	(0.0)	0.6	-	-	-	-	0.5
At 31 December 2009	5.9	0.6	0.6	29.1	27.5	30.1	93.8
Subsidiary acquisitions	-	-	-	-	-	-	-
Subsidiary disposals	-	-	-	-	-	-	-
Charge	0.9	-	-	9.0	36.4	11.7	58.0
Use	-	-	(0.1)	(5.8)	(13.2)	(4.7)	(23.8)
Reversals	-	-	(0.3)	(12.3)	(3.6)	(7.0)	(23.2)
Others	0.9	(0.6)	-	0.1	(0.1)	-	0.3
At 31 December 2010	7.7	-	0.2	20.1	47.1	30.1	105.1
Current 2009	-	-	0.6	29.1	27.5	30.1	87.3
Non-current 2009	5.9	0.6	-	-	-	-	6.5
Total	5.9	0.6	0.6	29.1	27.5	30.1	93.8
Current 2010	-	-	0.2	20.1	47.1	30.1	97.4
Non-current 2010	7.7	-	-	-	-	-	7.7
Total	7.7	-	0.2	20.1	47.1	30.1	105.1

At 31 December 2010, provisions were analysed as follows:

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	2010	2009
(1) Provisions for retirement benefits:		
- Provisions for M6 TV network retirement benefits	5.4	4.3
- Provisions for Diversification retirement benefits	1.9	1.4
- Provisions for Digital Channel retirement benefits	0.3	0.2
	7.7	5.9
(2) Provisions for litigations:		
- Provisions for M6 TV network litigations	7.8	15.2
- Provisions for Diversification retirement litigations	9.5	11.2
- Provisions for Digital Channel litigations	2.7	2.7
	20.1	29.1
(3) Provisions unlikely broadcasting:		
- Provisions for M6 TV network for unlikely broadcastin	33.6	17.7
- Provisions for Diversification for unlikely broadcasting	3.0	3.4
- Provisions for Digital Channel for unlikely broadcasting	10.5	6.4
	47.1	27.5
(5) Other provisions for charges:		
- Provisions for other M6 TV network charges	16.8	18.8
- Provisions for other Diversification charges	9.8	8.5
- Provisions for other Digital Channel charges	1.2	1.9
- Provisions for other unallocated charges	2.3	1.0
	30.1	30.1

Litigations included in the “provisions for litigations” caption relate to all legal proceedings instituted against one or several Group companies, for which it is probable that the outcome will be unfavourable for the Group. In the large majority of cases, such litigations have gone beyond the pre-litigation stage and are currently being considered or are undergoing judgement or appeal by competent courts (Commercial Court, Industrial Court, Court of First Instance, Criminal Court or Supreme Court of Appeal).

Additional information in respect of litigations in progress has not been included individually as disclosure of such information could be prejudicial to the Group.

“Provisions for unlikely broadcasting” relate to the loss in value of broadcast rights the Group is committed to purchase but are not yet included in balance sheet inventories.

The charge resulting from the likelihood that an unopened right (and as such classified in off-balance sheet commitments) will not be broadcast may not be accounted for by writing down a balance sheet asset, and therefore was recognised through a provision for liabilities and charges.

The writedown of an unopened right is consistent with the operation of the audiovisual rights market, since TV channels have generally entered into sourcing agreements with producers in relation to future productions, without having the certainty that the quality of the latter will be consistent and may be broadcast given their editorial policy and target audiences.

Furthermore, the channels may be committed to broadcasting a flow programme or an event whose audience or image potential will not generate sufficient advertising revenue to offset the total cost of the programme.

A writedown of the value of a right may reflect:

- a case where broadcasting is unlikely: the programme will not be broadcast for lack of audience potential;
- a case where net revenue generated during the window rights of the programme will be insufficient.

In all cases, writedowns are assessed as part of an individual review of all portfolio items, in light of the ratings and revenue targets of each programme, as defined by the management of programming of each Group channels.

“Other provisions for charges” relate to costs the Group would have to incur to implement a contract or settle its regulatory or tax obligations, without the amounts in question being due or having been due, in particular within the framework of dispute settlement or legal proceedings.

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The amounts reported for these three types of provisions are the best possible estimate of the future outflow of Group resources, taking account of plaintiffs' claims, judgments already passed if applicable or the management's appraisal of similar instances and/or calculations made by the finance department.

The Group considers that the disbursement terms attached to these provisions come within the framework of its normal operating cycle, which justifies the classification of these provisions as current provisions.

29. Contingent assets and liabilities

	< 1 year	> 1 year	Total 2010	Total 2009	Terms and conditions of implementation
Commitments given					
Rights purchase and co-productions commitments (gross)	220.0	705.5	925.4	768.2	Contracts signed
Advances paid for the purchase of rights and co-production commitments	(24.4)	(52.3)	(76.7)	(67.2)	
<i>Purchase of rights and co-productions commitments (net)</i>	<i>195.5</i>	<i>653.2</i>	<i>848.7</i>	<i>701.1</i>	
Image transmission, satellite and transponder rental	35.1	128.0	163.1	92.6	Contracts signed
Non-cancellable leases	8.8	26.2	35.0	32.7	Leases
Responsibility for partnership liabilities		7.5	7.5	7.3	SNC liquidation
Others	6.5	28.0	34.5	2.0	
Total commitments given	245.9	842.9	1,088.8	835.8	
Commitments received					
Responsibility for partnership liabilities		7.5	7.5	6.8	SNC liquidation
Sales of rights	7.8	1.6	9.5	13.4	Annual maturities
Broadcasting contracts	27.9	-	27.9	55.4	Contracts signed
Others	1.3	2.6	3.9	9.2	
Total commitments received	37.0	11.8	48.8	84.8	

PURCHASE OF RIGHTS AND CO-PRODUCTION COMMITMENTS (NET)

These commitments comprise:

- purchase commitments relating to rights not yet produced or completed;
- contractual commitments relating to co-productions awaiting receipt of technical acceptance or exploitation visa, net of payments on account made.

They are expressed net of advances and deposits paid in that respect for rights that are not yet recognised as inventories.

IMAGE TRANSMISSION, SATELLITE AND TRANSPONDERS RENTAL

These commitments relate to the supply of broadcasting services and the rental of satellite and transponder capabilities from private companies, both for analogue and digital broadcasting.

These commitments were measured using amounts remaining due up to the end date of each contract.

NON-CANCELLABLE LEASES

This item includes minimum future payments due in respect of non-cancellable operating leases ongoing at the balance sheet date, which primarily comprise property leasing.

RESPONSIBILITY FOR PARTNERSHIP LIABILITIES

To the extent that the partners in a Partnership (Société en Nom Collectif – SNC) are liable in full and indefinitely for the liabilities of the partnership, the Group presents in full the liabilities of partnerships in which it is a partner, net of adjustments and partners' current account balances, as an off-balance sheet commitment given, and presents as an off-balance sheet commitment received, the other partner's share of these liabilities.

SALES OF RIGHTS

These commitments comprise sales contracts of broadcast rights that are not yet available at 31 December 2010.

BROADCASTING CONTRACTS

These commitments relate to Group channel broadcasting contracts with Canal + France and other distributors.

They were measured using amounts remaining due for each contract, up to the certain or probable contract end date.

No significant off-balance sheet commitments have been excluded in accordance with accounting standards in force.

None of the Group's non-current assets have been pledged or mortgaged.

30. Related parties

30.1. Identification of related parties

Related parties to the Group comprise unconsolidated subsidiaries, jointly controlled companies and associates, RTL Group - 48.56% Group shareholder, Bertelsmann AG - RTL shareholder, executive officers and members of the Supervisory Board.

30.2. Transactions with shareholders

LOANS TO SHAREHOLDERS

According to a treasury management agreement concluded between Bayard d'Antin SA and Métropole Télévision dated 1 December 2005, Métropole Télévision may deposit surplus cash with Bayard d'Antin SA either on a day to day basis, or by depositing part of it for a period not exceeding 3 months. The remuneration provided by this agreement is in line with the market.

This agreement was renewed by the Supervisory Board on 11 February 2010 and gives M6 the option of borrowing funds from Bayard d'Antin, as long as the amount borrowed does not exceed 48% of that borrowed from banking institutions for periods ranging from 1 week to 3 months; the terms and conditions being consistent with those of the market.

In order to adhere to the cash deposit policy of Métropole Télévision (described in Note 22.3), the deposit with Bayard d'Antin SA may not exceed a given ratio of the cash resources of the Métropole Télévision Group.

At 31 December 2010, the current account between M6 and Bayard d'Antin SA was €35.0 million.

CURRENT TRANSACTIONS

	2010		2009	
	RTL Group	BERTELSMANN (excl. RTL Group)	RTL Group	BERTELSMANN (excl. RTL Group)
Sales of goods and services	2.8	1.6	3.5	0.8
Purchases of goods and services	(28.1)	(1.0)	(29.0)	(0.7)

Sales and purchase transactions with shareholders have been conducted at arms' length. Purchases primarily include the purchase of programmes from production companies of the RTL Group.

The outstanding balances arising from these sales and purchases are the following:

	2010		2009	
	RTL Group	BERTELSMANN (excl. RTL Group)	RTL Group	BERTELSMANN (excl. RTL Group)
Receivables	7.8	1.0	11.4	0.2
Liabilities	11.7	0.2	11.3	0.1

SPECIFIC TRANSACTIONS

No specific transactions were concluded by the Group with its shareholders during the 2010 financial year.

30.3. Transactions with joint ventures

The following transactions have taken place between Group subsidiaries and joint ventures (primarily TCM DA, TF6, Série-Club and HSS Belgique):

	2010	2009
at 100%		
Sales of goods and services	10.5	9.3
Net financial income	-	-
Purchases of materials and services	0.9	3.0

Sales and purchase transactions with joint ventures have been conducted at arms' length.

The outstanding balances arising from these sales and purchases are the following:

	2010	2009
at 100%		
Receivables	4.9	6.3
<i>relating to financing</i>	<i>2.1</i>	<i>3.3</i>
Liabilities	3.7	5.3
<i>relating to financing</i>	<i>3.5</i>	<i>4.7</i>

Receivables relating to financing comprise profit of partnerships due to be transferred to the parent company.

30.4. Transactions with associated companies

No significant transactions with TyreDating occurred in the 2010 financial year.

30.5. Transactions with executive officers and directors

The Executive Board was partially changed by the Supervisory Board's meeting of 25 March 2010. Eric d'Hotelans left the Executive Board at the end of his term of office and was replaced by Jérôme Lefébure.

The following data concerning the remuneration paid to the members of the Executive Board was prepared, as regards Mssrs. d'Hotelans and Lefébure, based on the remuneration paid to them during their term of office as members of the Executive Board.

The remuneration paid in 2010 to the members of the Executive Board amounted to €5,155,053, of which €2,039,039 was fixed, €1,661,014 variable and €1,455,000 was exceptional remuneration related to the effective disposal of the Canal+ France securities.

No further share subscription options were allocated during 2010. Conversely, 52,200 free shares were allocated to members of the Executive Board.

No Executive Board member exercised any share subscription options during the financial year.

37,776 free shares were transferred during the 2010 financial year to Executive Board members as part of the plan of 6 May 2008 (members present on the allocation date). The retention period of these shares will expire two years after delivery.

In addition, in this respect and in accordance with the same conditions as Group employees, the members of the Executive Board may benefit from a legally binding end of career payment. The overall cost and terms and conditions of determination are described in Note 4.14. of the 2010 Registration Document.

Members of the Supervisory Board were paid attendance fees amounting to €180,000. Moreover, private individual members of the Supervisory Board or representing a legal entity member of the Supervisory Board held 11,387 Group shares at 31 December 2010.

Total remuneration paid to the main executive officers in respect of their duties within the Group, as referred to by IAS 24.16 was as follows:

<i>(€ millions)</i>	2010	2009
Short-term benefits		
Remuneration items	4.3	3.4
Other short-term benefits	0.0	0.0
Long-term benefits	-	-
Severance pay	-	-
Share-based payments	0.9	0.4
Total	5.3	3.8

Furthermore, detailed disclosure of remuneration is provided in Note 13.3 of the Management Report.

31. Subsequent events

No significant event that occurred since 1 January 2011 is likely to have a significant impact on the Company's financial position, results, activities and assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32. Consolidation scope

Company	Legal form	Nature of operations	2010		2009	
			% share capital	Consolidation	% share capital	Consolidation
M6 FREE-TO-AIR NETWORK						
Métropole Télévision - M6	SA	Parent company	-	FC	-	FC
M6 Publicité	SASU	Advertising agency	100.00%	FC	100.00%	FC
M6 Créations	SAS	Production of audiovisual works	100.00%	FC	100.00%	FC
M6 Bordeaux	SAS	Local TV station	100.00%	FC	100.00%	FC
M6 Toulouse	SAS	Local TV station	100.00%	FC	100.00%	FC
C. Productions	SA	Programme production	100.00%	FC	100.00%	FC
M6 Films	SA	Co-production of films	100.00%	FC	100.00%	FC
Métropole Production	SA	Production of audiovisual works	100.00%	FC	100.00%	FC
Studio 89 Productions	SAS	Production of audiovisual programmes	100.00%	FC	100.00%	FC
DIGITAL CHANNELS						
M6 Thématique	SA	Holding Company - digital operations	100.00%	FC	100.00%	FC
Edi TV - W9	SNC	W9 music channel	100.00%	FC	100.00%	FC
Fun TV	SAS	Fun TV music channel	100.00%	FC	100.00%	FC
M6 Communication	SAS	M6 music channels Black - Rock - Hit	100.00%	FC	100.00%	FC
Paris Première	SAS	Paris Première digital channel	100.00%	FC	100.00%	FC
Sedi TV - Téva	SAS	Téva digital channel	100.00%	FC	100.00%	FC
Série Club	SA	Série Club digital channel	50.00 %	PC	50.00%	PC
TF6	SCS	TF6 digital channel	50.00%	PC	50.00%	PC
DIVERSIFICATION AND AUDIOVISUAL RIGHTS						
M6 Foot	SAS	Holding company - Sports	100.00%	FC	100.00%	FC
FC Girondins de Bordeaux	SASP	Football club	100.00%	FC	100.00%	FC
33 FM	SAS	Radio programmes editing and broadcasting	95.00%	FC	95.00%	FC
Girondins Expressions	SASU	24/7 channel dedicated to Girondins	100.00%	FC	100.00%	FC
Girondins Horizons	SASU	Travel agency	100.00%	FC	100.00%	FC
M6 Interactions	SAS	By-product rights exploitation	100.00%	FC	100.00%	FC
M6 Editions	SA	Print publications	100.00%	FC	100.00%	FC
Citoto	SARL	Print magazine edition	-	NC	100.00%	FC
Femmes en Ville	SAS	Print magazine edition	-	NC	100.00%	FC
M6 Evénements	SA	Staging of shows and events	100.00%	FC	100.00%	FC
Live Stage	SAS	Staging of shows and events	100.00%	FC	100.00%	FC
M6 Web	SAS	Internet content and access provider	100.00%	FC	100.00%	FC
Echo6	SAS	Marketing mobile content	100.00%	FC	50.00%	PC
La boîte à News	SARL	Internet and computer communication company	100.00%	FC	50.00%	FC
HSS sub-group:						
Home Shopping Service	SA	Home shopping programmes	100.00%	FC	100.00%	FC
M6 Boutique la Chaîne	SNC	24-hour channel	100.00%	FC	100.00%	FC
HSS Belgium	SA	Home shopping programmes	50.00%	PC	50.00%	PC
HSS Hungary	SA	Home shopping programmes	100.00%	FC	100.00%	FC
SETV Belgium	GIE	Home shopping centre	100.00%	FC	100.00%	FC
Télévente promotion	SA	Home shopping programmes	100.00%	FC	100.00%	FC
Unité 15 Belgique	SA	Customer service	100.00%	FC	100.00%	FC
Unité 15 France	SA	Management and promotion of home shopping	100.00%	FC	100.00%	FC
Mistergooddeal	SA	E-commerce	100.00%	FC	100.00%	FC
MonAlbumPhoto	SAS	Distance selling with specialised catalogue	95.00%	FC	-	-
Tyredating	SAS	Distance selling with general catalogue	-	NC	32.67%	EA
Diem 2	SA	Audiovisual right production/distribution	100.00%	FC	100.00%	FC
Hugo Films	SAS	Audiovisual rights portfolio	-	NC	100.00%	FC
Mandarin	SAS	Audiovisual rights portfolio	100.00%	FC	100.00%	FC
M6 Studio	SAS	Production of animated feature films	100.00%	FC	100.00%	FC
Société Nouvelle de Distribution	SA	Distribution of films to movie theatres	100.00%	FC	100.00%	FC
Société Nouvelle de Cinématographie	SAS	Audiovisual rights portfolio	100.00%	FC	100.00%	FC
TCM DA	SNC	Audiovisual rights portfolio	50.00%	PC	50.00%	PC
PROPERTY - DORMANT COMPANIES						
Immobilier 46D	SAS	Neuilly building	100.00%	FC	100.00%	FC
Immobilier M6	SA	Neuilly building	100.00%	FC	100.00%	FC
SCI du 107	SCI	Neuilly building	100.00%	FC	100.00%	FC
M6 Diffusions	SA	Holding Company - digital operations	100.00%	FC	100.00%	FC
M6 Numérique	SAS	Holding Company - digital operations	100.00%	FC	100.00%	FC
M6 Développement	SAS	Training organisation	100.00%	FC	100.00%	FC
M6 Divertissement	SAS	Dormant company	100.00%	FC	100.00%	FC
M6 Récréative	SAS	Dormant company	100.00%	FC	100.00%	FC
TF6 Gestion	SA	TF6 Management company	50.00%	PC	50.00%	PC
SND USA	INC	Holding Company - audiovisual rights	100.00%	FC	100.00%	FC
FC: Full consolidation						
PC: Proportional consolidation						
EA: Equity accounted						
NC: Not consolidated						

The Group is not a shareholder or participating stakeholder party in any special purpose entities.

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Métropole Télévision S.A.

Registered office: 89, avenue Charles de Gaulle - 92575 Neuilly-sur-Seine Cedex

Share capital: €51,583,175.60

Financial year ended 31 December 2010

Statutory Auditors report on the consolidated financial statements

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meetings, we hereby report to you, for the financial year ended 31 December 2010, on:

- the audit of the accompanying consolidated financial statements of Métropole Télévision S.A.;
- the justification of our assessments;
- the specific verifications provided by law.

The consolidated financial statements have been prepared by the Executive Board. Our role is to express an opinion on these consolidated financial statements based on our audit.

1. Opinion on the consolidated financial statements

We conducted our audit in accordance with accepted professional standards in France. These standards require that we plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis or other means of selection, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements for the financial year, prepared in accordance with IFRS as adopted in the European Union, give a true and fair view of the consolidated financial position, assets and liabilities, and net profit of the individuals and entities included on consolidation.

Without qualifying the opinion expressed above, we draw your attention to Note 5 – Impacts of changes in methods, and Notes 4.4 and 6 to the consolidated financial statements, in respect of the application with effect from 1 January 2010 of revised IFRS 3 and revised IFRS 27 and their impact.

2. Justification of assessments

Pursuant to the application of the provisions of Article L. 823-9 of the Commercial Code relative to the justification of our assessments, we bring to your attention the following matters:

Note 3.3 describes the situations in which the management of your company has used estimates and put forward assumptions within the scope of preparing the financial statements. Our work involved assessing the data and assumptions on which these estimates are based, reviewing the calculations made by your company, and ensuring that the notes to the consolidated financial statements provide suitable information, in particular Notes 4.5 and 4.10 relating to audiovisual and broadcasting rights.

These assessments were made within the framework of our audit, which focuses on the consolidated financial statements as a whole, and accordingly contributed to the issuance of our opinion in the first part of this report.

3. Specific verifications

In accordance with accepted professional standards in France, we have also performed the specific verifications required by law regarding the information in respect of the Group disclosed in the management report.

We have no comments to make concerning the fairness of the information and its consistency with the consolidated financial statements.

Paris La Défense and Neuilly-sur-Seine, 15 February 2011

The Statutory Auditors

KPMG Audit
A division of KPMG S.A.
Xavier Troupel
Partner

PricewaterhouseCoopers Audit
Marc Ghiliotti
Partner

Ernst & Young et Autres
Bruno Perrin
Partner

C. PARENT COMPANY FINANCIAL STATEMENTS AT 31 DECEMBER 2010

BALANCE SHEET - ASSETS

(€ millions)	NOTE N°	31/12/2010			31/12/2009
		Gross	Amo & Dep	Net	
Business goodwill		-	-	-	-
Other intangible assets	3.1	109.6	105.7	3.9	4.9
Advances on intangible assets	3.1	2.0	-	2.0	0.1
Technical facilities, equipment & tools	3.2	22.4	12.3	10.1	10.7
Other property, facilities & equipment	3.2	9.4	6.0	3.4	3.6
Assets under construction	3.2	0.1	-	0.1	0.8
Investments	3.3	584.8	29.2	555.5	553.5
Loans	3.3/3.5	3.7	-	3.7	7.0
Other investments	3.3/3.5	1.8	-	1.8	1.9
TOTAL NON-CURRENT ASSETS		733.9	153.2	580.6	582.5
Broadcast rights inventory	3.4	213.1	64.8	148.4	181.5
Advances & payments on account		74.8	-	74.8	79.2
Trade receivables	3.5	338.9	4.3	334.6	316.2
Other receivables	3.5	46.0	15.1	30.9	57.9
Marketable securities	3.6	340.6	-	340.6	92.1
Bank and cash	3.6	20.7	-	20.7	12.0
Prepaid expenses	3.7	12.1	-	12.1	11.0
TOTAL CURRENT ASSETS		1,046.2	84.2	962.0	749.9
Loan issue costs to be amortised		-	-	-	-
TOTAL ASSETS		1,780.1	237.4	1,542.7	1,332.5

BALANCE SHEET - EQUITY AND LIABILITIES

<i>(€ millions)</i>	NOTE N°	31/12/2010	31/12/2009
Share capital	3.8	51.6	51.6
Share premium	3.8	24.3	24.3
Legal reserves	3.8	5.3	5.3
Other reserves	3.8	-	-
Retained earnings	3.8	378.2	601.8
Financial year net profit	3.8	103.5	78.5
Regulated provisions	3.8	3.0	3.6
TOTAL EQUITY		565.9	765.1
OTHER EQUITY			
Provisions for liabilities		9.5	16.2
Provisions for charges		52.6	38.2
PROVISIONS FOR LIABILITIES AND CHARGES	3.9	62.0	54.4
Bank overdrafts	3.10	25.6	20.5
Trade payables	3.10	246.3	246.1
Income tax and social security liabilities	3.10	74.9	75.5
Liabilities on non-current assets	3.10	0.0	0.1
Other liabilities	3.10	563.2	165.7
Deferred revenues		4.6	5.0
TOTAL LIABILITIES		914.7	513.0
Deferred translation loss		-	-
TOTAL GENERAL		1 542.7	1 332.5

PARENT COMPANY FINANCIAL STATEMENTS

INCOME STATEMENT

(€ millions)	NOTE N°	31/12/2010	31/12/2009
Revenue	4.1	679.6	615.7
Amortisation, depreciation & provision reversals		81.9	46.2
Other operating revenues		48.2	68.7
OPERATING REVENUES		809.7	730.6
Merchandise purchase	4.2	310.1	265.5
Other purchases and external charges	4.3	149.4	149.7
Tax, duties	4.4	54.1	49.9
Payroll & employment benefits		68.9	66.0
Non-current asset depreciation and amortisation	3.1/3.2	8.2	8.6
Non-current asset investment writedowns	3.1	1.4	2.0
Current assets provision charge	3.4/3.5	38.4	48.1
Provisions for liabilities and charges		34.1	28.4
Other expenses	4.5	32.7	37.0
OPERATING EXPENSES		697.3	655.1
OPERATING PROFIT		112.4	75.5
Investments financial income (excluding current account interest)		32.4	52.7
Interest and other financial income		5.1	9.3
Financial provision reversals		8.0	3.5
Foreign exchange gains		-	0.1
Net income from disposal of marketable securities		-	1.0
FINANCIAL INCOME		45.5	66.6
Interest and financial expenses		2.3	0.9
Financial depreciation, amortisation and provision charges		1.8	11.0
Foreign exchange losses		0.1	-
Net expenses of disposal of marketable securities		0.2	0.1
FINANCIAL EXPENSES		4.5	12.0
NET FINANCIAL INCOME	4.6	41.0	54.6
PROFIT FROM ORDINARY ACTIVITIES BEFORE TAX		153.4	130.1
Exceptional income - investing & financing activities		0.1	16.4
Exceptional depreciation, amortisation and provision reversals		5.4	6.5
EXCEPTIONAL INCOME		5.5	22.9
Exceptional expenses - investing & financing activities		9.2	25.3
Exceptional depreciation, amortisation and provision charges		5.6	6.3
EXCEPTIONAL EXPENSES		14.8	31.6
NET EXCEPTIONAL EXPENSES	4.7	(9.3)	(8.6)
Employee profit sharing plan contributions		3.8	3.5
Income tax	4.8/4.9	36.8	39.5
NET PROFIT		103.5	78.5

CASH FLOW STATEMENT

<i>(€ millions)</i>	31/12/2010	31/12/2009
. Financial year net profit	103.5	78.5
. Depreciation, amortisation & provision charges	0.0	50.6
. Gains & losses from non current assets disposal	(0.1)	5.9
CASH FLOW FROM OPERATIONS	103.5	135.0
Movements in working capital requirements		
. Inventories	46.5	(2.8)
. Trade receivables	10.0	1.6
. Operating liabilities	396.6	30.7
NET MOVEMENT IN WORKING CAPITAL REQUIREMENTS	453.2	29.4
NET CASH FROM OPERATING ACTIVITIES	556.7	164.4
INVESTING ACTIVITIES		
. Intangible assets acquisitions	(1.8)	(2.9)
. Property, facilities & equipment acquisitions	(4.2)	(7.1)
. Investment acquisitions	(0.0)	(10.7)
. Intangible assets and property, facilities & equipment disposals	0.1	0.7
. Investments disposals / writedowns	3.4	18.6
NET CASH USED IN INVESTING ACTIVITIES	(2.5)	(1.3)
FINANCING ACTIVITIES		
. Share capital increase	-	-
. Other equity reductions	-	-
. Costs to be amortised over several financial years	-	-
. Proceeds from new borrowings	-	40.0
. Financial debt repayments	-	(40.0)
. Dividends paid	(302.1)	(109.3)
NET CASH USED IN FINANCING ACTIVITIES	(302.1)	(109.3)
Net change in cash and cash equivalents	252.1	53.8
Cash and cash equivalents - start of year	83.6	29.7
CASH AND CASH EQUIVALENTS - END OF YEAR	335.7	83.6

D. NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

Métropole Télévision reported net profit of €103.5 million and total assets of €1,542.7 million for the 12-month financial year ending on 31 December 2010.

These annual financial statements were approved by the Executive Board on 11 February 2011 and were reviewed by the Supervisory Board on 15 February 2011.

Unless otherwise mentioned, the amounts presented in the notes are expressed in millions of Euros.

1. 2010 financial year significant events

On 1 February 2010, M6 Numérique, a subsidiary of Métropole Télévision exercised, in accordance with the schedule established by the memorandum of understanding concluded on 4 January 2007, the Vivendi put option on the 5.1% it held in the share capital of Canal+ France. This exercise resulted in the payment by Vivendi of the guaranteed minimum price of €384.2 million on 22 February 2010. The amount received by M6 Numérique was lent to Métropole Télévision as a current account contribution within the framework of the cash pooling in effect within the Group of which Métropole Télévision is the parent company.

The 2010 financial year also featured a recovery in the advertising sector, from which Métropole Télévision benefited. Net advertising revenue thus grew by 10.2%.

2. Accounting rules and methods

The financial statements for the year are presented in accordance with the French Chart of Accounts, generally-accepted accounting practices and applicable legal and regulatory provisions. Legal and regulatory provisions currently in force in France were applied in compliance with the principles of prudence, true and fair presentation and consistency, conforming to the following basic assumptions:

- going concern,
- consistency of accounting policies,
- independence of the accounting periods;

and according to the general rules established with regards to the presentation of annual financial statements.

The financial statements for the year are comparable to those of the previous year.

2.1 Intangible assets

Intangible assets principally comprise computer software and co-production rights.

2.1.1 Computer software

Computer software is amortised on a straight-line basis over a period of between 1 to 5 years, supplemented by an accelerated amortisation.

2.1.2 Co-production of drama, documentaries, concerts, programmes and music videos

Once contracts have been signed, co-productions are carried as off-balance sheet commitments with regard to outstanding net payments.

The payments made during production are recorded as advances and payments on account as corresponding invoices are received.

Co-productions are recognised as intangible assets upon receipt and technical acceptance.

Co-production costs are amortised on a straight-line basis over 3 years and may be written-off, based on future receipt forecasts.

2.2 Property, facilities and equipment

Property, facilities and equipment are recorded at their acquisition cost. This cost includes expenses directly attributable to the transfer of the assets to their operational location and the commissioning costs incurred to enable assets to be operated in the manner intended by Management.

They are depreciated on a straight-line or reducing balance basis. The key periods of depreciation are as follows:

Mobile technical equipment	3 years
Other mobile equipment	4 years
Technical equipment	3 or 4 years
Computer hardware	3 or 4 years
Office equipment	5 years
Video equipment	6 years
General facilities	10 years
Office furniture	10 years

2.3 Investments

Assets defined as investments are:

- equity securities,
- deposits and guarantees,
- loans granted to Group companies.

Investments are recorded at their acquisition cost and written down when their value in use is lower than their carrying value.

This provision is increased when necessary by a writedown of current accounts and a provision for liabilities and charges.

In the case that the equity of the company whose securities are being written down is negative, a provision for writedown of the current accounts potentially owed by this subsidiary is recognised, for an amount not exceeding the negative equity. In the case that the negative equity of this subsidiary exceeds the value of the current accounts, an additional provision for liabilities and charges is recognised.

The acquisition cost of investments acquired with effect from 2007 comprises the purchase cost and the acquisition costs (transfer taxes, fees, commissions and legal costs). These acquisition costs are subject to an accelerated amortisation over 5 years.

2.4 Broadcast rights inventory

Broadcast rights are classified as inventory with effect from their opening, which is when the channel is contractually authorised to broadcast the corresponding programmes.

Broadcast rights not open are disclosed in off-balance sheet commitments at their contract but uninvoiced value. Rights invoiced but not open are recorded as payments on account to suppliers.

Purchases are recorded at their purchase cost, net of any discounts and rebates earned but excluding the effect of any possible settlement discounts.

Broadcast rights are charged to cost of sales according to the number of broadcasts, in the following manner:

Rights acquired for a single broadcast: 100% of the contract value.

Rights acquired for multi-broadcasts:

- ▶ 1st broadcast: 66% of the contract value;
- ▶ 2nd broadcast: 34% of the contract value.

Different amortisation schedules may be considered in the highly specific cases of rights acquired for 4 to 5 broadcasts, the audience potential of which is deemed particularly high for each broadcast.

Conversely, a writedown provision is recorded when:

- the value in use of a right, assessed in the light of the revenue expected during the broadcast window of the programme, is lower than its acquisition cost;
- its broadcast is considered unlikely.
-

2.5 Receivables and liabilities

Receivables and liabilities are recorded at their nominal value.

A provision for writedowns is established where the recoverable value is lower than the carrying value.

Foreign currency denominated receivables and liabilities which are not the subject of a financial hedge, are translated at their balance sheet date exchange rate. Only unrealised exchange losses are recognized in the income statement.

2.6 Marketable securities

Marketable securities are recorded at their gross value.

A provision for writedown is established whenever the market value is less than the acquisition cost.

2.7 Treasury shares

Pursuant to the authorisation granted by the General Meeting of 4 May 2010, Métropole Télévision holds treasury shares:

- as part of a liquidity contract,
- to cover the exercise of plans to allocate free shares granted to employee beneficiaries.

These treasury shares are recorded at their gross value as marketable securities.

As regards treasury shares held as part of a liquidity contract, a provision for writedown is established when the book value of these treasury shares, corresponding to the average price of the last month of the financial year, is lower than their acquisition cost.

For treasury shares to be used to service plans to allocate free shares, a provision for liabilities and charges, equal to the gross value of these shares, is recognised in application of CNC ruling n° 2008-17 of 6 November 2008.

2.8 Regulated provisions

Regulated provisions comprise accelerated depreciation in respect of computer software and acquisition costs of investments.

2.9 Provisions for liabilities and charges

Métropole Télévision recognises a provision when, at the balance sheet date, it has an obligation (legal or constructive) towards a third party resulting from a past event, for which it is probable that an outflow of resources embodying economic benefits will be required, and when a reliable estimate can be made of the amount of the loss or liability.

The amount recognised as a provision is the best estimate of the cash outflow necessary to settle the present obligation on the balance sheet date.

In the case that this liability is not probable and cannot be reliably measured, but remains possible, the Group recognises a contingent liability in its commitments.

2.10 Provisions for retirement benefits

The provision for retirement benefits was calculated in accordance with IAS 19 – *Employee benefits*, using an actuarial method that takes into account the vested rights of all Group employees, their most recent salary and the average probable residual service of the employees.

2.11 Provision for plans granting free shares

In application of CNC ruling n° 2008-17 of 6 November 2008, a provision for liability and charges is recognised in the financial statements, corresponding to the outflow of resources liable to be caused by the obligation to transfer shares to employees.

This provision was measured based on the number of shares that should be allocated due to the terms and conditions of the allocation plans, valued at the year end date and at cost, i.e.:

- for shares held by the company, their net book value;
- for shares acquired as part of a forward purchase transaction, their future price;
- for shares that had not been acquired at year end, their year end share price.

The final vesting of the shares is subject to the beneficiary remaining employed by the Company for the whole duration of the acquisition period. The provision is spread out over the whole rights acquisition period.

2.12 Advertising revenues

Advertising revenues are recorded net of commercial discounts, at the time of the broadcast of the relevant advertising.

2.13 Off-balance sheet commitments

Off-balance sheet commitments essentially comprise:

- acquisitions of broadcast rights that are not open and uninvoiced at 31 December 2010;
- co-production costs for which technical approval has not yet been granted;
- technical broadcast costs invoiced (image transmission) on the basis of contracts with technical broadcasters.

2.14 Financial instruments

The only financial instruments implemented by Métropole Télévision concern foreign exchange and share risk hedging.

Métropole Télévision hedges against the main foreign currency-denominated transactions, using simple financial instruments, primarily forward purchases. Hedged transactions are accounted for at their agreed exchange rate.

3. Notes on the parent company balance sheet

3.1 Intangible assets

Intangible assets essentially comprise shares of co-production programmes.
The movements in intangible assets were as follows:

	Business goodwill	Other intangible assets	Advances and payments on account	Total
Amount net of writedowns and amortisation at 31/12/2009	0.0	4.9	0.1	5.0
Acquisitions in the year	-	1.8	2.0	3.8
Disposals in the year	-	(4.1)	(0.1)	(4.2)
Amortisation charge for the year	-	(3.3)	-	(3.3)
Reversal of amortisation on disposals	-	4.1	-	4.1
Provisions for writedowns	-	(1.4)	-	(1.4)
Reversal of provision for writedowns	-	1.9	-	1.9
Amount net of writedowns and amortisation at 31/12/2010	0.0	3.9	2.0	5.9
Gross value at 31/12/2009	-	111.9	0.1	112.0
Accumulated depreciation and writedowns	-	(107.0)	-	(107.0)
Net value at 31/12/2009	0.0	4.9	0.1	5.0
Gross value at 31/12/2010	-	109.6	2.0	111.6
Accumulated depreciation and writedowns	-	(105.7)	-	(105.7)
Net value at 31/12/2010	0.0	3.9	2.0	5.9

3.2 Property, facilities and equipment

The movements in property, facilities and equipment were as follows:

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

	Technical facilities	Other	In progress	Total
Amount net of depreciation at 31/12/2009	10.7	3.6	0.8	15.1
Acquisitions in the year	3.2	1.0	1.1	5.2
Disposals in the year	(10.2)	(10.3)	(1.8)	(22.2)
Depreciation charges	(3.8)	(1.1)	-	(4.9)
Release of depreciation on disposals	10.2	10.3	-	20.5
Provisions for writedowns	-	-	-	-
Reversal of provisions for writedowns	-	-	-	-
Amount net of depreciation at 31/12/2010	10.1	3.5	0.1	13.7
Gross value at 31/12/2009	29.4	18.7	0.8	48.9
Accumulated depreciation and writedowns	(18.7)	(15.1)	-	(33.8)
Net value at 31/12/2009	10.7	3.6	0.8	15.1
Gross value at 31/12/2010	22.4	9.4	0.1	31.9
Accumulated depreciation and writedowns	(12.3)	(6.0)	-	(18.2)
Net value at 31/12/2010	10.1	3.4	0.1	13.7

The reductions noted in property, facilities and equipment are related to the scrappage of older technical facilities and IT hardware that were no longer being used by the Company and had no market value.

3.3 Investments

During the financial year, Métropole Télévision did not acquire any new equity holdings. The movements in the various investments were as follows:

	Equity investments	Loans	Other	Total
Amount net of writedown at 31/12/2009	553.5	7.0	1.9	562.5
Acquisitions in the year	-	-	-	-
Disposals in the year	-	(3.3)	(0.1)	(3.4)
Provisions for writedown	(0.7)	-	-	(0.7)
Reversal of provision for writedown	2.7	-	-	2.7
Amount net of writedown at 31/12/2010	555.5	3.7	1.8	558.4
Gross value at 31/12/2009	584.8	7.0	1.9	593.7
Accumulated provisions for writedown	(31.2)	-	-	(31.2)
Net value at 31/12/2009	553.5	7.0	1.9	562.5
Gross value at 31/12/2010	584.8	3.7	1.8	590.3
Accumulated provisions for writedown	(29.2)	-	-	(29.2)
Net value at 31/12/2010	555.5	3.7	1.8	561.1

The €3.7 million in loans relates to a loan granted by M6 to its Immobilière M6 subsidiary at the time of acquisition of the head office of the M6 Group, in 1997.

3.4 Inventory and work-in-progress

This comprises broadcast rights that are open and not consumed.
The movements in the year were as follows:

	31 Dec. 2009	Acquisitions	Decreases / Transfers	Invalid rights	31 Dec. 2010
Inventories	253.9	156.9	(169.6)	(32.7)	208.5
Work-in-progress	5.8	50.5	(51.7)	-	4.6
Total	259.7	207.4	(221.2)	(32.7)	213.1

Rights for which there is a risk of no broadcast and rights where the value in use is lower than their carrying value were the subject of a provision of €64.8 million at 31 December 2010.

This provision can be analysed thus:

	31 Dec. 2009	Increases	Reversals	31 Dec. 2010
Provision to writedown inventories	74.5	35.1	(48.6)	61.0
Provision to writedown work-in-progress	3.7	0.3	(0.3)	3.7
Total	78.2	35.4	(48.8)	64.8

3.5 Receivables

The maturity of all receivables is as follows:

	Gross value	Due within 1 year	Due after 1 year
Non-current assets			
Intercompany receivables	-	-	-
Loans	3.7	-	3.7
Other investment receivables	1.8	-	1.8
Total	5.5	-	5.5
Current assets			
Trade receivables (1)	338.9	334.3	4.6
Other receivables (2)	46.0	46.0	-
Total	384.9	380.3	4.6
Total receivables	390.4	380.3	10.1

(1) Trade receivables are principally composed of advertising receivables. The portion of receivables due after one year relates to doubtful receivables that are subject to a writedown provision.

(2) Other receivables include €38.3 million of recoverable VAT and €1.1 million receivable from Group subsidiaries.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

Receivables in current assets were the subject of writedown provisions as follows:

	31 Dec. 2009	Increases	Reversals (used)	Reversals (unused)	31 Dec. 2010
Provisions to writedown trade receivables	3.8	2.9	(0.1)	(2.3)	4.3
Provisions to writedown other receivables	14.9	1.0	(0.9)	-	15.1
Total	18.7	3.9	(1.0)	(2.3)	19.4

The provision to writedown other receivables relates to a writedown of the current accounts with the following companies:

- M6 Films for €6.0 million;
- Métropole Production for €8.9 million;

The equity securities of these companies were also written down in full.

3.6 Cash and marketable securities

Cash and marketable securities comprise the following:

	31/12/2010	31/12/2009
Treasury shares	6.7	15.8
Liquidity contracts (treasury shares and other marketable securities)	3.4	3.7
Investment funds. SICAV	330.5	77.0
Cash	20.7	12.0
Cash and marketable securities	361.3	108.5
Provision for treasury shares writedown	-	(4.4)
Net cash and marketable securities	361.2	104.1

221,051 shares were granted in 2010 as part of the free share plan set up in May 2008.

At 31 December 2010, Métropole Télévision still directly held 357,872 treasury shares. These shares will be granted when the subsequent plans granting free shares mature.

In application of CNC Opinion n°2008-17, the net book value of the 357,872 shares to service the free share allocation plans was fixed at their acquisition price, being €6.7 million.

Furthermore, in order to service ongoing free share allocation plans, Métropole Télévision has entered into forward purchase contracts for a total of 422,000 shares, due to mature between 31 December 2011 and 31 July 2012. An analysis of the value of these contracts is provided in Note 5.3.

Marketable securities do not include any unrealised gains, as these were realised at 31 December 2010.

3.7 Prepaid expenses

Prepaid expenses primarily include sports programmes and rights billed in 2010, to be broadcast in 2011.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

3.8 Equity

The movements in the year were as follows:

	31/12/2009	Allocation of profit	Other movements		31/12/2010
			Additions	Reductions	
Share capital	51.6	-	0.0	-	51.6
Share premium	24.3	-	0.0	-	24.3
Legal reserve	5.3	-	-	-	5.3
Long term capital gain	-	-	-	-	-
Other reserves	-	-	-	-	-
Profit carried forward	601.8	(223.6)	-	-	378.2
Profit for the year	78.5	(78.5)	103.5	-	103.5
Equity excluding regulated provisions		(302.1)	103.5	-	562.9
Regulated provisions	3.6	-	0.9	1.5	3.0
Total equity	765.1	(302.1) ⁽¹⁾	104.4	1.5	565.9

(1) dividends paid

During the 2010 financial year, 3,249 shares were created following the exercise of share subscription options.

At 31 December 2010, the share capital comprised 128,957,939 ordinary shares of €0.40 each.

The regulated provisions relate to accelerated amortisation of licences and acquisition costs of investments.

3.9 Provisions for liabilities and charges

The movements in provisions during 2010 were:

	31 Dec. 2009	Increases	Reversals (used)	Reversals (unused)	31 Dec. 2010
Provisions for litigation	11.0	2.3	(0.5)	(9.3)	3.5
Provisions for plans granting free shares	5.2	4.7	(3.9)	-	6.0
Provisions for retirement benefits	2.8	0.4	-	-	3.1
Other provisions for charges	35.5	31.4	(12.0)	(5.4)	49.4
Total provisions for liabilities and charges	54.4	38.8	(16.4)	(14.7)	62.0

Litigations included in the "provisions for litigations" caption relate to all legal proceedings instituted against Métropole Télévision, for which it is probable that the outcome will be unfavourable for the Company. In the vast majority of cases, such litigations have gone beyond the pre-litigation stage and are currently being considered or are undergoing judgement or appeal by competent courts (Commercial Court, Industrial Court, Court of First Instance, Criminal Court or Supreme Court of Appeal).

Additional information in respect of litigations in progress has not been included individually as disclosure of such information could be prejudicial to the Group.

The “provisions for plans granting free shares” are intended to cover the probable outflow of resources corresponding to the obligation to transfer shares to employees. They are spread over the vesting period of the entitlements and total €4.7 million for the plan maturing in 2011 and €1.3 million for the plans maturing in 2012.

The other provisions for charges primarily relate to the writedown of audiovisual rights that Métropole Télévision is committed to buy but are not yet posted to assets

The charge resulting from the likelihood that an unopened right (and as such classified in off-balance sheet commitments) will not be broadcast may not be accounted for by writing down a balance sheet asset, and is therefore recognised through a provision for liabilities and charges.

The writedown of an unopened right is consistent with the operation of the audiovisual rights market, since TV channels have generally entered into sourcing agreements with producers in relation to future productions, without having the certainty that the quality of the latter will be consistent and may be broadcast given their editorial policy and target audiences.

Furthermore, the channels may be committed to broadcasting a flow programme or an event whose audience or image potential will not generate sufficient advertising revenue to offset the total cost of the programme.

A writedown of the value of a right may reflect:

- the case where a broadcast is unlikely: the programme will not be broadcast for lack of audience potential;
- the case where net revenue generated during the window rights of the programme will be insufficient.

In all cases, writedowns are assessed as part of an individual review of all portfolio items, in light of the ratings and revenue targets of each programme, as defined by the management of programming of each Group channels.

“Other provisions for charges” relate to costs Métropole Télévision would have to incur to implement a contract or settle its regulatory or tax obligations, without the amounts in question being due or having been due, in particular within the framework of dispute settlement or legal proceedings.

The amounts reported for all these types of provisions are the best possible estimate of the future outflow of Company resources, taking account of plaintiffs’ claims, judgments already passed if applicable or the management’s appraisal of similar instances and/or calculations made by the finance department.

3.10 Liabilities

Liabilities may be analysed as follows, by maturity date:

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	Gross value	Due within 1 year	Due within 1 to 5 years	Due after 5 years
Bank overdrafts	25.6	25.6	-	-
Trade payables	246.3	246.3	-	-
Income tax and social security liabilities	74.9	74.9	-	-
Liabilities on non-current assets	-	-	-	-
Other liabilities	563.2	563.2	-	-
Total	910.0	910.0	-	-
Accrued expenses included within the above:				
- trade suppliers	47.2			
- income tax and social security	21.3			
- providers of property, facilities and equipment	-			

4. Notes on the parent company income statement

4.1 Revenue

Advertising revenues are recorded net of commercial discounts and are analysed thus:

	2010	2009
TV advertising and sponsorship revenues	674.4	612.2
Other revenues	5.1	3.5
Total revenue	679.6	615.7

Analysis by geographic region (*)

France	92.66%
Europe	4.61%
Other countries	2.73%

(* on the basis of invoicing)

4.2 Purchases of merchandise and inventory movements

The purchases of merchandise relates to the acquisition of broadcast rights of a specific nature. These rights relate to so-called "flow" programmes, primarily comprising sports programmes and events, the value of which is derived from a single broadcast.

The inventory movement corresponds to the use of broadcast rights that are recorded as inventory, as disclosed in Note 3.4.

4.3 Other purchases and external costs

This mainly comprises services of analogue and digital broadcast of the channel as well as remuneration of the advertising service.

4.4 Tax and duties

Business taxes paid by the channel are recorded under this heading of the income statement. Of €54.1 million in 2010, €36.5 million related to the contribution to the support account for the Centre National de Cinématographie (National Cinematographic Centre).

4.5 Other expenses

This comprises payments to various copyright companies for a total of €31.8 million.

4.6 Financial income

Financial income can be analysed thus:

	2010	2009
Dividends from equity investments	32.4	52.7
Income from marketable securities	2.4	9.3
Provisions for writedown of investments	2.0	(8.3)
Provisions for writedown of current accounts	(0.1)	(1.4)
Provisions for subsidiaries' liabilities	-	1.2
Provisions for writedown of treasury shares	4.4	1.1
Exchange differences	(0.1)	0.1
Total financial income	41.0	54.6

Net interest from deposits and income from the liquidity contract (non group) totalled €3.6 million and were recognised under net interest and income from marketable securities.

4.7 Net exceptional expenses

Net exceptional expenses may be analysed as follows:

	2010	2009
Net provision charges (including accelerated depreciation and amortisation)	(0.2)	0.2
Capital gains and losses on disposal of non-current assets	0.1	(5.8)
Writedown of treasury shares	(9.2)	(2.9)
Total net exceptional expenses	(9.3)	(8.6)

4.8 Income tax

Since 1 January 1988, the Company has declared itself as the parent company of a tax grouping pursuant to Articles 223A and subsequent of the General Tax Code.

The tax grouping arrangement adopted by the Group is based on non-discriminatory tax treatment. Each subsidiary therefore pays its own tax charge as if it was independent for tax purposes.

The Company incurred a tax charge of €36.8 million for 2010, which included:

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

- a €1.2 million tax receivable in respect of the 2009 financial year;
- a €38.1 million income tax charge in respect of the 2010 financial year, including a tax grouping loss of €2.6 million and a sponsorship tax credit of €0.2 million.

The Company is liable for a group tax payment of €92.7 million for 2010.

Income tax can be analysed thus:

	Profit before tax	Income tax
EBITDA	153.4	41.4
Net exceptional expenses	(9.3)	(3.3)
Profit before tax and employee profit-sharing	144.1	-
Company income tax	-	38.1

4.9 Future tax liability at the end of the year

	Deferred tax assets	Deferred tax liabilities	Net deferred tax at 31/12/2010
Description of temporary differences			
Regulated provisions	-	(1.0)	(1.0)
Tax on non-deductible provisions	19.5	-	19.5
Tax on long term capital losses	-	-	-

The future tax liability was measured using a corporate tax rate of 34.43%.

5. Other notes

5.1 Balance sheet items arising from transactions with related and associated companies

	Related companies	Associated companies
Investments	554.7	0.8
Loans	3.7	-
Advances and pre-payments	-	-
Trade receivables	118.7	0.5
Other receivables (1)	138.3	-
Trade payables	102.0	-
Liabilities relating to non-current assets	-	-
Other debts – subsidiaries' current accounts (2)	580.1	1.5
Finance expenses	2.2	-
Finance income	0.9	-
(1) including subsidiaries' current accounts	131.7	-
(2) including subsidiaries' current accounts	572.8	1.5

Related companies are entities in which the Company owns an equity holding in excess of 50%. Associated companies are entities in which the Company owns an equity holding of between 10% and 50%.

Furthermore, subsidiaries' current account liabilities include the proceeds from the sale of the Canal + France securities, collected by M6 Numérique and lent to Métropole Télévision as part of the cash pooling.

5.2 Related-party disclosures

All transactions carried out between related parties are intra-group transactions and were carried out at arm's length.

5.3 Off-balance sheet commitments

At 31 December 2010, off-balance sheet commitments, by description and maturity, were as follows:

	Commitments at 31/12/2010	Due within 1 year	Due in more than 1 year	Commitments at 31/12/2009	Terms and conditions of implementation
Commitments given	937.4	201.2	736.2	759.0	
Purchase of broadcast rights	718.4	95.8	622.6	616.7	Contracts signed
Co-production commitments	77.6	77.6	-	70.3	Contracts signed
Contracts for broadcast (1)	99.2	22.5	76.7	63.3	Contracts signed
Contracts for future purchases of shares	6.8	0.9	5.9	-	Contract term
Liability for partnership responsibilities	0.3	-	0.3	0.3	SNC liquidation
Commercial commitments (2)	10.3	4.2	6.1	7.3	Contracts signed
Donations to the corporate foundation	0.9	0.2	0.7	1.1	Bylaws signed
Joint and several guarantee (3)	23.8	-	23.8	-	Contracts signed
Commitments received	3.4	-	3.4	0.5	
Liability for partnership responsibilities	0.3	-	0.3	0.3	SNC liquidation
Sales commitments	0.7	-	0.7	0.2	Annual due dates
Joint and several bank guarantee (3)	2.4	-	2.4	-	Contracts signed

(1) These contracts relate to image transfer and broadcasting services. The commitments have been measured by taking account of the balance remaining due until the maturity of each contract. As for analogue broadcasting, the selected maturity date of the contract is the date planned for the analogue signal to be switched-off (November 2011).

(2) Commercial commitments relate mainly to contracts for the rental of premises.

(3) Within the framework of the construction of a building by SCI du 107, a wholly-owned subsidiary of Métropole Télévision, the latter provided a joint and several guarantee for SCI du 107's commitments to the contractor and received a bank guarantee.

5.4 Directors' remuneration

	Amount in €
Directors' remuneration	4,708,011

In addition, in this respect and under the same conditions as Company employees, the members of the Executive Board may benefit from legal compensation at the end of career. No loans or advances were granted to any Director.

5.5 Average workforce

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The average workforce of Métropole Télévision is composed as follows:

	2010 salaried employee	2009 salaried employee
Permanent workforce	556	542
Employees	57	58
Supervisors	124	120
Managers	284	278
Reporters	91	86
Temporary workforce (full time equivalent)	142	150
Total	698	692

At 31 December 2010, the cumulative hours relating to individual training rights amounted to 49,155 hours. 1,222 ITR (Individual Training Right) hours were used during the financial year.

5.6 Share subscription plans and plans granting free shares

The share subscription plans are serviced through the issue of new shares.

Plans granting free shares are serviced using outstanding shares.

The main features of plans in force at 31 December 2010 are as follows:

	Exercise price	Number of shares granted at plan date	Balance at 31/12/09	Granted	Exercised	Cancelled	Balance at 31/12/10
Share subscription plan		4,678,575	3,338,975	-	3,249	613,342	2,722,384
- 25/07/03	22.48	713,500	421,000			421,000	-
- 14/11/03	23.82	20,000	20,000			20,000	-
- 28/04/04	24.97	861,500	527,000			32,000	495,000
- 02/06/05	19.94	635,500	421,500			30,000	391,500
- 06/06/06	24.60	736,750	504,250			29,500	474,750
- 02/05/07	27.52	827,500	651,500			37,500	614,000
- 06/05/08	14.73	883,825	793,725		3,249	43,342	747,134
Plans granting free shares		1,059,220	595,609	386,150	205,759	27,500	748,500
- 06/05/08 (*)	N/A	280,720	205,759	-	205,759	-	-
- 28/07/09	N/A	346,700	344,200	-	-	22,500	321,700
- 23/12/09	N/A	45,650	45,650	-	-	-	45,650
- 25/03/10	N/A	22,000	-	22,000	-	-	22,000
- 27/07/10	N/A	328,500	-	328,500	-	5,000	323,500
- 22/12/10	N/A	35,650	-	35,650	-	-	35,650

(*) the balance at 31 December 2009 specified in the notes to the 2009 parent company financial statements was 200,759 due to a data entry error in the monitoring of the plans

Cancellations recorded during the year resulted either from beneficiaries leaving the Group before the end of the vesting period or from plans expiring due to market conditions preventing all rights from being

exercised. They may also be due to non-achievement of financial performance targets set on allocating the plans.

Data relating to the free share allocation plans are reference data corresponding to the achievement of performance objectives set within the context of the 2008, 2009 and 2010 plans. Therefore, they do not include the revaluation of the number of shares allocated as a function of over-performance.

The number of shares to be permanently vested within the framework of the plan of 6 May 2008 was 221,051, due to the achievement of financial objectives. An additional 7.43% was thus allocated.

The granting of 221,051 free shares in 2010 and 113,612 free shares in 2009 generated a €9.2 million and €2.9 million charge, respectively, in Métropole Télévision's financial statements.

Due to the likelihood that financial objectives will be achieved and the employee departures already noted and projected, the number of shares to be permanently vested within the framework of the various outstanding plans has been estimated to date as follows:

- Plan of 28 July 2009: 358,835 shares
- Plan of 23 December 2009: 44,783 shares
- Plan of 27 July 2010: 339,998 shares
- Plan of 22 December 2010: 43,200 shares

As regards the plans decided over the 2010 financial year, the fair value of allocated instruments is:

- €17.03 for the free share allocation plans of 25 March 2010;
- €15.79 for the free share allocation plans of 27 July 2010,
- €16.25 for the free share allocation plans of 22 December 2010.

5.7 Attendance fees

The amount of attendance fees paid during the year was €164,347.

5.8 Earnings per share (in euro)

	31/12/2010	31/12/2009
Profit after tax, employee profit sharing, before amortisation, depreciation charges and provisions	0.77	0.99
Profit after tax, employee profit sharing, amortisation, depreciation charges and provisions	0.80	0.61
Ordinary dividend per share	1.00	0.85
Exceptional dividend per share	-	1.50

6. Consolidation of accounts

Métropole Télévision is the parent company of a consolidated group. The financial statements are however fully consolidated in the financial statements of the RTL Group.

7. Statutory Auditors' fees

The fees paid in respect of the 2010 Statutory Auditors' assignments totalled €232,500, equally split between Pricewaterhouse Coopers, KPMG and Ernst and Young.
No ancillary assignments were billed during the financial year.

8. Subsequent events

No significant event occurred since 1 January 2011 is likely to have a significant impact on the Company's financial position, results, activities and assets.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

9. Subsidiaries and associates

(€ thousands)													
Subsidiaries	Siren n°	Share capital	Reserves Retained earnings	Share capital % ownership	Gross	Book value of shares owned Net	Outstanding loans and advances	Guarantees and sureties given by the Company	Sales 2009	Sales 2010	Net profit 2009	Net profit 2010	Dividends received during the year
M6 PUBLICITE sas 89, Avenue Charles de Gaulle - 92200 NEUILLY	340949031	50	898	99.99	38	38	-	-	70,224	78,152	27,892	30,741	27,000
M6 FILMS sa 89, Avenue Charles de Gaulle - 92200 NEUILLY	380727404	60	(5,946)	99.98	166	-	10,717	-	1,527	1,470	(1,306)	(717)	-
METROPOLE PRODUCTION sa 89, Avenue Charles de Gaulle - 92200 NEUILLY	382477131	50	(9,133)	99.98	1,150	-	24,201	-	34,025	29,188	(553)	(394)	-
C. PRODUCTIONS sa 89, Avenue Charles de Gaulle - 92200 NEUILLY	407908656	50	259	99.97	38	38	15,720	-	31,276	32,206	85	235	70
M6 INTERACTIONS sas 89, Avenue Charles de Gaulle - 92200 NEUILLY	388909459	34,050	20,299	100.00	34,007	34,007	-	-	26,811	34,366	1,571	22,093	630
M6 THEMATIQUE sa 89, Avenue Charles de Gaulle - 92200 NEUILLY	403105109	57,615	5,828	100.00	113,988	113,988	-	-	3,474	2,653	1,002	7,374	979
IMMOBILIERE M6 sa 89, Avenue Charles de Gaulle - 92200 NEUILLY	399476357	9,600	8,407	100.00	9,147	9,147	3,744	-	6,924	7,282	1,359	1,598	-
M6 FOOT sas 89, Avenue Charles de Gaulle - 92200 NEUILLY	423133784	18,360	(18,250)	100.00	19,128	42	7,175	-	-	-	19	23	-
SCI 107 sci 89, Avenue Charles de Gaulle - 92200 NEUILLY	421699133	5,002	(2,532)	99.90	5,002	5,002	17,506	-	271	58	(1,061)	436	-
M6 DEVELOPPEMENT sas 89, Avenue Charles de Gaulle - 92200 NEUILLY	428115224	40	(76)	99.99	40	40	112	-	1,046	850	5	(4)	-
M6 STUDIO sas 89, Avenue Charles de Gaulle - 92200 NEUILLY	428115299	45	(5,634)	99.99	45	45	9,930	-	1,642	2,475	(2,233)	(168)	-
IMMOBILIERE 46 D sas 89, Avenue Charles de Gaulle - 92200 NEUILLY	493897516	26,040	(3,897)	100.00	26,040	26,040	15,727	-	2,478	2,548	(172)	(103)	-
M6 BORDEAUX sas 89, Avenue Charles de Gaulle - 92200 NEUILLY	433503364	40	17	100	40	40	-	-	1,385	132	(15)	(12)	-
M6 TOULOUSE sas 89, Avenue Charles de Gaulle - 92200 NEUILLY	433503414	40	2	100	40	40	167	-	361	318	(17)	(11)	-
MANDARIN sas 89, Avenue Charles de Gaulle - 92200 NEUILLY	405363177	4,734	(1,086)	100.00	9,759	6,538	3,973	-	1,470	557	810	1,298	-
M6 RECREATIVE sas 89, Avenue Charles de Gaulle - 92200 NEUILLY	493869002	40	(25)	100.00	40	40	-	-	86	90	(9)	(3)	-
DIEM 2 sa 89, Avenue Charles de Gaulle - 92200 NEUILLY	400372512	3,330	(1,026)	100.00	3,383	3,383	491	-	-	1,468	(149)	963	-
M6 DIVERTISSEMENT sas 89, Avenue Charles de Gaulle - 92200 NEUILLY	493867303	40	(5)	100.00	40	40	-	-	-	-	(2)	(4)	-
SOCIETE NOUVELLE DE CINEMATOGRAPHIE sas 89, Avenue Charles de Gaulle - 92200 NEUILLY	775670623	882	(427)	100.00	12,914	9,800	-	-	3,031	2,053	(228)	(723)	-
M6 NUMERIQUE sas 89, Avenue Charles de Gaulle - 92200 NEUILLY	407539378	175,037	127,276	100.00	343,569	343,569	-	-	-	-	(28)	76,480	-
M6 DIFFUSION sa 89, Avenue Charles de Gaulle - 92200 NEUILLY	410131460	50	5	99.98	761	52	-	-	-	-	(16)	(4)	-
STUDIO 89 sas	428895122	1,040	(899)	100.00	2,926	141	29,975	-	30,031	39,374	(308)	998	-

SOCIETE NOUVELLE DE DISTRIBUTION sa 89, Avenue Charles de Gaulle - 92200 NEUILLY	414857227	18,271	10,247	7.12	1,650	1,650	-	-	123,468	119,852	4,856	10,840	51
M6 WEB sas 89, Avenue Charles de Gaulle - 92200 NEUILLY	414549469	740	5,388	6.75	50	50	802	-	99,981	100,772	21,196	18,315	1,145
EUROPEAN NEWS EXCHANGE sa 45 bld Pierre Frieden 1543 LUXEMBOURG-KIRCHBERG		496	62	20.00	100	100	-	-	NC	NC	NC	NC	-
TCM DROITS AUDIOVISUELS snc 3, rue du commandant Rivière - 75008 PARIS	409528924	240	-	50.00	655	655	1,118	-	9,173	9,152	5,101	5,682	-
TCM GESTION sa 145 Quai de Stalingrad 92130 ISSY-LES-MOULINEAUX	409529344	40	7	49.88	20	20	-	-	4	1	(0)	(0)	-
MULTIPLEX R4 (MULTI 4) sas 89, Avenue Charles de Gaulle - 92200 NEUILLY	449753979	62	6	16.75	10	10	-	-	40	30	0	0	-
MULTIPLEX R5 sas 1, quai Point du Jour - 92100 BOULOGNE	505128777	38	-	33.33	13	13	-	-	NC	NC	NC	NC	-

FIVE YEAR FINANCIAL RESULTS SUMMARY

E. FIVE YEAR FINANCIAL RESULTS SUMMARY

FINANCIAL YEAR END NUMBER OF MONTHS	31/12/2010 12 months	31/12/2009 12 months	31/12/2008 12 months	31/12/2007 12 months	31/12/2006 12 months
Closing financial year capital (€)					
Share capital	51,583,176	51,581,876	51,581,876	51,973,876	52,755,476
Number of ordinary shares issued	128,957,839	128,954,690	128,954,690	129,934,690	131,888,690
Financial results (€ millions)					
Revenue (ex-VAT)	679.6	615.7	668.6	688.1	664.4
Profit before tax, employee profit sharing and amortisation, depreciation and provisions charges	139.8	170.9	276.7	240.8	199.7
Income tax	36.8	39.5	18.2	54.9	43.6
Employee profit sharing plan	3.8	3.5	1.9	3.3	2.8
Net profit	103.5	78.5	234.7	161.0	144.6
Dividends paid	128.6	302.1	109.3	129.7	125.3
Earnings and dividends per share (€)					
Basic earnings per share – profit after tax, employee profit sharing, before amortisation, depreciation and provision charges	0.77	0.99	1.99	1.41	1.16
Basic earnings per share – net profit	0.80	0.61	1.82	1.24	1.10
Ordinary dividend per share	1.00	0.85	0.85	1.00	0.95
Exceptional dividend per share	-	1.50	-	-	-
Workforce					
Average workforce size	697	692	714	684	616
Total amount of Payroll*	44.4	40.7	41.9	37.7	34.9
Total employment benefits costs (social security, social welfare, etc.)*	20.5	19.4	20.1	17.3	15.7

* (€ millions).

KPMG Audit
1, cours Valmy
92923 Paris La Défense Cedex
France

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex
France

Ernst & Young et Autres
41, rue Ybry
92576 Neuilly-sur-Seine Cedex
France

Métropole Télévision S.A.

Registered Office: 89, avenue Charles de Gaulle
92575 Neuilly-sur-Seine Cedex
Share capital: €51,583,175.60

Financial year ended 31 December 2010

Statutory Auditors report on the parent company financial statements

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meetings, we hereby report to you for the financial year ended 31 December 2010, on:

- the audit of the accompanying financial statements of the Métropole Télévision S.A. company;
- the justification of our assessments;
- the specific verifications and information required by law.

The annual financial statements have been prepared by the Executive Board. Our role is to express an opinion on these financial statements based on our audit.

1. Opinion on the annual financial statements

We conducted our audit in accordance with accepted professional standards in France. These standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis or other means of selection, evidence supporting the amounts and disclosures in the financial statements. An audit also involves assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion, in light of French accounting principles and methods, the annual financial statements give a true and fair view of the financial position, assets and liabilities, and net profit of the company from the transactions for the financial year then ended.

2. Justification of assessments

Pursuant to the application of the provisions of Article L. 823-9 of the Commercial Code relative to the justification of our assessments, we bring to your attention the following matters:

- Notes 2.1.2 and 2.4 disclose the Company's principles and methods for accounting for its co-productions and broadcasting rights. Within the framework of our assessment of the accounting principles used by your Company, we have ensured the appropriateness of these accounting

methods and the information disclosed in the Notes and have assured ourselves of their correct application.

- Note 2.3 discloses the Company's principles and methods for accounting for its financial assets at the end of the financial year. Within the framework of our assessment of the accounting principles and methods used by your Company, we have ensured the appropriateness of this accounting method and of the information disclosed in the Notes and have assured ourselves of its correct application.

These assessments were made within the framework of our audit, which focuses on the financial statements as a whole, and accordingly contributed to the issuance of a clean opinion in the first part of our report.

3. Specific verifications and information

We have also performed the specific verifications required by law, in accordance with professional standards in France.

We have no comments to make concerning the fairness and consistency with the annual financial statements of the information given in the management report and in the documents sent to the shareholders concerning the financial situation and the annual financial statements.

Concerning the information provided in accordance with provisions of Article L.225-102-1 of the Commercial Code on remuneration and benefits paid to Directors as well as commitments given in their favour, we have verified their consistency with the financial statements or with the data used in the preparation of these financial statements and if necessary, with data collected by your company from its parent company or subsidiaries. On the basis of this work, we confirm the accuracy and the fairness of this information.

As required by law, we ensured that the information concerning the identity of shareholders was provided to you in the management report.

Paris La Défense and Neuilly-sur-Seine, 15 February 2011

The Statutory Auditors

KPMG Audit
A division of KPMG S.A.
Xavier Troupel
Partner

PricewaterhouseCoopers Audit
Marc Ghiliotti
Partner

Ernst & Young et Autres
Bruno Perrin
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92576 Neuilly-sur-Seine Cedex
France

Métropole Télévision S.A.

Registered office: 89, avenue Charles de Gaulle - 92575 Neuilly-sur-Seine Cedex

Share capital: €51,583,175.60

Year ended 31 December 2010

Statutory Auditors special report on regulated agreements and commitments

To the Shareholders,

As Statutory Auditors of your Company, we hereby present you our report on the regulated agreements and commitments.

Our role is to provide you, on the basis of the information given to us, with the characteristics and essential terms and conditions of the agreements and commitments brought to our attention, without having to issue an opinion on whether or not these agreements or commitments are useful or warranted. Pursuant to the provisions of Article R. 225-58 of the Commercial Code, it is your role to assess the interest in concluding these agreements and commitments, with a view to approving them.

It is also our role, if applicable, to inform you of disclosures required by Article R. 225-58 of the Commercial Code relative to the implementation during the year just ended of agreements and commitments approved by the General Meeting in prior years.

We carried out the due diligence we deemed necessary in the light of the professional standards of Compagnie Nationale des Commissaires aux Comptes relative to this assignment. Such due diligence consisted in verifying that the information we were given was consistent with the information disclosed in their source documents.

Agreements and commitments submitted for approval by the Annual General Meeting

Agreements and commitments authorised during the financial year

In application of Article L. 225-88 of the French Commercial Code, we have been notified of the following agreements and commitments that received prior approval from your Supervisory Board.

1. With RTL Group, acting on behalf of Immobilière Bayard d'Antin S.A.

Persons concerned

Gerhard Zeiler, Remy Sautter, Elmar Haggen, Vincent de Dorlodot, Axel Duroux, Andrew Buckhurst and Christopher Baldelli, representing Immobilière Bayard d'Antin S.A.

Nature and purpose

Your Company concluded an agreement with the RTL Group, acting on behalf of Immobilière Bayard d'Antin S.A., in respect of the acquisition of blocks of Métropole Télévision S.A. shares, of up to 10% of the share capital, in particular with a view to cancelling them.

Terms and conditions

This agreement, which was signed on 27 July 2010, following authorisation by the Supervisory Board on the same day, comes within the framework of the share repurchase programme pursuant to Article L.225-209 of the Commercial Code of up to 10% of its share capital, authorised by the General Meeting of 4 May 2010, and according to which the Executive Board may proceed with the acquisition, using an investment services provider, of blocks of Métropole Télévision S.A. shares on and off the market from RTL Group (RTL).

In 2010, no Métropole Télévision S.A. shares were bought back under this agreement. This agreement expires on 27 July 2011.

5 Cash management agreement between Bayard d'Antin and Métropole Télévision dated 19 February 2010, with retroactive effect from 15 December 2009 and renewed on 15 November 2010

Persons concerned

Gerhard Zeiler, Remy Sautter, Elmar Haggen, Vincent de Dorlodot, André Buckhurst, Axel Duroux and Christopher Baldelli, representing Immobilière Bayard d'Antin S.A.

Nature and purpose

Your Company entered into a cash management agreement on 1 December 2005, which was renewed on 12 December 2006, 14 December 2007, 15 December 2008, 19 February 2010 and on 15 November 2010.

Terms and conditions

Your Company may loan its surplus cash to Bayard d'Antin and borrow a maximum of €50,000,000 from Bayard d'Antin, providing this amount does not exceed 48% of amounts borrowed from banking institutions. In order to comply with Métropole Télévision cash management policy, the aggregate amount that may be invested by your Company with Bayard d'Antin shall never exceed more than 20% of the cash resources of Métropole Télévision Group.

Your Company may make deposits or borrow funds for periods of 1, 2 or 3 weeks or of 1, 2 or 3 months. The amount deposited or borrowed shall be a multiple of €1,000,000, with a minimum of €5,000,000 for each loan. The remuneration provided by this agreement is in line with the conditions in force with the RTL Group which are based on EURIBOR plus a margin depending on the period of the deposit or the loan.

During the year ended 31 December 2010, an average amount of €29.2 million was deposited under this agreement, generating a financial income of €239,532.

The renewal of the agreement dated 15 November 2010 and relative to the 2011 financial year was authorised by the Supervisory Board on 4 November 2010.

Agreements and commitments already approved by the Annual General Meeting

Agreements and commitments approved during the previous financial years

Furthermore, in application of Article R.225-57 the French Commercial Code, we have been notified of the following agreements and commitments that were authorised in prior financial years and whose execution continued in the 2010 financial year.

Cash management agreement between Bayard d'Antin and Métropole Télévision

Nature and purpose

Your Company entered into a cash management agreement on 1 December 2005, which was renewed on 12 December 2006, 14 December 2007 and on 15 December 2008.

Terms and conditions

Your Company may loan its surplus cash to the Bayard d'Antin and borrow a maximum of €50,000,000 from Bayard d'Antin, providing this amount does not exceed 48% of amounts borrowed from banking institutions. In order to comply with Métropole Télévision cash management policy, the aggregate amount that may be invested by your Company with Bayard d'Antin shall never exceed more than 20% of the cash resources of Métropole Télévision Group.

Your Company may make deposits or borrow funds for periods of 1, 2 or 3 weeks or of 1, 2 or 3 months. The amount deposited or borrowed shall be a multiple of €1,000,000, with a minimum of €5,000,000 for each loan. The remuneration provided by this agreement is in line with the conditions in force with the RTL group which are based on EURIBOR plus a margin depending on the period of the deposit or the loan.

Agreements and commitments authorised during the financial year

We were also made aware of the execution of the following agreements and commitments during the financial year just ended, previously approved by the General Meeting on 4 May 2010, by way of a supplementary special report of the Statutory Auditors dated 25 March 2010.

1. Commitments made for the benefit of a member of the Executive Board in the event of cessation of his duties, following his appointment by the Supervisory Board on 25 March 2010

Nature and purpose

Following the appointment of Jérôme Lefébure as member of the Executive Board, your Company made the same commitments as those made in 2008 for the benefit of the other members of the Executive Board, in compliance with the consolidated Code of Corporate Governance AFEP /MEDEF of December 2008.

Terms and conditions

The compensation of Jérôme Lefébure is now equal to the difference between twenty four months of gross monthly remuneration calculated on the basis of the total remuneration, including fixed and variable items, received over the last twelve months preceding the termination of his employment contract and the cumulative legal and statutory compensation potentially due to him in respect of the termination of his employment contract and, if applicable, the amount due as consideration for his non-competition commitment.

Directors' fees are excluded from the calculation base to the extent that the contractual compensation he benefits from is attached to his employment contract. The payment of severance pay is now limited to cases in which he is not dismissed due to a serious fault or gross negligence, his tendering his resignation or failure to perform his duties satisfactorily. The changes thus introduced to the compensation packages of Jérôme Lefébure were formalised by the signing of an addendum to his employment contract.

This agreement was authorised by the Supervisory Board meeting of 25 March 2010 and approved by the General Meeting on 4 May 2010.

2. Commitments made for the benefit of members of the Executive Board (Catherine Lenoble, Mssrs. Nicolas de Tavernost and Thomas Valentin) in the event of cessation of their duties

Nature and purpose

Following the renewal of the term of office of Nicolas de Tavernost, Chairman of the Executive Board, Thomas Valentin and Catherine Lenoble, members of the Executive Board, by the Supervisory Board on 25 March 2010, your Ordinary General Meeting of 4 May 2010 renewed its delegation relative to severance pay commitments made in 2008 pursuant to the Code of Corporate Governance AFEP/MEDEF of December 2008, for the benefit of the said members of the Executive Board.

Terms and conditions

The commitment entered into by your company for the benefit of Nicolas de Tavernost, Chairman of the Executive Board, is equal to the difference between twenty four months of gross monthly remuneration, calculated on the basis of his total remuneration, including fixed and variable items, received over the last twelve months preceding the termination of his position as Chairman of the Executive Board and the legal and statutory compensation potentially due to him in respect of the termination of his employment contract. The payment of severance pay is now limited to cases in which his term of office as Chairman of the Executive Board is not terminated due to his resignation or failure to perform his duties satisfactorily.

The compensation of Thomas Valentin and Catherine Lenoble for breach of contract is now equal to the difference between twenty four months of gross monthly remuneration calculated on the basis of the total of their individual remuneration, including fixed and variable items, received over the last twelve months preceding the termination of their employment contract and the cumulative legal and statutory compensation potentially due to them in respect of the termination of their employment contract and, if applicable, the amount due as consideration for their non-competition commitment.

Directors' fees are excluded from the calculation base to the extent that the contractual compensation they benefit from is attached to their employment contract. The payment of severance pay is now limited to cases in which they are not dismissed due to a serious fault or gross negligence, them tendering their resignation or failure to perform their duties satisfactorily. The changes thus introduced to the compensation packages of Catherine Lenoble and Thomas Valentin were formalised by the signing of an addendum to their respective employment contracts. These agreements were authorised by the Supervisory Board meeting of 25 March 2010 and approved by the Ordinary General Meeting of 4 May 2010.

Paris La Défense and Neuilly-sur-Seine, 15 February 2011

The Statutory Auditors

KPMG Audit
A division of KPMG S.A.
Xavier Troupel
Partner

PricewaterhouseCoopers Audit
Marc Ghiliotti
Partner

Ernst & Young et Autres
Bruno Perrin
Partner

LEGAL INFORMATION



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1. Company information

1.1. Bylaws environment

The main provisions of the Company's bylaws are as follows:

COMPANY NAME

MÉTROPOLE TÉLÉVISION – (M6)

HEAD OFFICE AND REGISTERED OFFICE

89, avenue Charles-de-Gaulle
92575 NEUILLY-SUR-SEINE Cedex
France
Telephone: + 33 (0)1 41 92 66 66

LEGAL FORM

A French-law public limited company (Société Anonyme) with an Executive Board and Supervisory Board governed by the Commercial Code and regulations specific to audiovisual activities.

DATE OF INCORPORATION – DURATION

The Company was incorporated on 13 October 1986 for a period of 99 years unless subject to early dissolution or extension.

TRADE AND COMMERCE REGISTER – SIRET - APE CODE

The Company is entered in the Trade and Companies Register under the numbers:
RCS Nanterre 339 012 452
SIRET 339 012 452 00084
APE 6020A

INSPECTION OF DOCUMENTS

Legal documents concerning the Company may be inspected at the registered office.

FINANCIAL YEAR

From 1 January to 31 December.

COMPETENT COURTS

The competent courts will be those of the Company's registered office in the event of litigation where the Company is defendant and these courts will be designated in accordance with the location and nature of the litigation, unless otherwise specified by the Code of Civil Procedure.

CORPORATE PURPOSE (ARTICLE 3 OF THE BYLAWS)

The Company's corporate purpose is as follows:

- operation of one or more audiovisual communications service broadcast or distributed over terrestrial, cable, satellite networks or by any other means that may be authorised, as applicable, by the Conseil Supérieur de l'Audiovisuel (CSA), comprising in particular the conception, production, programming and broadcasting of television programmes, including advertisements;
- all industrial, commercial, financial and real estate transactions directly or indirectly connected to the above. Also, any related or complementary aims likely to further the development of the Company's objectives or assets.

EXECUTIVE BOARD (ARTICLE 15 to 19 OF THE BYLAWS)

The Company is managed by the Executive Board, which carried out its duties under the oversight of the Supervisory Board.

The Executive Board comprises between two and five natural persons, aged less than 65 years and appointed by the Supervisory Board for a period of 5 years. However, it will be proposed that this limit be extended to 70 years at the next General Meeting, in line with the new status of employees concerning the age at which retirement is compulsory, which was set by the Law n°2010-1330 of 9 November 2010

at 70 years of age.

The Supervisory Board appoints a member of the Executive Board as Chairman. The Executive Board meets as often as required in the interest of the Company. At least half the members must be in attendance to validate submissions, which must be approved by a majority of members in attendance.

The Executive Board has the widest possible powers to act in all circumstances on behalf of the Company with third parties, to the exception of powers expressly bestowed upon the Supervisory Board and Shareholders' General Meetings by the law.

SUPERVISORY BOARD (ARTICLE 20 TO 24 OF THE BYLAWS)

The Supervisory Board comprises a minimum of three and a maximum of fourteen members, either natural persons or legal entities.

Board members are appointed by an Ordinary General Meeting for a period of 4 years. In accordance with the AFEP-MEDEF Code, it will be proposed to the next Shareholders' General Meeting to allow terms of office to be staggered.

In the event of a vacancy, death or resignation of one of its members, the Board may appoint members on a provisional basis between two General Meetings, subject to approval from the following General Meeting.

One third of members must be deemed independent.

The Supervisory Board elects from amongst its natural person members a Chairman and a Vice-Chairman, in charge of convening and directing meetings. The Board meets as often as required upon notice of its Chairman, or failing that, its Vice-Chairman.

At least half of Board members must be in attendance to validate decisions, which are taken by a majority of the votes of attending and represented members.

The Supervisory Board exercises permanent control of the Company's management by the Executive Board and provides prior approval to the latter to finalise transactions that require its authorisation.

STATUTORY ALLOCATION OF PROFITS (ARTICLE 40 OF THE BYLAWS)

5% of the profit of the year, as reduced by any prior year losses, shall be allocated to the legal reserve. This deduction ceases to be obligatory once the legal reserve amounts to one tenth of the share capital.

The balance, less any transfers to other reserves as required by law, together with any profits carried forward, comprise the distributable profit.

As applicable, the following may be deducted from the distributable profit:

- a) any amounts that the General Meeting, upon the recommendation of the Executive Board, decides to allocate to any special reserves, ordinary or extraordinary, or to carry forward;
- b) any amounts necessary to give shareholders, by way of first dividend, 5% of the amount paid and not written down on their shares without entitling them to a claim on future profits, if there is an insufficient profit in a year to effect the payment.

The balance of distributable profit, after the above deductions, shall be split equally among all shares by way of an additional dividend.

If the General Meeting decides to distribute amounts from the reserves that are available, the decision shall expressly indicate which reserves are to be used.

In accordance with legal provisions, the General Meeting called to approve the annual financial statements may grant shareholders the option of receiving payment in cash or in shares for all or part of the dividend or interim dividend payment.

GENERAL MEETINGS (ARTICLES 27-29 OF THE BYLAWS)

Notice of meetings – attendance and exercise of voting rights

Shareholders' meetings are announced by a preliminary notice which is published in the Bulletin des Annonces Légales Obligatoires (BALO) at least 35 days prior to the meeting date, pursuant to regulations in force, other than where an exception to this rule is allowed by such regulations (notably during a public share-offer period).

The final notice of shareholders' meetings is issued at least fifteen days prior to the date set for the meeting, other than where an exception to this rule is allowed by regulations in force.

This time period is reduced to ten days for meetings on second call, other than where an exception to this rule is allowed by regulations in force. In that respect, it should be noted that the timeframe for convening a second General Meeting has been increased from six to ten days by the provisions of the Decree of 23 June 2010, codified in Article R. 225-69 of the Commercial Code. It will propose to the next General Meeting to update the bylaw provisions relating to this matter.

The notices are sent by postal carrier or by electronic mail to all holders of registered shares and published in a legal gazette serving the location in which the registered office is located and in the BALO.

The notice must set forth the date, time and place of the meeting and state the purpose and agenda for the meeting, in accordance with applicable legislation and regulations, and more specifically the location, date and time of the meeting, as well as the nature of the meeting and its agenda.

These notices must also specify the conditions in which a shareholder may vote by post, and must specify the location where postal voting forms may be obtained and the necessary documents to be attached.

Shareholders may submit their questions in writing up to four working days prior to the General Meeting.

All of the Company's shareholders whose shares are fully paid up may participate in meetings. Since the Order of 9 December 2010, all shareholders may be represented by a natural person or legal entity of their choice, in accordance with the terms and conditions provided by applicable regulations and pursuant to the provisions of Article L.225-106 of the Commercial Code. Furthermore, it will propose to the next General Meeting to update the bylaw provisions relating to this matter.

The right to attend General Meetings is subject to the accounting record of the shares in the name of the shareholder or the intermediary on his/her behalf, on the third working day preceding the meeting (00.00 hours Paris time), either in the nominative accounts held by the Company, or in the accounts of bearer shares held by an authorised intermediary. The registration of bearer shares is noted by a certificate of shareholding issued by an authorised intermediary.

Proxy and postal voting forms are prepared and addressed in accordance with legislation in force. The owners of the shares referred to in Article L 228-1 of the Commercial Code may be represented at general meetings by an intermediary registered on behalf of such owners in accordance with the provisions of the foregoing Article. The intermediary who has fulfilled the obligations specified in Article L. 228-1 may, pursuant to a general securities management mandate, transmit for a meeting its voting rights or power of attorney as an owner of shares as defined in the same Article.

LIMITATION ON VOTING RIGHTS (ARTICLE 35 OF BYLAWS)

Subject to the provisions below, the voting rights conferred on shares is proportional to the share capital they represent, and each share carries the right to one vote.

No shareholder, or group of shareholders acting in concert, may hold more than 34% of the total number of voting rights.

In the event that a shareholder holds, either alone or in concert with others, over 34% of the share capital, the number of votes available to this shareholder in Meetings is restricted to 34% of the total number of shares in the Company and/or the attached voting rights.

This restriction ceases to have effect in the event of the elimination of the need for such a restriction, either following a decision by the CSA or as part of a revision to the agreement between the Company and the CSA.

REQUIREMENTS FOR HOLDINGS EXCEEDING THE STATUTORY THRESHOLD (ARTICLE 11 OF BYLAWS)

Shares are freely negotiable.

Shares are transferred by transfer from account to account subject to applicable legal provisions. In the event of an increase in the share capital, shares may be traded as soon as it is completed.

Any individual or legal entity, acting alone or with others, that attains a holding of at least 1% or any multiple of 1% of the capital and/or voting rights must notify the Company of the number of shares and/or voting rights held within a period of five stock market trading days from the moment this threshold is exceeded, by registered letter with return receipt addressed to its registered office.

The number of shares that determine the above thresholds shall include indirectly held shares and/or voting rights and shares and/or voting rights as defined by Articles L. 233-7 and subsequent of the Commercial Code.

This declaration must also be made each time that the fraction of share capital or voting rights held becomes less than one of the thresholds stated above.

If not declared under the above conditions, the shares in excess of the relevant threshold will be deprived of voting rights under the conditions laid down by the Commercial Code relating to the crossing of statutory thresholds. Intermediaries registered as holders of shares pursuant to Article L. 228-1 of the Commercial Code are required, without prejudice to the obligations of the owners of shares, to make the declarations stipulated in this paragraph for all of the shares of the Company for which they are registered as the holder.

The requirements set forth in the present Article shall not limit the application of the provisions of the Law of 30 September 1986 on the free disclosure of share ownership or voting rights of companies licensed to operate an audiovisual communication service, or of any other provisions under law.

1.2. Regulatory Environment

Due to its corporate purpose and the operation by the Company of an authorisation to broadcast in analogue or digital form, a specific legal and regulatory framework applies in addition to ordinary provisions.

1.2.1. Ownership of the share capital

Under the terms of Article 39 of Law n°86-1067 of 30 September 1986, as amended, an individual or entity, acting alone or in concert, shall not hold, directly or indirectly, more than 49% of the capital or voting rights of a company licensed to operate a national television services by Free-to-Air terrestrial transmission.

This provision limits the scope of the 49% rule to those terrestrial channels with an average annual audience (terrestrial, cable and satellite combined) in excess of 8% of the total television audience. Initially set at 2.5%, the audience threshold was increased to 8% by Article 142 of Law n° 2008-776 of 4 August 2008 for the Modernisation of the Economy to take account of the rapid increase in audiences of digital terrestrial television channels, although their financial viability is still fragile.

Under the terms of the same Article, when an individual or entity holds, directly or indirectly, more than 15% of the capital or voting rights of a company licensed to operate a national television service by free-to-air terrestrial transmission in analogue mode, it shall not hold, directly or indirectly, more than 15% of the capital of another company holding a similar authorisation.

Under the terms of Article 40 of Law n°86-1067 of 30 September 1986, as amended, no individual or entity of foreign nationality shall purchase an interest leading to foreign nationals holding, directly or indirectly, more than 20% of the capital of a company licensed to operate a national television service by terrestrial free-to-air transmission (subject to the international commitments of France, excluding notably community nationals or the European economic area).

1.2.2. Legislation applicable to the Company

M6 is a privately owned Free-to-Air terrestrial TV network which was initially licensed to broadcast for a duration of ten years from 1 March 1987 (expired on 28 February 1997) under the licensing regime set forth by Article 30 of the amended Law of 30 September 1986 on Freedom of Communication.

As a network which is financed exclusively by advertising, it is subject to the general requirements of this legal classification and to the special terms and conditions of its broadcasting license.

M6's broadcasting license was renewed in July 1996 and July 2001 for two consecutive terms of five years from 1 March 1997 and 1 January 2002. These broadcasting licence renewals were the subject of negotiations with the CSA in accordance with the provisions of the Law of 30 September 1986.

On 10 June 2003, M6 received an authorisation to continue its terrestrial digital service, effective from 31 March 2005. As a result, M6 authorisation is renewed until 28 February 2012, in accordance with Article 82 the Law 2000-719 of 1 August 2000.

In addition, M6 will receive a further five year authorisation from the termination of its analogue service (foreseen at the latest by 30 November 2011), if its terrestrial digital service at that date has attained 95% of metropolitan France territory (Art. 96-2 of the Law of 30 September 1986).

According to CSA decision n° 2007-464 of 10 July 2007, this level of national coverage should be achieved according to the following timescale:

- 31 December 2008: 89%
- 31 December 2009: 92%
- 31 December 2010: 93%
- 30 November 2011: 95%.

In addition, this level of national coverage should, according to the same decision, be completed by a departmental coverage according to the same timescale with the following thresholds: 75%, 85%, 89% and 91%.

On 20 November 2007, following a bidding process launched by the CSA, M6 was selected to provide a high definition service. M6 was authorised to broadcast in high definition on 6 May 2008. M6 actually started broadcasting in high definition on 31 October 2008.

On 27 May 2008, following an invitation to tender initiated by the CSA, M6 was also selected to provide a Personal Mobile TV service. The channel returned to the CSA its signed agreement during 2009. Discussions are underway with 15 other selected broadcasters as well as with public terrestrial mobile telephone network operators open to the public as to the choice of the business model to retain.

1.2.2.1. Investment obligations in the production of audiovisual and cinematographic works and broadcasting

The Group's investment obligations in audiovisual and cinema productions, as well as its broadcasting obligations are defined by Decree No. 2009-1271 of 21 October 2009 amending Decree 2001-609 of 9 July 2001 known as the "Production" decree, Decree No. 90-66 of 17 January 1990, as amended, known as the "Broadcasting" decree, and its Agreement signed with the Conseil Supérieur de l'Audiovisuel.

In relation to the change in the relationships between producers and broadcasters, M6 concluded a professional agreement on 25 November 2008, defining their new regime for investment obligations in

audiovisual production.

The provisions of all agreements entered into by the various networks gave rise to legal and subsequently regulatory amendments, the last of which was introduced on 2 July 2010.

However, M6's obligations are unchanged from those defined by the October 2009 Decree.

Taking account of these facts, the network's regime for obligations is as follows:

Audiovisual production

- Invest 15% of advertising revenue in the production of European audiovisual works or original French speaking works, of which at least 10.5% must be invested in heritage works which are defined as works relating to the following categories: drama, animation, creative documentaries, including those which are inserted within a programme other than a newscast or entertainment programme, music videos and broadcasting or re-enactment of live shows.
- European heritage works which are not original French speaking works must be eligible for the industry's support programmes and cannot represent more than 10% of the investment in heritage works.
- The percentage of investment in heritage works may be reviewed depending on the growth in the network's revenue.
- 9% of revenue should be invested in so-called independent productions. A production company is considered as independent from M6 as long as M6 does not directly or indirectly hold more than 15% of the share capital or voting rights in that company.
- A company is also considered independent from M6 if, over the previous three years, it has not realised more than 80% of its cumulative hourly volume of audiovisual production or its cumulative audiovisual producer revenue with M6. This provision, however, does not apply to companies whose audiovisual producer revenues are, on average, less than €10 million for the previous three years or during the first three years of the company's activities.
- 66% of the contribution to audiovisual production must be invested in European works or in new original French speaking works.
- Invest at least 1% of the previous year's net annual revenue in the production of original French speaking and European animation works, of which 0.67% in works produced by independent producers as defined above. Investments in animation works which are not specifically directed at children may be included in this.

Cinematographic production:

- To invest at least 3.2% of its annual revenue in the development of the production of European cinematographic works, of which 2.5% must be dedicated to the development of original French speaking cinematographic works, of which 75% must be dedicated to cinematographic works that are independently produced.

Broadcasting obligations:

- To broadcast annually 120 hours of European works or of new original French speaking works with a starting broadcast time of between 8pm and 9pm;
- In any 24 hour period, a minimum of 40% of audiovisual works broadcast must be original French speaking, and 60% must be European, and the same requirements apply to peak viewing periods between 6pm and 11pm everyday and between 2pm and 6pm on Wednesdays.
- To broadcast no more than 192 hours of cinematographic works during the year of which 144

hours must be during peak viewing period from 8.30pm to 10.30pm. Cinematographic works must comply with the broadcasting quotas throughout the day and for peak viewing hours, i.e. 60% of European work and 40% of original French-speaking works origin.

- To broadcast, as an annual average, between 4pm and midnight, 40% of programmes must be in high definition, 50% in 2010, 60% in 2011, and 80% from 2012, the year following the final year of analogue broadcasting.

Other obligations:

Deaf and hard of hearing

In accordance with the obligations set by Law n°2005-102 for equal rights, opportunities, participation and citizenship of the disabled, obligations in respect of broadcasting subtitled programmes require that all programmes of channels with an audience ratings of more than 2.5% are made accessible to the deaf and hard-of-hearing, with the exception of advertising slots, mentions of sponsorship, live singing performances and instrumental music pieces, trailers and home shopping, commentaries and live transmission of sporting events between midnight and 6 am via a progressive increase until 2010.

In 2010, M6 subtitled all programmes of its schedule (excluding advertising, sponsorships, trailers, songs and music broadcast live, as well as instrumental music, home shopping, sports competitions broadcast live between midnight and 6 am.

Musical programming obligations

For musical programming obligations, in 2010, M6 was obliged to

- Broadcast a minimum of 22% of musical programming per 24-hour period, and in particular between 4pm and midnight and 50% of original French work;
- Prebuy and broadcast 110 music videos dedicated to French speaking artists, of which 70 music videos dedicated to new talent;
- Invest €21.34 million in musical programming.

Viewing categories

All programmes must comply with one of 4 viewing categories (under 10 year olds, under 12 year olds, under 16 year olds and under 18 year olds), together with an unmarked "general viewing" category to determine the specific audience they address.

1.2.2.2. Advertising commitments

Concerning advertising, the Law n° 93-122 of 22 January 1993 (the "Loi Sapin") governs the relationship between advertisers, their agents and the advertising media.

Other regulations that relate to broadcasting of advertising spots arise from the Code of Public Health, from the Law of 30 September 1986 already mentioned, and from Decree n° 92-280 of 27 March 1992. It should be noted that since from 27 February 2007, advertising or promotional messages for certain foods and beverages must be accompanied by relevant health information.

In 2008 and 2010, a number of amendments have come into place or have been made in the advertising regulations that apply to M6.

The Decree n° 2008-1392 of 19 December 2008 amended the regulations applying to television advertising, sponsorship and home shopping and authorised:

- the extension of the average advertising time during one hour from 6 to 9 minutes, with the maximum allowed advertising time remaining set at 12 minutes;
- a change in the method of counting, clock time replacing moving time.

In addition, the Law n°2009-258 of 5 March 2009 relating to audiovisual communication and new public television services proceeded with:

- the reform of the public television service by providing for the partial elimination of commercial

advertising on the national channels of France Télévisions between 8pm and 6am with effect from 5 January 2009;

- the transposition of the SMA directive by extending the competence of the CSA to on-demand audiovisual media services,

and provided for:

- the introduction of a second advertising break during audiovisual and cinematographic works,
- the authorisation of product placement, in accordance with the terms and conditions defined by the CSA in its decision dated 16 February 2010, the draft of which was subject to consultation with the television channels. It states that product placement is authorised within this framework in film works, audiovisual drama and music videos, providing these programmes are not intended for children.

1.2.2.3. Change to the new tax on television network advertising revenue

The Law relating to audiovisual communication and new public television services n° 2009-258 of 5 March 2009 as above abolished commercial advertising on France Télévisions channels between 8pm and 6am. At the same time in order to compensate this loss, it imposed a new tax on television network advertising revenue, in favour of France Télévisions, after deducting amounts paid in respect of the COSIP tax and applying a 4% tax credit for marketing expenses.

For television services broadcast in terrestrial analogue mode, the tax is calculated by applying a rate of 3% to the portion of the annual amount paid, excluding VAT, pertaining to each television network, which exceeds €11 million. Further legal amendments passed in 2010 have lightened the burden of this tax until advertising on France Télévisions channels ceases entirely, which is currently planned for 1 January 2016.

For the year 2010, the tax rate was thus 0.5% for M6. It was specifically reduced to 0.25% for digital channels, including W9. As of 2012 and until advertising on France Télévisions channels ceases entirely, which is currently planned for 2016, the rate has been set at 0.5% for all digital channels. It will subsequently be increased to 3%.

2. Annual General Meeting

2.1. Summary and Agenda of the Combined General Meeting of 4 May 2011

The Combined General Meeting of the Company has been convened for 4 May 2011 and the agenda will be as follows:

Reports of the Executive Board:

- on the Group's activities during 2010;
- on the resolutions to be presented at the General Meeting;
- on the allocation of free shares to certain employees and/or executive officers during the year;
- on the allocation of share purchase options to certain employees and/or executive officers to be validated.

Supervisory Board's report to the General Meeting

Chairman of the Supervisory Board's report on corporate governance and on the internal control and risk management procedures

Statutory Auditors' Reports:

- report on the consolidated financial statements for the year ended 31 December 2010;
- report on the financial statements for the year ended 31 December 2010;
- report prepared in application of Article L. 225-235 of the Commercial Code on the report of the Chairman of the Supervisory Board regarding corporate governance and the internal control and risk management procedures;
- special report on the regulated agreements and commitments covered by Articles L. 225-86 and subsequent of the Commercial Code;
- special report on the share capital reduction, as provided by resolution 8;
- special report on the issue of marketable securities giving access to the share capital, as provided by resolution 9;
- special report on the capital increase reserved for employees who are party to a Group savings plan, as provided by resolution 10;
- special report on the authorisation to be granted to the Executive Board with a view to granting shares free of charge to employees (and/or certain directors), as provided by resolution 11.

Vote on resolutions:

Resolutions submitted for approval by the General Meeting:

Resolutions for the Ordinary General Meeting:

- | | |
|-----------------------------|---|
| 1 st resolution: | Approval of the parent company financial statements for the year ended 31 December 2010 |
| 2 nd resolution: | Approval of the consolidated financial statements for the year ended 31 December 2010 |
| 3 rd resolution: | Allocation of profits and setting of dividend |
| 4 th resolution: | Approval of regulated agreements and commitments |
| 5 th resolution: | Re-appointment of Gilles Samyn as member of the Supervisory Board |
| 6 th resolution: | Re-appointment of the company Immobilière Bayard d'Antin as member of the Supervisory Board |

7th resolution: Authorisation to be given to the Executive Board for the purchase of its own shares by the Company, within the scope of Article L. 225-209 of the Commercial Code

Resolutions for the Extraordinary General Meeting:

8th resolution: Authorisation to be given to the Executive Board for the buyback of its own shares by the Company, within the scope of Article L. 225-209 of the Commercial Code

9th resolution: Authorisation to be given to the Executive Board to increase the share capital within a limit of 10%, as consideration for contributions in kind of equity or marketable securities giving access to the share capital

10th resolution: Authorisation to be given to the Executive Board to increase the share capital through the issue of shares reserved for employees who are members of a Group savings plan, in accordance with Articles L. 3332-18 and subsequent of the Labour Code

11th resolution: Authorisation to be given to the Executive Board to allocate shares free of charge to employees (and/or certain directors)

12th resolution: Amendment to Article 16 of the bylaws permitting the age limit of members of the Executive Board to be raised

13th resolution: Amendment to Article 20 of the bylaws allowing terms of office to be staggered

14th resolution: Alignment of bylaws

15th resolution: Powers to complete formalities.

2.2. Executive Board Report to the Combined General Meeting of 4 May 2011

Ladies and Gentlemen,

We have called you to this Ordinary General Meeting to submit for your approval the following resolutions:

In ordinary session:

In the **1st resolution**, shareholders are invited to approve the financial statements of the Company for the year ended 31 December 2010 which ended with a profit of €103,528,294.

This resolution also concerns the approval of the expenses and charges stipulated in Article 39-4 of the General Tax Code in the amount of €34,353, as well as the corresponding tax charge of €11,828.

In the **2nd resolution**, shareholders are invited to approve the consolidated financial statements for the year ended 31 December 2010, which disclose a profit attributable to the Group of €157,065,469.

In the **3rd resolution**, shareholders are invited to allocate the profits of the financial year ended 31 December 2010 of Métropole Télévision SA of €103,528,294. This profit, together with the retained earnings of €378,196,909, thus brings the total distributable profit to €481,725,203. It is proposed to distribute €128,957,939 in dividends, with the balance of €352,767,264 to be carried forward.

As a result, the dividend shall be €1 per share.

If this proposal is adopted, the coupon detachment (ex-dividend) date will be 11 May 2011 and the dividend will be paid 16 May 2011.

In the **4th resolution**, shareholders are invited to approve the conclusions of the Statutory Auditors' Special Report on the regulated agreements and commitments covered by Articles L. 225-86 and subsequent of the Commercial Code and concluded during 2010.

In the **5th and 6th resolutions**, shareholders are invited to approve the renewal of the terms of office of Gilles SAMYN and Immobilière Bayard d'Antin as members of the Supervisory Board, for a period of four years until the 2015 Annual General Meeting called to consider the financial statements of the year just ended.

The **7th resolution** submitted for approval by the shareholders relates to the authorisation to be given to the Executive Board to have the Company buy back its own share within the limits set by the shareholders and pursuant to the provisions of Article L. 225-209 and subsequent of the Commercial Code.

It enables the purchase of up to 5% of the share capital at a maximum price of €22 per share during a period of 18 months. The maximum amount of this transaction is thus set at €141,853,733. The report of the Executive Board includes the features of the buyback programme proposed this year and provides information on the use of the previous programme.

In extraordinary session:

The **8th resolution** submitted for approval by the shareholders relates to the authorisation to be given to the Executive Board to reduce the share capital by cancellation of treasury shares, themselves bought back within the limit of 5% of the share capital of the Company, as calculated on the day of the cancellation, after deducting potential cancellations carried out within the last 24 months. The renewal of this authorisation is submitted for your approval given that the authorisation of the same nature granted to the Executive Board by the General Meeting of 5 May 2009 is due to expire.

The following delegations of authority and authorisations to be granted by resolutions 9 and 10 will supersede previous authorisations of the same nature granted to the Executive Board by the General Meeting of 5 May 2009.

The **9th resolution** submitted for approval by the shareholders relates to the authorisation to be given to the Executive Board to increase the share capital through the issue of ordinary shares or marketable securities giving access to ordinary shares as consideration for contributions in kind comprising equity or marketable securities, for a period of 26 months, with a view to facilitating potential acquisitions. These issues will be capped at a maximum of 10% of the share capital on the date of this General Meeting. This limit is set independently from any other limit provided for by other resolutions of this General Meeting.

The **10th resolution** submitted for approval by the shareholders relates to the authorisation to be given to the Executive Board to carry out one or several capital increases reserved for employees party to the group savings plan, with cancellation of the pre-emption right and within the limit of a nominal amount equivalent to 0.5% of the share capital, for a duration of 26 months. This amount is set independently from any other limit provided for by previous resolutions. The price of shares to be issued may neither be more than 20% lower, or 30% lower, when the unavailability period provided for by the plan pursuant to Articles L. 3332-25 and L. 3332-26 of the Labour Code is equal to 10 years or more, than the average opening share prices of the 20 trading days preceding the Executive Board's decision to increase the share capital and issue the relevant shares, nor should it exceed this average.

The **11th resolution** submitted for approval by the shareholders relates to the authorisation to be given to the Executive Board to allocate shares in the Company, either existing or to be issued, free of charge, for the benefit of certain employees and directors, for a duration of thirty-eight months from the General Meeting. The total number of shares thus granted free of charge may not exceed, at the end of the 38 month period, 1.5% of the share capital on the date of this General Meeting. This authorisation would enable the Executive Board to continue to implement a motivating employee shareholding policy that will support the Company's expansion.

The allocation of shares to the beneficiaries will be final at the end of a minimum vesting period of two years, followed by a period of retention by beneficiaries of a minimum of two years. The Executive Board shall have the right to increase either of these two periods, the terms and conditions of allocation as well as the list of beneficiaries and the number of shares to be allocated to each of them will be set by the Executive Board.

The **12th resolution** submitted for approval by the shareholders relates to an amendment to Article 16 of the bylaws, in order to permit the age limit of members of the Executive Board to be raised from 65 to 70 years, in line with the new status of employees concerning the age at which retirement is compulsory, which was set by the Law n°2010-1330 of 9 November 2010 at 70 years of age.

The **13th resolution** submitted for approval by the shareholders relates to an amendment to Article 20 of the bylaws, in order to permit the implementation on a sustainable basis of staggered terms of office for members of the Supervisory Board, in accordance with the recommendations of the AFEP-MEDEF Listed Companies Governance Code.

The **14th resolution** more generally concerns the amendment of certain articles of the bylaws, with a view to aligning them with recent legal or regulatory developments:

- Article 13 pertaining to "other marketable securities", in order to make the terms and conditions of issue of bonds by the Company more specific;
- Article 21 pertaining to "qualifying shares", in order to update the maximum timeframe imparted to Supervisory Board members to fulfil the obligation to retain shares in the Company, which is thus increased from 3 to 6 months;
- Article 27 pertaining to the "convening of meetings", in order to update the deadline for calling a second general meeting, which is therefore increased from 6 to 10 days;
- Article 28 of the bylaws pertaining to the "agenda", in order to include the shareholders' right to have matters added to the agenda;
- Article 29 of the bylaws pertaining to the "conditions for attending general meetings", in order to update the terms and conditions of shareholders' representation to the general meetings.

In the 15th resolution, shareholders are asked to confer powers to complete formalities.

We trust that these proposals will receive your support.

Neuilly-sur-Seine, 22 March 2011.

The Executive Board

2.3. Supervisory Board's report to the Combined General Meeting

Ladies and Gentlemen,

At this Combined General Meeting called in accordance with the law and the bylaws, we present to you the reports of the Executive Board and the Statutory Auditors for the year ended 31 December 2010.

In accordance with Article L.225-68 of the Commercial Code, we bring to your attention our observations regarding the Executive Board Report and the financial statements for the year ended 31 December 2010.

In addition we bring to your attention the work of the Supervisory Board.

1. Observations of the Supervisory Board

The Executive Board Report to the General Meeting does not call for any specific comments by the Supervisory Board.

The Board has reviewed the proposed resolutions to be submitted to the General Meeting and invites you to approve them in order to give the Executive Board the essential means by which to fulfil its role.

The financial statements for the year ended 31 December 2010, as presented to you, have been reviewed by the Audit Committee and certified by the Statutory Auditors. The Supervisory Board has no comments to make.

A. Renewal of the term of office of Board members

The terms of office of Gilles Samyn and Immobilière Bayard d'Antin will expire at the next General Meeting. Therefore, the Executive Board proposes to renew their terms of office for a further period of four years, until the 2015 Annual General Meeting called to approve the financial statements for the year just ended.

In accordance with the AFEP-MEDEF Governance Code, the Board reviewed the independence of both members whose term of office renewal is proposed to the General Meeting.

Following this review, and in light of the independence criteria defined within the Supervisory Board's internal regulations, the Board noted that Gilles SAMYN is an independent member and confirmed that Immobilière Bayard d'Antin is not an independent member.

B. Terms of office of the Principal and Alternate Statutory Auditors

The terms of office as Principal Statutory Auditor of KPMG Audit and as Alternate Statutory Auditor of Guillaume Livet will expire at the next General Meeting. The Board decided not to propose their renewal in order to bring the number of Statutory Auditors down to two, in accordance with the Law.

The Supervisory Board invites you to approve the resolutions proposed by the Executive Board.

2. Work of the Supervisory Board

In application of legal regulations and following the review of the parent company financial statements and the Executive Board Report, upon which it has just informed you of its observations, the Executive Board periodically reports to the Supervisory Board on Company operations. The Supervisory Board authorises major investments, the granting of security and partial or total disposals of shareholdings and property assets and rights.

Aside from these duties, the key undertakings of the Supervisory Board since the last Annual General Meeting of Shareholders were as follows:

- the half year and fiscal year financial statements;
- the budget for 2011;
- the quarterly financial position at 30 September 2010;
- the main investment projects in programmes;
- the renewal of the share buyback agreement with a view to cancelling the said shares and that of the master cash management agreement with RTL;
- the renewal of the authorisation granted to the Executive Board to grant deposits, guarantees and sureties.

We have no further comments to make.

Neuilly-sur-Seine, 22 March 2011.

The Supervisory Board

2.4. Resolutions presented to the Ordinary General Meeting

In ordinary session:

First resolution

Approval of parent company financial statements for the year ended 31 December 2010

After reviewing the Executive Report prepared by the Executive Board, the Statutory Auditors' Report on the parent company financial statements at 31 December 2010, the observations of the Supervisory Board, as well as the report of the Chairman of the Board, the Ordinary General Meeting hereby:

- approves the financial statements for the year ended 31 December 2010 as presented, which show a net profit of €103,528,294,
- accordingly, approves the transactions reflected in the financial statements and/or summarised in the reports,
- specifically approves the overall total of €34,353 in the expenses and charges set forth in Article 39-4 of the General Tax Code and the corresponding tax charge of €11,828.

Second resolution

Approval of the consolidated financial statements for the year ended 31 December 2010

After reviewing the Executive Report prepared by the Executive Board, the observations of the Supervisory Board and the Statutory Auditors' Report on the consolidated financial statements, the Ordinary General Meeting hereby approves the consolidated financial statements for the year ended 31 December 2010 in accordance with Articles L. 233-16 and subsequent of the Commercial Code as presented, which show a net profit of €157,065,469.

Third resolution

Allocation of profits and setting of dividend

The Ordinary General Meeting approves the allocation of profit of Métropole Télévision SA as proposed by the Executive Board as follows:

Origin

- Net profit for the year	€103,528,294
- Retained profit brought forward from prior year	€378,196,909

Allocation

- Dividends	€128,957,939
- Retained profit carried forward	€352,767,264

Retained earnings therefore decreased from €378,196,909 to €352,767,264.

As a result, a dividend of €1 will be payable to shares eligible for a dividend, it being noted that in the event of a change in the number of shares eligible for dividend compared to the 128,957,939 shares comprising the share capital at 31 December 2010, the total amount of dividends will be adjusted accordingly and the amount carried forward will be determined on the basis of dividends effectively paid. It should be noted that the full amount thus distributed is eligible for the 40% tax relief referred to in Article 158-3-2 of the General Tax Code.

The dividend date will be 11 May 2011.

The payment of the dividend of shall be made on 16 May 2011.

For reference, pursuant to Article 243 (ii) of the General Tax Code, the General Meeting notes that the dividends paid and the distributions made over the past three financial years were as follows:

FINANCIAL YEAR	ELIGIBLE FOR TAX RELIEF		DISTRIBUTION NOT ELIGIBLE FOR TAX RELIEF
	DIVIDENDS	OTHER DISTRIBUTIONS	
2007	€129,934,690* being €1 per share	–	–
2008	€109,611,486.5* being €0.85 per share	–	–
2009	€303,043,521* being €2.35 per share	–	–

* not taking into account undistributed dividends attributable to treasury shares

Fourth resolution

Approval of regulated agreements and commitments

After reviewing the Statutory Auditors' Special Report, the Ordinary General Meeting hereby approves the agreements and commitments mentioned in that Report.

Fifth resolution

Renewal of the term of office of Gilles Samyn as member of the Supervisory Board

1. The Ordinary General Meeting decides to renew the term of office of Gilles Samyn as member of the Supervisory Board for a further period of 4 years, until the General Meeting called in 2015 to approve the financial statements for the year just ended.

Sixth resolution

Renewal of the term of office of Immobilière Bayard d'Antin as member of the Supervisory Board

2. The Ordinary General Meeting decides to renew the term of office of Immobilière Bayard d'Antin as member of the Supervisory Board for a further period of 4 years, until the General Meeting called in 2015 to approve the financial statements for the year just ended.

Seventh resolution

Authorisation to be given to the Executive Board for the purchase of its own shares by the Company within the scope of Article L. 225-209 of the Commercial Code

After reviewing the Executive Board's Report, and in accordance with the provisions of Article L. 225-209 and subsequent of the Commercial Code, the Ordinary General Meeting authorises the Executive Board, for a period of eighteen months, to buy back Company's shares, on one or more occasions as and when decided by the Executive Board, up to a limit of 5% of the share capital, based either on current share capital, or as adjusted to take account of any potential capital increase or reduction transactions that could take place during the period.

This authorisation terminates the prior authorisation granted to the Executive Board by the Ordinary General Meeting on 4 May 2010 in its twelfth resolution.

The acquisition of shares may be made in order to:

- stimulate the active secondary market or liquidity of the METROPOLE TV share through a liquidity contract managed by an intermediary investment service provider, in compliance with the AFEI's ethical code approved by the AMF,
- retain shares purchased and ultimately use them via exchange or payment within the framework of acquisitions, provided that the shares acquired for this purpose do not exceed 5% of the Company's share capital,
- ensure adequate coverage for share option plans and other forms of share allocations to Group employees and/or executive officers within the conditions and according to the methods permitted

by law, notably by sharing in the profits of the entity, through a group savings plan or by the granting of free shares,

- ensure adequate coverage of marketable securities giving right to Company shares within the framework of current regulations,
- cancel shares subject to approval of the 8th resolution by this Extraordinary General Meeting of shareholders.

Shares may be bought back by any means, including through the acquisition of blocks of shares, and at the times the Executive board will deem fit.

The acquisition of these shares may be specifically carried out during a period of a public offering in accordance with Article 232-17 of the general rules of the AMF, if on the one hand the offer is fully paid in cash, and on the other hand, if the buyback transactions are carried out as part of the continuing implementation of the current plan and are not likely to make the bid fail.

The Company retains the right to use options or derivative products within the framework of applicable regulations.

The maximum purchase price is set at €22 per share. In the event of an increase in capital by the allocation of free shares or a division or consolidation of shares, the price indicated above will be adjusted by a factor equal to the ratio between the number of shares comprising the share capital before and after the transaction.

The maximum amount of the transaction is therefore fixed at €141,853,732.90.

The General Meeting confers full powers on the Executive Board to proceed with these transactions, set the terms and conditions, conclude all agreements and perform all formalities.

In extraordinary session:

Eighth resolution

Authorisation to be given to the Executive Board for the purchase of its own shares by the Company within the scope of Article L. 225-209 of the Commercial Code

After reviewing the Executive Board's Report and the Statutory Auditor's Report, the Extraordinary General Meeting:

- 1/ Authorises the Executive Board to cancel, at its own discretion, on one or more occasions and within the limit of 5% of the share capital, as calculated on the day of the decision to cancel them and excluding any shares cancelled during the preceding 24-month period, shares that the Company holds or may come to hold following buybacks carried out pursuant to Article L. 225-209 of the Commercial Code, as well as reducing the share capital accordingly, in conformity with legal provisions and regulations in force,
- 2/ Sets the validity of this authorisation to a period of twenty-four months from the date of the present General Meeting.
- 3/ Confers full powers to the Executive Board to carry out the necessary transactions for the cancellation and reduction of the share capital and consequently amend the bylaws and to carry out all necessary formalities.

Ninth resolution

Authorisation to be given to the Executive Board to increase the share capital by up to 10% as consideration in kind for ordinary shares and /or marketable securities giving access to the share capital

After reviewing the Executive Board's Report and the Statutory Auditors' Report, and in accordance with Article L. 225-147 of the Commercial Code, the Extraordinary General Meeting:

- 1/ Authorises the Executive Board to proceed, upon receipt of the report of the statutory auditor for asset transfers and mergers, with the issue of ordinary shares or marketable securities giving access to ordinary shares, as consideration for contributions in kind granted to the Company, comprised of equity or marketable securities giving access to the share capital, inasmuch as the provisions of Article L. 225-148 of the Commercial Code are not applicable.
- 2/ Sets the validity of this authorisation to a period of twenty-six months from the date of the present General Meeting.
- 3/ Decides that the overall par value of ordinary shares liable to be issued pursuant to this authorisation may not exceed 10% of the share capital on the date of this General Meeting, this limit being set independently from any other limit provided for in terms of authorisation to increase the share capital.
- 4/ Delegates to the Executive Board all the necessary powers to approve the valuation of contributions, to decide the resulting share capital increase, to note it has been carried out accordingly, to allocate to share premium, if applicable, all expenses and duties incurred in increasing the share capital, to deduct from the share premium the amounts required to increase the legal reserve to one tenth of the new share capital following each increase, to amend the bylaws accordingly and to do everything necessary in that respect.
- 5/ Takes note that this authorisation supersedes any previous authorisation of the same nature.

Tenth resolution

Authorisation to be given to the Executive Board to increase the share capital through the issue of shares reserved for members of a group savings plan, pursuant to Articles L. 3332-18 and subsequent of the Labour Code

After reviewing the Executive Board report and the Statutory Auditors' special report, the Extraordinary General Meeting, pursuant Articles L. 225-129-6 and L. 225-138-1 of the Commercial Code and L. 3332-18 and subsequent of the Labour Code, hereby:

- 1/ Authorises the Executive Board, if it deems it appropriate and as it solely decides, to increase the share capital in one or several occasions through the issue of cash-settled ordinary shares, or if applicable, the allocation of ordinary shares or other securities giving access to the share capital free of charge, reserved for employees (and directors) of the Company (or companies related to it) who are party to a Group savings plan.
- 2/ Cancels for the benefit of these individuals the pre-emption right to shares that may be issued pursuant to this authorisation.
- 3/ Sets the validity of this authorisation at twenty-six months from this General Meeting.
- 4/ Caps the maximum nominal amount of the capital increases that may be carried out in application of this authorisation to 0.5% of the share capital on the date the Executive Board decides to carry out a capital increase, with this amount being set independently from any other limit provided for by authorisations to increase the share capital or any other authorisation.
- 5/ Decides that the price of shares to be issued in application of paragraph 1 of this authorisation may neither be more than 20% lower, or 30% lower when the unavailability period provided for by the plan pursuant to Articles L. 3332-25 and L. 3332-26 of the Labour Code is equal to ten years or more, than the average opening share prices of the 20 trading days preceding the Executive Board's decision to increase the share capital and issue the relevant shares, nor should it exceed this average.
- 6/ Takes note that this authorisation supersedes any previous authorisation of the same nature.

The Executive Board may or may not implement this authorisation, take any steps it deems appropriate and carry out all necessary formalities.

Eleventh resolution

Authorisation to be given to the Executive Board for the allocation of free shares to employees (and/or certain directors)

After reviewing the Executive Board report and the Statutory Auditors' special report, the Extraordinary General Meeting authorises the Executive Board, pursuant Articles L. 225-197-1 and L. 225-197-2 of the Commercial Code, to grant ordinary shares in the Company, existing or to be issued, for the benefit of:

- Employees of the Company or companies directly or indirectly related to it pursuant to Article L. 225-197-2 of the Commercial Code,
- And/or directors who meet the conditions set by Article L. 225-197-1 of the Commercial Code.

This authorisation is given for a period of thirty-eight months from the date of this General Meeting. It supersedes any previous authorisation of the same nature.

The total number of shares granted free of charge may not exceed, at the end of the 38 month period, 1.5% of the share capital on the date of this General Meeting.

The allocation of shares to the beneficiaries will be final at the end of a vesting period, the duration of which will be set by the Executive Board and may not be less than two years, followed by a period of retention by beneficiaries of a duration to be set by the Executive Board, it being specified that this retention period may not be less than two years from the final vesting of the said shares. However, the General Meeting authorises the Executive Board, to the extent that the vesting period of all or part of one or several allocations is set at a minimum of four years, in order to waive the retention period for the shares concerned.

By exception, the vesting of the shares shall be final before the end of the vesting period in case the beneficiary suffers from a disability classified in the second or third category referred to by Article L. 341-4 of the Social Security Code.

All powers are conferred to the Executive Board to:

- Set the terms and conditions, and, if applicable, the criteria for allocating the shares;
- Determine the identity of beneficiaries, as well as the number of shares to be granted to each of them;
- Determine the effects of transactions modifying the share capital or liable to affect the value of shares granted on the rights of beneficiaries, carried out during the vesting and retention periods, and modify or adjust accordingly, if required, the number of shares granted to preserve the rights of the beneficiaries;
- If applicable:
 - note that sufficient reserves exist and transfer to an unavailable reserve account the funds necessary to fully pay up the new shares to be granted every time shares are granted,
 - decide, in due time, the share capital increases by capitalisation of reserves, premiums or profits concurrent to the issue of new shares granted free of charge,
 - proceed with buying back the shares required within the framework of the share buyback programme and allocate them to the allocation plan,
 - take all the necessary steps to ensure the beneficiaries' retention obligation is complied with,

- and more generally, do everything rendered necessary by the implementation of this authorisation, in accordance with applicable legal provisions.

This authorisation shall carry by operation of law the waiving by shareholders of their pre-emption right to subscribe to new shares issued by capitalisation of reserves, premiums and profits.

Twelfth resolution

Amendment to Article 16 of the bylaws permitting the age limit of members of the Executive Board to be raised

After reviewing the Executive Board report, the Extraordinary General Meeting decides:

- to raise the age limit of members of the Executive Board from 65 to 70 years;
- to amend the third paragraph of Article 16 of the bylaws accordingly and as follows, with the remainder of the Article being unchanged:

“No one aged over 70 years may be appointed as member of the Executive Board. Any member of the Executive Board who exceeds that age is deemed to have resigned his/her duties upon reaching this age limit.

Thirteenth resolution

Amendment to Article 20 of the bylaws aimed at staggering the terms of office

After reviewing the Executive Board report, the Extraordinary General Meeting decides:

- to introduce in the bylaws provisions permitting the implementation on a sustainable basis of staggered terms of office for members of the Supervisory Board, in accordance with the recommendations of the AFEP-MEDEF Listed Companies Governance Code;
- to amend the first section of the second paragraph of Article 20 of the bylaws accordingly and as follows, with the remainder of the Article being unchanged:

“The term of office of members of the Supervisory Board is four (4) years. By exception and solely to the end of allowing the implementation on a sustainable basis of staggered terms of office of members of the Supervisory Board, the Ordinary General Meeting may appoint one or several members of the Supervisory Board for a term of office of one (1), two (2) or three (3) years.”

Fourteenth resolution
Alignment of bylaws

The Extraordinary General Meeting decides to update the Company's bylaws and to amend certain articles as follows:

- In order to make the terms and conditions of issue of bonds by the Company more specific, the first two paragraphs of Article 13 pertaining to "other marketable securities" are replaced by the following provisions:

"The Executive Board has the authority to decide or authorise the issue of bonds under the terms and conditions specified by the law. The General Meeting may also exercise this power".

The remainder of the article is unchanged.

- In order to bring the bylaws in line with the provisions of Article L. 225-72 of the Commercial Code, as amended by the Law of 4 August 2008, the second paragraph of Article 21 of the bylaws relative to "qualifying shares" will now read as follows:

"If, on the date of his/her appointment, a member of the Board does not hold the required number of shares, or if during his/her term of office, he/she ceases to own the required number, he/she shall be deemed to have resigned his/her position if the situation has not been corrected within six months."

The remainder of the article is unchanged.

- In order to update the deadline for calling a second general meeting, which was increased from six to ten days by the provisions of the Decree of 23 June 2010, codified by Article R. 225-69 of the Commercial Code, the sixth paragraph of Article 27 of the bylaws relative to the "convening of meetings" now reads as follows:

"The deadline for calling a general meeting in second instance is reduced to ten days, unless otherwise stipulated by applicable regulations."

The remainder of the article is unchanged.

- In order to include in the bylaws the new right of shareholders to add matters to the agenda of the General Meeting, recognised in Article L. 225-105 of the Commercial Code as amended by the Order of 9 December 2010, the first two paragraphs of Article 28 of the bylaws relative to the "agenda" have been replaced by the following provisions:

*"The agenda of the General Meeting is set by the author of the notice of meeting. However, one or more shareholders fulfilling the conditions provided by applicable regulations may request the addition of matters or draft resolutions to the agenda.
Request for matters or draft resolutions to be added to the agenda are to be sent to the registered office within the timeframe set by applicable regulations."*

The remainder of the article is unchanged.

- In order to align the bylaws with the provisions of Article L.225-106 of the Commercial Code, as amended by the Order of 9 December 2010, the first paragraph of Article 29 relative to the "conditions for attending general meetings" has been amended as follows:

"Any shareholder whose shares have been fully paid up may attend the General Meeting. Any shareholder may be represented by the natural person or legal entity of his/her choice, in accordance with the terms and conditions provided by applicable regulations."

The remainder of the article is unchanged.

Fifteenth resolution

Powers to complete formalities

The Combined General Meeting confers full powers on a bearer of copies or certified extracts of the minutes of this meeting to make all filings and advertising and to carry out any other legal and administrative formalities as required, in accordance with the law.

3. Special report on the share capital reduction, as provided by resolution 8 to the 2011 Combined General Meeting

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France

Métropole Télévision S.A.

Registered office: 89, avenue Charles de Gaulle - 92575 Neuilly-sur-Seine Cedex

Share capital: €51,583,175.60

Year ended 31 December 2010

Statutory Auditors' report on the share capital reduction (Combined General Meeting of 4 May 2011 – eighth resolution)

To the Shareholders,

As Statutory Auditors of your Company and in execution of our assignment, as covered by Article L. 225-209 of the Commercial Code in the event of capital reduction arising from shares bought back, we present you our report with a view to providing you with our opinion on the reasons for and the terms and conditions of the proposed capital reduction.

Your Executive Board proposes that you delegate it, for a period of 24 months starting on the date of this General meeting, all powers to cancel the shares thus purchased in respect of the implementation of the authorisation for your Company to purchase its own shares in accordance with the provisions of the above-mentioned article, up to the limit of 5% of its share capital and by twenty four-month periods.

We have performed the due diligence procedures that we deemed necessary in the light of the professional standards of the Compagnie Nationale des Commissaires aux Comptes applicable to this assignment, in order to verify whether the reasons for and the terms and conditions of the proposed share capital reduction, which is not liable to affect the equal treatment of all shareholders, are compliant.

We have no comments to make on the reasons for and the terms and conditions of the proposed capital reduction, it being subject to the condition precedent that the Company buys back some of its own shares prior to cancelling them.

Paris La Défense and Neuilly-sur-Seine, 4 April 2011

The Statutory Auditors

KPMG Audit
A division of KPMG S.A.
Xavier Troupel
Partner

PricewaterhouseCoopers Audit
Marc Ghiliotti
Partner

Ernst & Young et Autres
Bruno Perrin
Partner

4. Statutory Auditors' report on the issue of shares and/or various marketable securities giving access to the share capital, as provided by resolution 9 to the 2011 Combined General Meeting

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Métropole Télévision S.A.

Registered office: 89, avenue Charles de Gaulle - 92575 Neuilly-sur-Seine Cedex

Share capital: €51,583,175.60

Year ended 31 December 2010

Statutory Auditors' report on the issue of shares and/or marketable securities as consideration for contributions in kind

To the Shareholders,

As Statutory Auditors of your Company and in execution of our assignment, as covered by Article L. 228-92, we present you our report on the proposal to delegate to the Executive Board the powers to decide upon the issue of ordinary shares and/or marketable securities giving access to ordinary shares, within the limit of 10% of the share capital, as consideration for equity securities and/or marketable securities giving access to share capital, where the provisions of Article L. 225-148 do not apply, a transaction which you are asked to approve.

Your Executive Board proposes that, based on its report, you delegate it the powers to set out the terms and conditions of this transaction for a period of twenty-six months.

As provided by Articles R. 225-113, R. 225-114 and R. 225-117 of the Commercial Code, your Executive Board must prepare a report. It is our responsibility to express our opinion on the fairness of the financial information derived from the accounting records and certain other information concerning the issue given in this report.

We have performed the due diligence procedures that we deemed necessary in the light of the professional standards of the Compagnie Nationale des Commissaires aux Comptes applicable to this assignment, in order to verify the content of the report of the Executive Board in relation to this transaction and the methods of determining the price of the shares to be issued.

This report does not specify the methods for determining the prices of equity securities to be issued. Therefore, we cannot express our opinion on the choice of factors for the calculation of the issue price.

As the issue price for the capital securities to be issued has not been determined, we do not express an opinion on the definitive conditions by which these securities will be issued.

As provided by Article R. 225-116 of the Commercial Code, we will prepare a supplementary report, if necessary, at the time these authorisations are used by your Executive Board.

Paris La Défense and Neuilly-sur-Seine, 4 April 2011

The Statutory Auditors

KPMG Audit
A division of KPMG S.A.
 Xavier Troupel
Partner

PricewaterhouseCoopers Audit
 Marc Ghiliotti
Partner

Ernst & Young et Autres
 Bruno Perrin
Partner

5. Statutory Auditors' report on the capital increase reserved to employees who are members of a company savings plan, as provided by resolution 10 to the 2011 Combined General Meeting

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Métropole Télévision S.A.

Registered office: 89, avenue Charles de Gaulle - 92575 Neuilly-sur-Seine Cedex

Share capital: €51,583,175.60

Year ended 31 December 2010

Statutory Auditors' report on the capital increase with cancellation of the pre-emption right reserved for employees who are members of a company savings plan

To the Shareholders,

As Statutory Auditors of your Company and in execution of our assignment, as covered by Article L. 225-135 and subsequent of the Commercial Code, we present you our report on the proposal to delegate the Executive Board the powers to decide on a capital increase with cancellation of the pre-emption right to subscribe for shares, for a maximum nominal amount of 0.5% of the share capital at the time the Executive Board decides to carry out the said increase, which is reserved for employees of your Company and related companies who are members of a company savings plan as covered by Article 225-180 of the Commercial Code, a transaction which you are asked to approve.

This capital increase is submitted for your approval pursuant to the provisions Articles L. 225-129-6 of the Commercial Code and L. 3332-18 and subsequent of the Labour Code.

On the base of their report, your Executive Board proposes that you authorise it for a period of 26 months to decide upon one or several capital increases and to waive your pre-emption right. If necessary, it will be the responsibility of the Executive Board to define the final terms and conditions of this transaction.

As provided by Articles R. 225-113 and R. 225-114 of the Commercial Code, your Executive Board must prepare a report. It is our responsibility to express our opinion on the fairness of the financial information derived from the accounting records on the proposal on the suppression of pre-emption right to subscribe for shares and on certain other information concerning the issue given in this report.

We have performed the due diligence procedures that we deemed necessary in the light of the professional standards of the Compagnie Nationale des Commissaires aux Comptes applicable to this assignment, in order to verify the content of the report of the Executive Board in relation to these transactions and the methods of determining the price of issue.

Subject to the subsequent review of the conditions under which the issues will be made, we have no comments to make on the methods of determining the price of issue as detailed in the report of the Executive Board.

As the issue price has not been determined, we do not express an opinion on the definitive conditions by which the share capital increase will be carried out, and, therefore, on the proposal to cancel the pre-emption right to subscribe proposed to you.

As provided by Article R. 225-116 of the Commercial Code, we will prepare a supplementary report at the time the capital is increased by your Executive Board.

Paris La Défense and Neuilly-sur-Seine, 4 April 2011

The Statutory Auditors

KPMG Audit
A division of KPMG S.A.
Xavier Troupel
Partner

PricewaterhouseCoopers Audit
Marc Ghiliotti
Partner

Ernst & Young et Autres
Bruno Perrin
Partner

6. Special report on the authorisation to be given to the Executive Board to allocate free shares, already existing or to be issued, to employees (and/or executive officers), as provided by resolution 11 to the 2011 Combined General Meeting

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France

Métropole Télévision S.A.

Registered office: 89, avenue Charles de Gaulle - 92575 Neuilly-sur-Seine Cedex

Share capital: €51,583,175.60

Year ended 31 December 2010

Statutory Auditors' special report on the free allocation of shares already existing or to be issued for the benefit of employees and executive officers (resolution n°11)

To the Shareholders,

As Statutory Auditors of Métropole Télévision and in execution of our assignment, pursuant to Article L.225-197-1 of the Commercial Code, we have prepared the present report on the proposal for the free allocation of shares already existing or to be issued for the benefit of employees and/or executives officers of Métropole Télévision SA and companies related to it in accordance with Article L.225-197-2 of the Commercial Code.

Your Executive Board proposes that you authorise it to allocate free shares that already exist or are to be issued. It must prepare a report on this proposed transaction in order for it to proceed. It is our role to make you aware, where necessary, of our observations on the information thus provided for the planned transaction.

We have performed the due diligence procedures that we deemed necessary in the light of the professional standards of the Compagnie Nationale des Commissaires aux Comptes applicable to this assignment, in order to verify the method considered and included in the report of the Executive Board are within the provisions of the law.

We have no observations to make on the information provided in the report of the Executive Board on the planned transaction for the allocation of free shares.

Paris La Défense and Neuilly-sur-Seine, 4 April 2011

The Statutory Auditors

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A division of KPMG S.A.
Xavier Troupel
Partner

PricewaterhouseCoopers Audit
Marc Ghiliotti
Partner

Ernst & Young et Autres
Bruno Perrin
Partner

7. Person responsible for the Registration Document

I certify that, after taking all reasonable measures to this effect and to the best of my knowledge, the information set out in this Registration Document is accurate and contains no omission which could impair its meaning.

I certify that, to my knowledge, the financial statements are established in accordance with professional accounting standards applicable in France and give a fair view of the assets, financial situation and performance of the Company and of all companies included in the consolidation scope, and that the enclosed Management Report in the first section of the present registration document gives a true view of the business situation, performance and financial situation of the Group and of all companies included in the consolidation, as well as a description of main risks and uncertainties encountered.

I have obtained from the Auditors a letter issued upon completion of their assignment, stating that they have verified the information concerning the financial position and financial statements presented in this Registration Document and that they have read the entire Registration Document.

The consolidated financial statements for the year ended 31 December 2009 were subject to a report issued by the Auditors, as shown on pages 211-212 of the Registration Document filed with the AMF on

26 March 2010 under D.10-0176, which contains an observation.

The consolidated financial statements for the year ended 31 December 2010 presented in this document were subject to a report by the Statutory Auditors, as shown on pages 225-226, which contains an observation.

Neuilly-sur-Seine, 11 April 2011
Nicolas de Tavernost
Chairman of the Executive Board

8. Information included by reference

In application of Article 28 of Regulation (EC) N° 809/2004 of the Commission, the following information is included by reference in this Registration Document:

- The consolidated financial statements for the year ended December 31, 2009 and the relevant report of the Statutory Auditors included in pages 160 to 210 of the 2009 registration document, registered with the AMF on 26 March 2010 with number D.10-0176, as well as financial information on pages 11 to 151 of the same registration document for 2009.
- The parent company financial statements for the year ended December 31, 2008 and the relevant report of the Statutory Auditors included in pages 147 to 204 of the 2008 registration document, registered with the AMF on 30 March 2009 with number D.09-165, as well as financial information on pages 8 to 142 of the same registration document for 2008.

9. Persons responsible for financial information

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1. DESCRIPTION OF THE BUYBACK PROGRAMME

- i. **Statement of the previous buyback programme**
This information is available on pages 66 and 67 of the current Registration Document.
- ii. **Breakdown by objective of shares held by the Company at present**
This information is available on pages 67 to 70 of the current Registration Document.
- iii. **New buyback programme**
This information is available on pages 68 and 69 of the current Registration Document.

2. INFORMATION PUBLISHED IN THE LAST TWELVE MONTHS (STATEMENT OF ANNUAL COMMUNICATIONS)

This information is available on pages 160 and 161 of the current Registration Document.

3. ANNUAL FINANCIAL REPORT

- i. **Parent company financial statements**
The parent company financial statements for the year ended 31 December 2010 are available on pages 227 to 249 of the current Registration Document.
- ii. **Consolidated financial statements**
The consolidated financial statements for the year ended 31 December 2010 are available on pages 168 to 224 of the current Registration Document.
- iii. **"Management Report" according to Article 222-3-3 of the AMF General Regulations**
 - a. True and fair view of the business, sales and financial position of the Group and the companies included in the consolidation scope and a description of major risks and uncertainties
This information is available on pages 11 to 59, 108 to 136, and 158 to 160 of the current Registration Document.
 - b. Information that could have an influence in a public offering context
N/A
 - c. Information on the buyback programme situation at year end
This information is available on pages 66 to 69 of the current Registration Document.
 - d. Statement of the persons responsible for the Annual Report
This information is available on pages 288-289 of the current Registration Document.
 - e. Social and environmental information
This information is available on pages 138 to 158 of the current Registration Document.
 - f. Statement of reasons for the resolutions proposed by the Executive Board
This information is available on pages 271 to 275 of the current Registration Document.
 - g. Resolutions proposed by the Executive Board to the General Meeting

This information is available on pages 276 to 283 of the current Registration Document.

h. Summary of financial results of the last 5 years

This information is available on page 250 of the current Registration Document.

i. Chairman's report on corporate governance and internal control

This information is available on pages 123 to 136 of the current Registration Document.

iv. **Reports of the Statutory Auditors on parent company and consolidated financial statements**

This information is available on pages 225 to 226, and 251 to 252 of the current Registration Document.

4. FEES OF STATUTORY AUDITORS

This information is available on page 160 of the current Registration Document



The original version of this Registration Document in French was deposited with the French Financial Market Authority (AMF), on 12 April 2011, in accordance with Article 212-13 of the AMF General Regulations. It may be used for the purpose of a financial transaction, if completed by an information notice approved by the AMF. This document was prepared by the issuer and is the responsibility of the signatories.

MÉTROPOLE TÉLÉVISION

A public limited company
governed by an Executive Board and a Supervisory Board
with share capital of €51,583,175.60

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