



Télévision Française 1
A public limited company
(«Société Anonyme»)
with a share capital of € 42 236 632
RCS Paris B 326 300 159

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COB

The French version of the book 1 and 2 (business report and financial report 1999) composed the document that was filed by the "Commission des Opérations de Bourse" (COB - French Stock Exchange Commission) on March 24, 2000 under the number R 00-087. This document may not be used to support a financial operation unless it is accompanied by an operation note certified by the COB.



Chairman's statement



Dear shareholders,

1999 was an excellent year for your Compagny

TF1 consolidated its audience share at over 35% of individuals above 4 years old, one of the highest in Europe. The channel gained 95 of the 100 best audiences ratings thanks to its rich and general public line up composed of blockbusters, quality TV dramas, entertainment, major sports events and news bulletin.

These performances were achieved notwithstanding strict cost control, in particular programming costs.

The channel's advertising income increased by over 10% and is approaching FF 9 billion. This increase is the largest since 1992. It takes place in a favourable economic climate reinforced by the rapid growth in advertising investments from new general public advertisers such as those in the telecommunications sector.

Operating income from diversification activities is up nearly 16%, mainly through the impetus of video, home shopping, Eurosport and LCI (news channel).

TPS is continuing to grow, with over 880 000 subscribers at the end of March 2000.

Its offer has been enriched by a new cinema channel "CinéFAZ", the "Superfoot" channel devoted to Premier League football matches and new interactive services, in particular financial services.

www.tf1.fr, a genuine portal with theme sites dedicated to information, children and video, is one of the leading media sites with over 13 million pages viewed in February 2000.

The net consolidated profit has increased by 47% and for the first time is in excess of one billion francs.

All this has been achieved through the hard work, professionalism and talent of our employees, who I wish to thank, and has resulted in a major creation of value for our shareholders. This is reflected in the stock market value which has multiplied by a factor of 3.5 in one year.

We were also able to give our employees a chance to benefit from the company's expansion by an increase of capital exclusively for their benefit. Over 75% of them subscribed. Our employees now own more than 3% of the equity and TF1 has joined the stock-exchange index "IAS", for companies with a high employee equity ownership.



2000: good prospects and new strategic developments for your company

The year 2000 looks promising with very favourable forecasts of growth of our advertising income, in a buoyant economic climate. Combined with a low increase of costs, this points to a significant increase in profitability.

The Group pursues its strategy of development along the following guidelines:

► Reinforcing the core business:

TF1 will continue its ambitious, user-friendly, general public-oriented programming policy by concentrating on production, events and exclusivity. This will reinforce TF1's position as a living medium, the first choice of advertisers.

► Completing our cable and satellite offer:

In addition to Eurosport, the pan-European sports channel, and LCI, the reference information channel TF1 is soon to launch a channel dedicated to women below 50 and a financial channel. By reinforcing its core business, while at the same time responding to new expectations from viewers and advertisers, your company is preparing to take part in the development of terrestrial digital broadcasting.

► Stepping up content production:

TF1 will continue its active policy of international co-production of films and cartoons and production of shows. Producing high-quality content is one of the Group's major priorities.

► Developing the Internet:

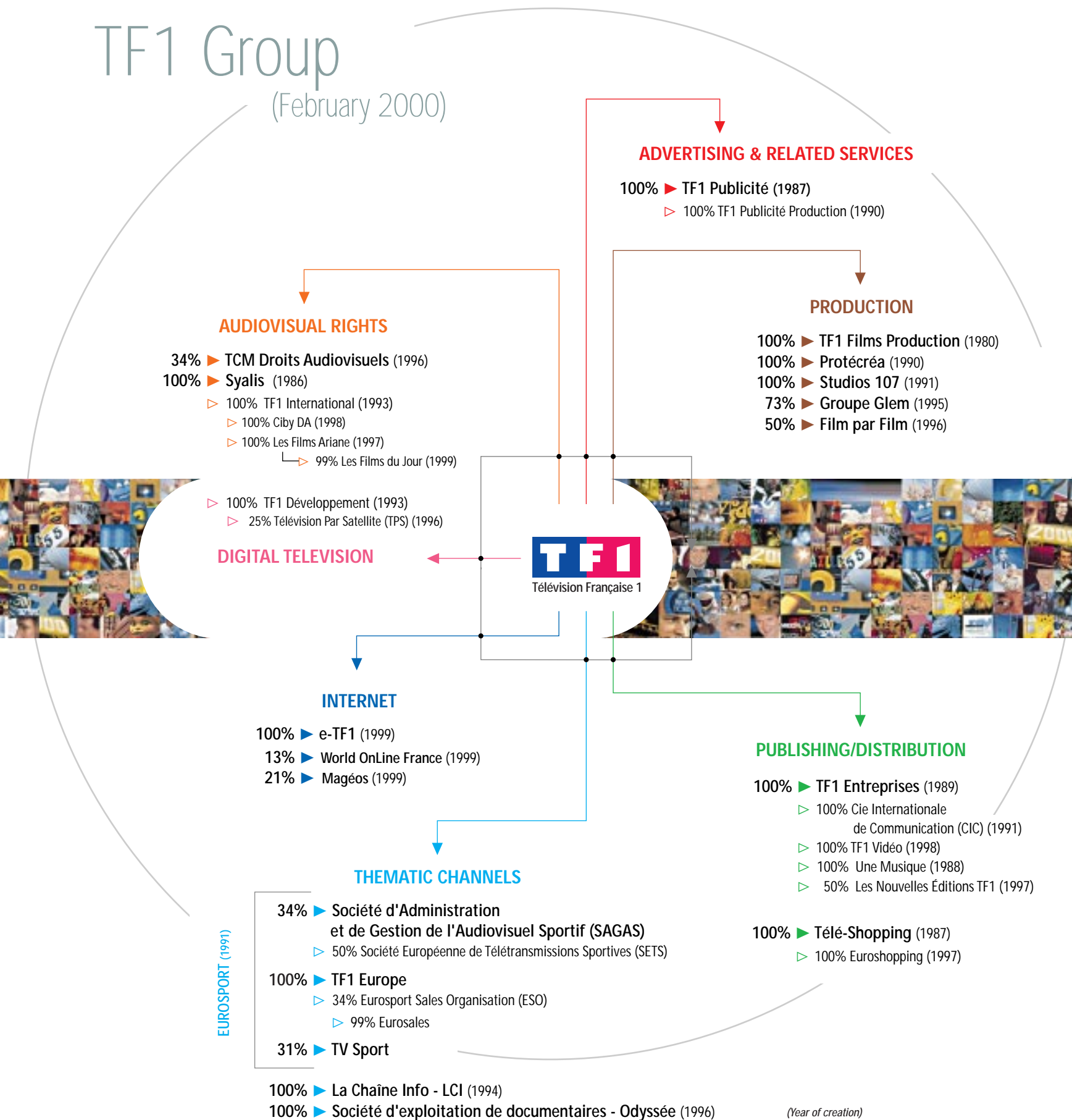
TF1 plans to set up new theme sites (Women, Sport, Services, etc.) so as to become a reference portal for the general public, and will actively explore broadband Internet delivery as a means to ensure high quality video all the way to the end user. The Group is also preparing for mobile Internet with special content and services, and is open to partnerships with other European television channels with a view to creating a large European portal.

These developments are a major strategic thrust for the company, because we believe that the marriage between television and the Internet is one of the most important levers for the creation of value through our brands, contents and marketing capabilities. Thanks to the good prospects of our core business, the effectiveness of our management and our development strategy, we are keen to pursue with you and for you our policy of sustainable, profitable growth.

Patrick Le Lay
Chairman and Managing Director

TF1 Group

(February 2000)



Key figures

(FF million)



Consolidated figures	1997	1998	1999
Revenue <i>Incl.</i>	10,310	10,904	12,165
<i>TF1 SA</i>	7,831	8,169	9,036
<i>Publishing, distribution</i>	1,209	1,269	1,483
<i>Thematic channels</i>	624	772	919
<i>Production</i>	380	431	439
<i>Audiovisual rights</i>	260	251	218
<i>Others</i>	6	12	70
Programming cost	4,590	4,688	4,749
Net Profit attributable to the Group	482	716	1,052
Shareholders' equity	2,665	3,033	3,621
Net cash position	589	1,002	1,757
Cashflow	1,192	1,290	1,783
Programmes and broadcasting rights	2,947	2,990	3,031
Investment in French audiovisual production	1,550	1,668	1,755
Market capitalisation (end of the year)	12,915	20,895	72,034
Dividend per share (in FF)	16	22	30,17



TF1 Chief executives

TF1 Chief executives

Patrick LE LAY
Chairman & Chief Executive officer

Etienne MOUGEOTTE
Senior Executive Vice President
Head of broadcasting

Claude COHEN
CEO & Executive Vice President
of TF1 Publicité

General management

Jean-Michel COUNILLON
Senior Vice President, Secretary General

Emmanuel FLORENT
Executive Vice President,
Business Development

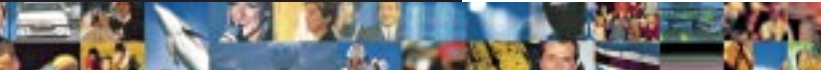
Pierre MARFAING
Senior Vice President, Technical Resources
& New Technologies

Jean-Pierre MOREL
Executive Vice President,
Administration & Finance

Nonce PAOLINI
Executive Vice President, Human Resources



■ **Patrick LE LAY**
Chairman & Chief Executive officer



■ **Etienne MOUGEOTTE**
Senior Executive Vice President
Head of broadcasting



■ **Claude COHEN**
CEO & Executive Vice President of TF1 Publicité

Broadcasting

Ronald BLUNDEN
Vice President, Communications

Xavier COUTURE
Vice President, Broadcasting & Director
of Sports & Special Events

Robert NAMIAS
Vice President, Information & News

Guillaume de VERGES
Executive Vice President,
Director of programmes

Francis WILLIAUME
Production Department Administration
& Finance

TF1 Publicité

Patrick LE LAY
Chairman

Claude COHEN
CEO & Executive Vice President
of TF1 Publicité

Martine HOLLINGER
Sales Manager, Commercials
& Télétoon channel

Jean-Bernard ICHAC
Director, Marketing & Business Development

Jean-Pierre MOREL
General Manager, Administration & Finance



- ① "Balzac"
- ② "Ushuaia"

Main Subsidiaries

TF1 Entreprises

Emmanuel FLORENT
Chairman

e-TF1

Anne SINCLAIR
CEO

TF1 Vidéo

Pierre BROSSARD
CEO

Une Musique

Nadine LAIK-BLANCHARD
CEO

Télé-Shopping

Robert LENS
CEO

TF1 Films Production

Etienne MOUGEOTTE
Chairman

Laurent STORCH
CEO

Groupe Glem

Jean-Louis CAPRA
CEO

Gérard LOUVIN
Director

Studios 107

Francis WILLIAUME
Chairman

Jean ADAM
Director

TF1 International

Jean-Louis CAPRA
Chairman

Didier SAPAUT
CEO

Perrine TEZE
Managing Director, International Sales

Eurosport

SAGAS
Jean-Pierre MOREL
Chairman

ESO
Management company:
SAGAS

SETS
Patrick LE LAY
Chairman

Jean-Pierre PAOLI
Managing Director

EUROSALES
Management company:
ESO

La Chaîne Info

Manager company: TF1
Represented by Etienne MOUGEOTTE
Chairman

Jean-Claude DASSIER
CEO

Odysée

Managing company: TF1
Represented by Gérard CARREYROU
CEO

Télévision Par Satellite

Patrick LE LAY
Chairman



Main events 1999



JANUARY

- **Eurosport** launches the best of sport on its website: www.eurosport.com, updated 7 days a week.
- **TF1 International** takes over the management of the Ciby DA catalogue, comprising 62 feature films. TF1 thereby becomes one of the three leading French feature films library.
- **Odyssee** overtakes the one million subscribers mark and steps up its co-production policy.
- **TF1 Vidéo** inaugurates its website enabling the on-line purchase of cassettes and DVD from its library.

FEBRUARY



- **Release of "Astérix et Obélix contre César"** by Claude Zidi, co-produced by TF1 Films Production.
- **Launch of "British Eurosport"**, the UK customised version of Eurosport.

MARCH



- **At Ithèmes 99**, TPS channels receive 11 awards.
- **Largest audience achieved** by a French film in 1999: 10.7 million viewers for "Les Visiteurs", an audience share of 48%*.

APRIL

- **Round the clock news** on LCI.
- **TF1 acquires the free TV broadcasting rights** for James Cameron's "Titanic".
- **"Ensemble contre le Sida"** evening presented by all the channel's stars.
- **TF1 sends** its news department teams to Kosovo and into the rest of the Balkans.

MAY

- **Launch** of the new website www.tf1.fr, a public oriented portal and content site.
- **The video of the film "Taxi"** exceeds 1 million copies sold 6 months after its release.
- **Shooting starts on "Under suspicion"** by Stephan Hopkins, with Morgan Freeman, Gene Hackman and Monica Belucci produced by TF1 International

JUNE

- **The TF1 share listing** moves from the Second Marché (second tier securities market) to the Monthly Settlement Market.
- **Platinum award** for Emile et Images and their album "Jusqu'au bout de la nuit", 100% produced by Une Musique.
- **LCI celebrates** its 5th birthday.
- **Start of the show "Crescent'O"** by Muriel Hermine at Disneyland Paris.



JULY



SUPERFOOT

- TPS creates 2 new channels "Superfoot" and "Superstades" (Pay per view) to broadcast First and Second League football matches.
- Success of the summer TV drama "La Tramontane", with an average audience share of nearly 41% *.

AUGUST



- According to the annual EMS survey (European Media & marketing Survey), Eurosport is the most watched theme channel in Europe all criteria combined and regardless of the reference period chosen.
- The sun eclipse of 11 August is watched on TF1 by 5.2 million viewers, representing an audience share of 53% *.

SEPTEMBER

- TPS launches Cinéfaz, the new "A to Z" cinema channel.
- Release by TF1 of "La Vie est belle" by Roberto Benigni.
- TF1 broadcasts "Balzac" a TV drama directed by José Dayan with Gérard Depardieu and creates the TV event of the new season.

OCTOBER



- TF1 receives 8 awards at the 7 d'Or ceremony, including the prize for best TV drama ("Monte Cristo"), best news bulletin journalist (Jean-Pierre Pernaut), and TV personality of the year voted by the public (Vincent Lagaf). V. Genest is awarded the 7 d'Or for best TV drama actress.
- 100th edition of "Combien ça coûte" presented by Jean-Pierre Pernaut
- TF1 carries out an increase of capital reserved to its employees through the company savings plan "TF1 Avenir". As a result, employees hold around 3% of TF1's capital.

NOVEMBER

- TF1 records the highest audience success of the year when it broadcasts the Rugby World Cup final with over 14 million viewers.
- TF1 broadcasts the Americas Cup for the first time, covering the races of the French boat 6^e Sens.
- The 8 o'clock news bulletin, presented by Claire Chazal, is watched by 11.5 million viewers.
- TPS redesigns its interactive services.
- TF1 joins the stock exchange index IAS (Employee Investment Index).

DÉCEMBER

- TF1 and Carlton Communications form the joint-venture @lliance, for the purpose of creating an Internet investment fund in Europe and combining their skills on the Internet. The company will have a total initial capital of Euros 100 million.
- The TF1 group takes a 25% holding in www.mageos.com of the Pinault-Printemps-Redoute group, a public oriented portal and provider of free Internet access to the general public.
- Launch of the new e-TF1 news site. In the month of December, the site has 12 million pages viewed, a growth of 430% in 1999. (Source: webview, cybermétrie)
- TF1 share rise by 243% in 1999.
- TPS exceeds 800,000 subscribers by its third birthday.
- TF1 goes into the year 2000 with 36 hours of programmes in collaboration with 50 channels worldwide and introduces its new trailers.

* Source Médiamétrie: Individuals aged 4 years and over.



Review of Group Operations

TF1 is Europe's leading general public television channel with an audience share of 35% of individuals aged 4 years and over (Source: Médiamétrie).

TF1 is a free-to-air channel broadcast 24 hours a day, on terrestrial, cable and satellite networks, covering 99.9% of the French territory. It draws most of its revenue from the sale of advertising spaces.

TF1 is an integrated communication group with diversified activities developed in synergy with its core business. The Group has created new value-added businesses with twenty operational subsidiaries covering the entire audiovisual sector:

- upstream, in the production, acquisition and trading of audiovisual rights,
- downstream, in the publishing and distribution of video cassettes, musical DVD and CD, phone based services, merchandising products, TV home shopping, the editing of theme channels, the marketing of digital programmes and interactive services on cable and satellite, and the development of Internet sites.

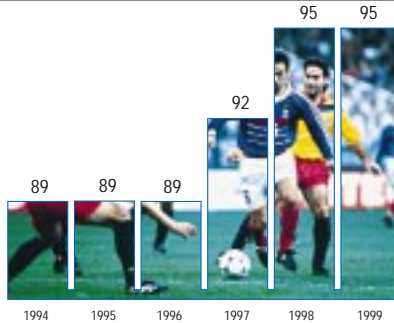
BROADCASTS

As a network, TF1 develops its programming around the major themes that appeal to the general public: information, TV-dramas, entertainment, sport, youth, movies, magazines and documentaries essentially constitute the channel's programming offer. Continuously adapted to suit viewers' tastes and behaviours, this programming is both dynamic and user-friendly. Moreover, faced with the development of multi-channel platforms that multiply the programmes offered, TF1 has positioned itself as a living medium, offering live, exclusive and event-driven television. This programming drives the channel's success, as it is chosen daily by millions of viewers and regularly obtains the highest ratings in television.

- ❶ The Millenium presenters
- ❷ "Julie Lescaut"
- ❸ "Miss France 2000"



The TF1 Group is, thus, an editor of multimedia content, distributed on all media, including free-to-air commercial television, cable and satellite channels, interactive services, the Internet, mobile phones, videos, DVD. Thus TF1 is capitalising on one of the leading French brands in terms of recognition, trustworthiness and proximity to the public.



TF1's share of the top 100 best audiences for the last 6 years.

Some of the most popular programmes are TV-dramas specially adapted for television. For several years they have accounted for 40% to 50% of the 100 best audiences of the year. TF1's TV-dramas line up is based on two main lines of programming:

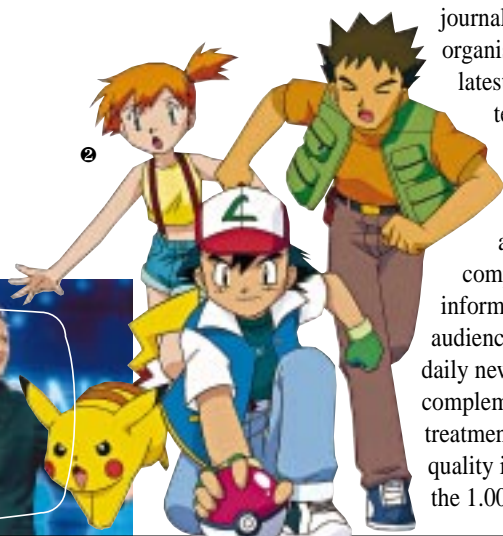
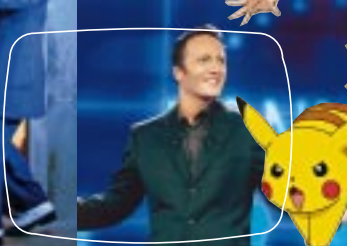
- The development of regular heroes ("Navarro", "Julie Lescaut", "Les Cordier", etc.) which inspires loyalty in a large number of viewers and builds closeness between the character and his public.
- Prestigious TV-drama programmes, adapted from great novels of French literature. Co-produced with major television groups from other European countries, these programmes bring together top actors and producers whose skills make them programming events aimed at an international audience.



Group Activities

News forms the programming backbone of all networks. Midday and evening news programmes are a regular feature attracting a very wide audience. They help establish the channel's identity and form the cornerstone of the peak-time programmes.

1



Staffed with over 300 journalists and a proven organisation using the latest digital technology, TF1 is able to mobilise its teams quickly to cover, analyse and offer complete treatment of information to its audience. The two main daily news bulletins have a complementary editorial treatment, providing quality in-depth analysis: the 1.00 o'clock news

Entertainment also plays a key editorial role in the programme schedule. In this area, TF1 offers pure entertainment shows on such varied themes as variety, comedy or games. TF1 regularly renews its concepts of entertainment to offer original, creative shows in an area where the public is expecting innovations.

Moreover, TF1 offers "infotainment" talk shows, whose content aims to both inform and entertain, dealing with everyday life issues. These new broadcasting concepts have been quickly adopted by the public with shows like "Combien ça coûte", "Sans Aucun Doute" and "Y'a Pas Photo !".



bulletin deals with current regional events and everyday issues affecting the French, while the 8.00 o'clock news bulletin offers a complete panorama of national and international current affairs. TF1 has a strong lead as regards news. The 1.00 o'clock and 8.00 o'clock news bulletins attract an average of 53% and 40% of viewers respectively. In addition to these regular daily programmes, TF1 offers informative and investigative magazines that deal with current affairs in greater depth and with larger scope ("Reportages", "Le Droit de Savoir").

TF1's children's offer is an important part of the programme schedule, especially on Wednesdays, Saturdays and Sundays. TF1 has developed innovative, high-profile programmes in this area. Its children's programmes have a modern, interactive presentation and are packaged under the name of TF1, a real channel-within-the-channel tailored for children.

Programming is based on a wide choice of quality French or international cartoons. In this area, TF1 is developing an increasing number of co-productions, essentially through its subsidiary Protécréa.

TF1's sports offer is based on the most popular sporting events with TV viewers: football and Formula 1. There is no doubt that football is the most popular sport and TF1 offers exclusive coverage of the main friendly and official matches of the French team and of the Champions' League, a European competition involving Europe's best clubs. Finally, the channel broadcasts "Téléfoot", a magazine that comments on the weekly football news, extremely popular among football die-hards. TF1 broadcasts the entire Formula 1 season live every Sunday and offers extensive coverage of trials and post-race reaction through regular magazines.

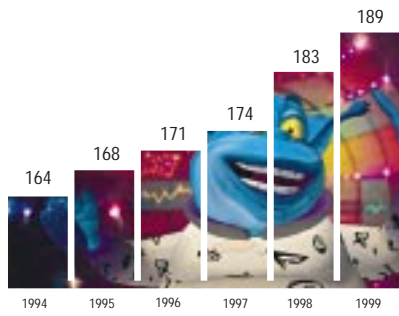


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Special Operations

As a channel renowned for its live coverage of events, TF1 carries out special operations to cover national and international events. The channel's editorial and technical know-how is mobilised for several hours to ensure as complete a live coverage as possible. In 1999, TF1 covered the funerals of King Hussein of Jordan and King Hassan II of Morocco and broadcast the eclipse of 11 August. Another event was the Millennium for which TF1 joined forces with over 50 foreign television channels and broadcast the event live for over 30 hours as it unfolded around the world.

- ❶ "Le Bigdil"
- ❷ "Pokemon"
- ❸ "Arthur"
- ❹ "Une Femme d'honneur"
- ❺ "Le Diner de cons"
- ❻ Céline Dion's concert
- ❼ The Champions' League
- ❽ "Goldeneye"



Elsewhere, weekly motor sports events are summarised in the magazine "Auto Moto". TF1 is diversifying its sport offer, into sailing and rugby in particular.

As regards movies, TF1 offers two feature film evenings per week, on Tuesdays and Sundays, with French and American films for a family audience. This programming policy enables numerous original films to be offered for their first run on free TV.

*Trends in Individual Viewing Time
(Women under 50 years, Source: Médiamétrie).*



ADVERTISING

TF1 Publicité, which has been permanently increasing its advertising space offer, has reached a new stage in 1999. From “mass media” to “one-to-one”, it offers a cross commercial offer aimed at complementary targets, creating new synergies for the benefit of advertisers.

TF1 Publicité is in charge of the sell of TF1’s advertising breaks as well as that of the theme channels, LCI (round the clock news channel), Odysée (documentary channel), Teletoon and Cartoon Network (children’s channels) and Shopping Avenue (TV home shopping channel), the Group Internet sites, under the portal www.tf1.fr and TPS interactive services: Météo Express and the Programming Guide.



The rapid expansion of the Internet is contributing to the growth in the division’s income in two ways. Internet companies advertise widely on the channel in order to increase their notoriety quickly and/or to step up subscriber recruitment. Being the agent of www.tf1.fr and www.tfou.fr is another way to enlarge TF1 Publicité advertising revenue.

Capitalising on TPS digital technology, TF1 Publicité proposes to its advertisers to include interactivity in their advertising campaigns broadcast on TF1 and on the theme channels under its control. This interactivity helps create a personalised commercial relationship between advertisers and TV viewers.

This new range of services allows TF1 to offer a range of solutions with which to address the problems of each brand.



- ① and ② Odysée
- ③ The LCI Set
- ④ The Barbapapa DVD
- ⑤ The Télé-Shopping catalogue
- ⑥ Liane Foly's CD distributed by Une Musique
- ⑦ Télé-Shopping's presenters

⑧



PUBLISHING & DISTRIBUTION

The publishing and distribution division (video, music, merchandising, phone based services, home shopping and the Internet) was TF1's first diversification. In 1999, this division accounted for 12.1% of consolidated operating profit.

TF1 ENTREPRISES

TF1 Entreprises covers the following activities:

- Phone based services which designs, publishes and distributes contents related to TF1 programmes, customised for Minitel and mobile phones;
- TF1 Licences which sells either brand licences (Ushuaïa, etc.), and event-related products or children's products (Eclipse Kit, Halloween Kit, Jojo's, etc.).

TF1 VIDÉO

TF1 Vidéo is the largest French publisher and distributes the third largest publisher-distributor in France with a 14.6% market share in 1999 (source: SEV). TF1 Vidéo distributes a catalogue of more than 3,000 titles (including "Taxi", "Casino", "La vie est belle", "Barbapapa" and the "de Funès" collection, etc.), covering all the genres from film through children's to sport. The main distribution circuits are video clubs, the mass retailers, and, since 1999, a dedicated Internet site : www.tf1video.fr.

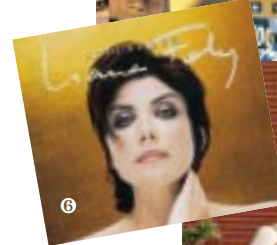
TF1 Vidéo also offers its most successful titles in DVD format and already has a catalogue of over 60 titles. This new digital medium represents a huge growth opportunity. At the end of 1999, 250,000 French homes had a DVD player and 500,000 had a DVD Rom drive. The total number is set to double in 2000 (source: SEV). The French DVD market already accounts for a turnover of FF 547 million in France for 4.5 million units sold.

UNE MUSIQUE

TF1's music subsidiary produces and publishes records under three different labels (Une Musique - La Si Belle Musique - Sounds of Ushuaïa). As well as products produced in partnership with major international record companies, Une Musique produces its own exclusive records. In its search for French talent targeted at for the general public, the subsidiary invests increasingly on in-house productions and launches young artists.

TÉLÉ-SHOPPING

Télé-Shopping is France's leading TV home shopping operator. The number of orders dispatched increased by 20% in 1999. The purchasing is directly handled by Télé-Shopping, and the actual dispatch is externalised. Télé-Shopping sends out an average 2 million parcels a year. The activities of this subsidiary are centred on shows broadcast on TF1 from Monday to Saturday morning (4,500 original shows in 12 years), on catalogues, with around 8 million copies sent out each year and over a million active clients, and on a dedicated Internet site, since 1997. Over 15,000 orders a year have already been registered on this site which has great prospects in terms of e-commerce and has already broken even.



Group Activities



EUROSPORT

Eurosport is Europe's No. 1 sports channel. Broadcast in 17 different languages (93% receive Eurosport in their own language), it is received by over 87 million households. Eurosport benefits from exceptional coverage: the channel is present on 13 digital satellite platforms. In France, Eurosport is the second most watched theme channel (source: Audicabsat - December 1998).

It owes its success to the quality and variety of its programmes and an increasingly wide network coverage. Eurosport devotes around 70% of its budget to the purchasing of rights or production.

THEME CHANNELS

On 31 December 1999, the penetration rate of cable and satellite in France was nearly 20%, or more than 4 million households. This growth is mainly due to the development of satellite.

Faced with a wide choice of over 100 theme channels, nearly 50% of the audience still focuses on the top 10 (source: Audicabsat - December 1998). Hence the need for a programme editor to develop channels with high added value on high-impact themes.

Around the general channel, TF1 has created quality theme channels on such popular themes as sport, news, documentaries and TV home shopping. At the end of 1999, the Group has already successfully launched four theme channels whose editorial quality is appreciated by viewers. TF1 is still tuned in to market trends and is currently working on the preparation and launch of new channels including one dedicated to Women and a finance channel aimed at the general public.

Eurosport's income comes from two main sources: subscriptions and advertising. Eurosport is an ideal tool for a pan-European advertising campaign and offers targeted, profitable advertising space rated by 7 institutes in Europe.

The channel covers over 100 different sports from the most popular, such as football, tennis and athletics... to the most specialised such as curling or snowboarding... It broadcasts 6,200 hours of programmes per year, 30% of which are live and 60% first runs.

In addition to the channel, Eurosport has launched an Internet site www.eurosport.com, in January 1999. Dedicated to Internet users seeking sports information and entertainment, it allows access to all the latest sports news, calendar and results, thanks to a dedicated editorial team of sports journalists. The site is currently available in two languages: English and German. It registered over 10 million pages viewed in December 1999.



Live broadcasting as a priority, wide coverage of the main events, a variety of sports, regular theme magazines, children's magazines and the up-to-the-minute of sports information.

LCI: All the latest news in 3 letters

Just over 5 years after its launch, LCI has become the reference channel for news. Today, it is the third most watched channel on cable and satellite at national level with an audience share of 1.7% (source: Audicabsat - December 1998), the first in the Paris area, and is received by 3.2 million households.

Broadcast 24 hours a day since May 1999, LCI gives absolute priority to live broadcasting thanks to a flexible programming schedule organised around regular information slots (the permanent one from 6.00 to 9.00 a.m., the 12/2 o'clock, the 6 o'clock, the "Grand Journal" at 7.00 p.m. and the 10.00 p.m./Midnight), plus debates, talk shows, magazines ("On en Parle", "Le débat", "LCA", "Le Grand Jury", "Le Club de l'économie", etc.) which welcome over 5,000 guests a year.

ODYSSÉE

Launched in 1996, Odyssee is one of the leading documentary channels on cable and satellite. On 31 December 1999, the number of subscribers to the channel reached 1.3 million.

Odyssee is first and foremost a discovery channel. Its aim is to give viewers another viewpoint with very varied subjects on nature, the sciences, and little known countries or people. The channel has developed quality programming, based on original reports and documentaries from around the world according to various sets of themes: discovery, general knowledge and major reports. Odyssee broadcasts 16 hours of programmes daily on cable and satellite.

In 1999, it co-produced 77 documentaries. Odyssee introduced weekly talk shows in order to promote viewer loyalty. www.odyssee.com provides viewers with information on programmes and their schedules.

SHOPPING AVENUE

A non-stop home shopping channel on TPS and cable, Shopping Avenue is an interactive commercial channel with 181,000 viewers (source : Audicabsat - December 1998). Each day, Shopping Avenue offers its subscribers a new way to buy without leaving home, using an original interactive concept.

900 products are presented permanently on air. Shopping Avenue's schedule is made up of 15 themes, such as "La Tribu", with family products, or "Grandeur nature" that lets the public rediscover the tastes and products of the soil.



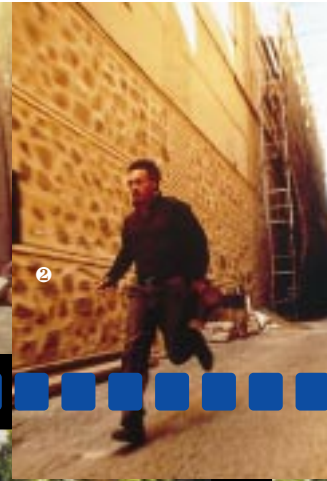
Through its subsidiaries Télé-Shopping and Shopping Avenue, the TF1 Group has developed real know-how in mail order (catalogue management, delivery time, product quality...). This expertise is now available on the Internet and is an outstanding asset for the development of e-commerce within the Group.

Group Activities

- ❶ Shooting of "The 9th gate"
- ❷ and ❸ "The 9th gate"
- ❹ "Astérix et Obélix contre César"
- ❺ "Les Tribal X"
- ❻ "Under Suspicion"
- ❼ "Cescent'O", Muriel Hermine's show
- ❽ "La Bûche"



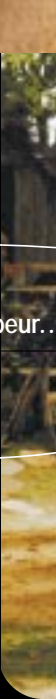
❶



❷



❹



La leçon de piano.....Ma vie en rose.....Muriel.....Underground.....Le Dîner de cons.....Et Dieu créa la femme.....Le salaire de la peur.....



❸

PRODUCTION

The leading investor in French production among all free-to-air channels, TF1 has invested around FF 17 billion since it became public. According to the terms and conditions of its licence, TF1 required to invest:

- 3% of the parent company net turnover to the co-production of French-speaking movies.
- 15% of the parent company net turnover to the production of French-speaking audiovisual works.

In this context, TF1 has decided to carry out an active policy of purchasing quality movies able to match high audience standards and to constitute a catalogue of strong programmes.

TF1 FILMS PRODUCTION

Each year, TF1 Films Production co-produces fifteen feature films. In this way it acquires broadcasting rights for TF1 as well as co-producer's shares giving proportional rights to all income following from the product. Since 1988, TF1 Films Production has invested FF 2 billion in French movies through the co-production of 195 movies, 54 of which have exceeded one million theatre entries in France.

STUDIOS 107

Based in the Plaine Saint-Denis, these studios sell their technical services to producers of entertainment shows (variety, game, etc.), and home shopping. They have produced and provided technical assistance for numerous TF1's shows such as "Le Bigdil" or "Ya pas photo". They ensure the executive production of Téléshopping shows and produce "Ushuaïa nature", the discovery programme starring Nicolas Hulot.

GLEM

Glem, a 73% subsidiary, has developed recognised know-how in the production of shows and entertainment programmes for television. These programmes include:

- great successes such as "les Années Tubes" and "Sans aucun doute" which have become regular programmes,
- new programmes that enable young talent to make a name for themselves such as "Les coups d'humour",
- numerous specials such as "Starmania", "Spéciale Muriel Robin" and "La Cérémonie de Remise des 7 d'Or".

Glem also produces shows such as that of Pierre Palmade, or "Crescend'O", Muriel Hermine's show in Disneyland Paris, and "Romeo and Juliet" in January 2001.

PROTÉCRÉA

This subsidiary specialises in the production of animated cartoons including "Paddington" "Bob & Scott", and magazines.

TF1 PUBLICITÉ PRODUCTION (TPP)

This entity produces trailers, and advertising or sponsorship spots. It also produces and makes short television programmes such as "Du côté de chez vous" or "Clic&net".

A genuine Web agency, TPP is developing towards multimedia by offering interactive advertising, advert for the Internet as well as complete website design. Moreover, it has already received several awards for the quality of the sites it produced, in particular the "Multimédiaville" prize for the site of the town of Boulogne-Billancourt, as well as the Roc d'Or at Fimbacte for the Bouygues Immobilier site.

AUDIOVISUAL RIGHTS

TF1 International is specialised in the international trading of TV programmes and feature films. Over the years it has developed partnerships in all areas of television and movies, ranging from TV-dramas, animation, documentaries to feature films.

Today, the strategy of TF1 International focuses essentially on the development of its international library, through to the acquisition of European and American productions.

In parallel, TF1 International and its subsidiaries have created a prestigious catalogue which comprises 510 feature films, including both recent films ("The Piano", "Ma Vie en Rose", "Muriel's wedding", "Underground"...) and French classics ("Et Dieu créa la Femme", "Le Salaire de la Peur", "Fanfan la Tulipe"...).

5



CRESCEND'O



7



8



La Télévision Par Satellite

TF1 is a major player in the digital revolution in France through its 25% share in TPS, Télévision Par Satellite. TPS distributes by satellite a digital offer of programmes and services.



100
movies
per month



128
channels and services
offered

TPS
in a few figures



880 000
DTH subscribers of the end
of February 2000



7 600
a distribution network
of over 7,600 shops



700
over 700 employees



SUPERFOOT



Launched in December 1996, the package offers to its clients a top quality family line up accessible to the largest number of people, consisting of: 27 theme channels, 4 exclusive movies channels, 1 channel exclusively dedicated to Premier League French football championship matches, 7 pay per view channels, 8 interactive portals, the 6 digital quality network, 65 international channels and 45 radio programmes.

SHAREHOLDERS

Télévision Française 1	25%
France Télévision Entreprises	25%
M6	25%
Suez-Lyonnaise des Eaux	25%

Three years after its launch, TPS has been chosen by over 880,000 clients, at the end of March 2000.

TPS is also editor for the movie channels Cinestar 1 and 2, Cinétoile and CineFAZ, Télétoon (children's channel), Infosport (non-stop sports news channel), Superfoot and Multivision (pay per view service). The movie channels are also distributed on the main cable networks, and had over 120,000 subscribers at the end of March 2000.

THE TPS DIGITAL MULTIMEDIA TERMINAL

A real computer, the TPS digital terminal has a hard-disk that can be formatted remotely. Thanks to satellite broadcasting, TPS can download new applications remotely, without any physical inconvenience for its subscribers. This enables TPS to enrich and update its supply of interactive services and launch new versions of its application programmes. For instance, initial subscribers now have the third version of the electronic programming guide. TPS uses Open TV interactive software and relies on the Viaccess control system. The digital terminal is fitted with a modem. When connected to the telephone line, it gives the subscriber a two way path for sending and receiving information (home banking, brokerage services, home shopping...).

TPS: PIONEERS IN INTERACTIVITY

Since its launch, TPS has bet on interactivity by creating TPS Services, a multimedia editing subsidiary involved in editing or co-editing interactive portals. A number of services are already operational: weather, sports, movies, interactive advertising, games, programme guides, home banking, property sales and rentals, jobs classified, brokerage services...

In three years time, TPS has launched over 120 permanent or events-related services. The quality of the information and the user-friendliness provided by the interactive software Open TV facilitate the use of these services and made them very popular.



They are a rising star: levels of satisfaction and frequency of use are very high. The electronic programme guide is used regularly by 52% of TPS clients. Météo Express, the local, national and international weather forecasts, is used regularly by 56% of clients. TPS Services sells its services to other digital television operators in France and abroad.

As tools for recruiting customers and limiting churn, interactive portals offer tremendous opportunities in the field of e-commerce and direct marketing. In particular, TF1 has taken part in several interactive advertising campaigns, combining an advertising spot with an interactive information and sales service; 80% to 85% of clients consult associated service.

TPS: FIRING THE IMAGINATION

Nearly 90% of clients subscribed to TPS for the diversity of content of its offer, based on high added value theme channels with up to date movies, sport, discovery and information: 9 out of 10 subscribers choose the "Tout TPS" package.

Thanks to agreements with major Hollywood studios and an ambitious policy of pre-purchase of French films, TPS offers its subscribers over 100 films a month through 4 channels specially devoted to movies.

Since July 1999, TPS offers exclusively one match from each day of the French Premier League French football championship and 6 other matches on a pay per view basis. These matches are piggybacked onto the interactive service Sport express, which sums up the latest scores and the statistics of each match.

Wide, complete and making the most of digital technology, TPS promotes loyalty in its clients, whose re-subscription rate is over 90%.



The Internet is a major corporate project aimed at making the TF1 Group a leader in this new medium. It mobilises considerable human and financial resources, but these are manageable in relation to the company's results. At the same time, TF1 will continue to form partnerships with operators in this market in order to share expertise and develop projects offering good value.

THE INTERNET

TF1 dared to bet on the Internet by developing its Web structure, in particular its general portal www.tf1.fr already one of France's leading content sites.

The Internet is a new medium. TF1, aware that its development is complementary to that of television and that interaction between the two media is a source of profitable synergy for the Group, launched its Web activities at an early stage. Relying on the power and proximity of its brand name, its editorial skills and its huge diversity of content, TF1 has been involved in the Internet adventure since 1996 with the first version of its site. In May 1999, TF1 Interactif, a special department dedicated to the Group's Internet developments, launched a new general site aimed at the general public offering all the functional features of a portal, based on the five Cs: Content, Communications (e-mail, mailing lists), Context (links, browser), Commerce and Communities (forums, votes). In December 1999, TF1 handed over its Internet activities to its newly-formed subsidiary e-TF1.

In addition, the Group inaugurated its strategy of developing vertical theme sites with the launch of a site entirely dedicated to news.

In response to growing demand from Internet users wanting to access more video content and capitalising on considerable resources gained by virtue of its broadcasting activities, in January 2000 TF1 created a new theme site: the video channel, which offers over 2,000 videos on line.

1999 saw extraordinary progress in the popularity and viewing figures of TF1's website. www.tf1.fr is one of the five best known French sites. Moreover, the site's audience increased spectacularly: from 3 million pages viewed in January, the site ended 1999 with over 12 million pages viewed (source: Cyberm trie).

e-TF1

Founded in December 1999 and managed by Anne Sinclair, e-TF1 manages the Internet activities of the TF1 Group, previously the responsibility of the department TF1 Interactif. The aim of e-TF1 is to design and produce multimedia content that can be put out on all media: the Internet, interactive television, personal digital assistants and mobile phones. At the end of December 1999, the company employed nearly 60 staff in such varied fields as journalism, technology, marketing and advertising.



The TF1 Group's presence on the Internet is widespread and complete. Most of the Group's companies have developed sites around the general portal www.tf1.fr:

General portal:
www.tf1.fr

Theme sites:
www.infos.tf1.fr
www.tfou.fr

E-commerce:
www.teleshopping.fr
www.shoppingavenue.tm.fr
www.tf1video.fr
www.eurosportshop.com

Other subsidiaries:
www.tf1international.fr
www.eurosport.com
www.eurosport.de
www.tf1pub.fr
www.odyssee.com
www.tps.fr

Programmes:
www.ushuaia.com

www.eurosport.com
www.eurosport.de
are the sports portals of the Eurosport channel. In a strong position thanks to the channel's popularity and audience in over 47 European countries, the site attracted over 700,000 individual visitors in January 2000. The content is available in two languages, English and German.



**POUR UN
ENFANT DES RUES, LE
PLUS GRAVE, C'EST MOURIR
DE LA TUBERCULOSE
OU MOURIR ASSASSINÉ ?**

Nous luttons contre toutes les maladies.



Même l'injustice.

TF1 and its role in society

As a responsible company, TF1 believes that in addition to its purpose of entertaining and informing it should go beyond the business and be active in society.

In its programmes, TF1 has adopted an informative reporting style which informs viewers on programmes they are watching. With the same aim in mind, children's programmes broadcast on TF1 are monitored by psychologists.

Furthermore, TF1 regularly features numerous charitable operations and joins in events such as the "Collecte des pièces jaunes" (caring for children in hospital). In 1999 for instance, TF1 not only co-produced and transmitted the "Sidaction" clips but also gave advertising space to spread the word about numerous humanitarian associations campaigns: Médecins du Monde, the French Red Cross, the French anti-smoking committee and the Anti-cancer League. In 1999, TF1 devoted nearly FF 100 million, around 1% of its turnover, to charities or business worthy causes.

Participating in these activities makes TF1 a modern company, aware of its responsibilities towards its partners and the community.

**FONDATION
Hôpitaux de Paris
Hôpitaux de France**

Pièces jaunes 2000

du 3 au 29 janvier

www.piecesjaunes.com

Devenez Ligueur

LA LIGUE
CONTRE LE CANCER



TF1 share: market and yield

① DIVIDEND AND YIELD

Since privatisation in 1987, the number of shares has remained constant at 21,000,000 until October 29, 1999. At this date, TF1 has implemented a capital increase reserved to its employees. At this occasion, 118,316 shares have been issued bringing the total number of shares at 21,118,316.

Year	Dividende paid (FF)			Share price (FF)			Yield (base: closing price)
	Net	Tax Credit	Total	High	Low	Close	
1987	-	-	-	210	149	170	-
1988	3.0	1.5	4.5	411	165	410	1,1%
1989	5.0	2.5	7.5	448	278	300	2,5%
1990	7.0	3.5	10.5	358	220	290	3,6%
1991	8.0	4.0	12.0	383	260	300	4,0%
1992	10.0	5.0	15.0	542	300	367	4,1%
1993	12.5	6.25	18.75	583	361	491	3,8%
1994	15.0	7.5	22.5	572	437	484	4,6%
1995	16.0	8.0	24.0	549	410	525	4,6%
1996	16.0	8.0	24.0	639	475	496	4,8%
1997	16.0	8.0	24.0	615	486	615	3,9%
1998	22.0	11.0	33.0	1 124	619	995	3,3%
1999	30.17 ⁽¹⁾	15.09 ⁽²⁾	45.26	3 673	952	3 411	1,3%

Year	Dividende paid (€)			Share price (€)			Yield (base: closing price)
	Net	Tax Credit	Total	High	Low	Close	
1995	2.44	1.22	3.66	84	63	80	4,6%
1996	2.44	1.22	3.66	97	72	76	4,8%
1997	2.44	1.22	3.66	94	74	94	3,9%
1998	3.35	1.68	5.03	171	94	152	3,3%
1999	4.60 ⁽¹⁾	2.30 ⁽²⁾	6.90	560	145,1	520	1,3%

(1) Submitted for approval at the General Meeting. (2) Based on a 50% tax credit.

On June 7, 1999, TF1's stock has been transferred from the "Second Marche" to the "Règlement Mensuel". TF1's stock which has kept the same Sicovam reference, belongs to group A of the SBF 120 index.

On December 31, 1999, TF1's market capitalisation amounted to € 11 billion.

On February 4, 2000, The "Conseil Scientifique des Indices" has nominated TF1 as eligible to the CAC 40 in case of vacancy of a current member.

No application for quotation on another market is underway.

Dividends are at the disposal of shareholders from the date they are payable, either at TF1 for nominal securities, or at the financial institutions for bearer and registered securities.

Dividends not claimed within 5 years will be remitted to the French State.

② TAX STATUS

Under the present French Law, the tax status for shares applies to:

* Individual shareholders, French residents:

Dividends from French shares are taken into account as part of revenue from securities in order to determine the taxpayer's global income.

They will consequently be liable to income tax and will incur:

- ▶ CSG of 7.5%, up to 5.1% being deductible from taxable income,
- ▶ social levy of 2%, non deductible,
- ▶ CRDS of 0.5%, non deductible.

These dividends will also benefit from the same annual allowance as bonds' revenues: FF 16,000 for married couples and FF 8,000 for unmarried, widowed or divorced people.

* Legal entities liable to corporation tax and French residents:

Dividends paid are liable to common law conditions.

Shareholders are likely to benefit from the parent companies' status if they hold more than 10% of the share capital of the distributing company or if the value of their stake is higher than FF 150 million.

* Shareholders from foreign countries:

Dividends distributed by companies registered in France are liable to a 25% withholding tax if the recipient company is based in a country outside of France. The withholding tax may be reduced or eliminated in accordance with double tax agreements.

The company states that this is a simplified presentation of tax regulations prevailing on February 2000.

3 SHARE PRICE AND TRADING VOLUMES

TF1's share price and trading volumes for the last 3 years and the current financial year:

Year	Month	High ⁽¹⁾ €	Low ⁽¹⁾ €	Close €	Close (FF) ⁽²⁾	Nombre de titres échangés ⁽³⁾
1997	January	81.6	73.2	74.5	488.5	1,130,732
	February	85.8	74.4	80.5	528	1,125,166
	March	90.6	79.0	85.8	563	1,045,285
	April	91.0	82.6	85.8	563	790,825
	May	92.2	83.5	84.2	552	1,503,174
	June	87.5	76.2	80.0	525	1,206,799
	July	87.0	76.2	81.6	535	1,365,284
	August	82.8	74.2	75.5	495	402,283
	September	79.0	74.9	78.2	513	236,712
	October	83.8	74.2	81.9	537	613,215
	November	83.8	77.7	79.4	521	323,880
	December	94.2	79.3	93.8	615	704,922
1998	January	106.6	92.4	100.2	657	1,121,969
	February	104.0	97.7	100.6	660	680,794
	March	121.0	99.9	117.4	770	945,096
	April	128.8	113.7	128.8	845	493,323
	May	131.3	122.0	128.7	844	292,595
	June	153.4	128.4	142.8	937	1,367,824
	July	148.6	125.0	146.4	960	1,271,024
	August	150.2	131.3	133.2	874	303,092
	September	160.1	127.3	146.4	960	1,315,244
	October	147.9	111.3	139.9	918	1,312,851
	November	153.7	137.2	151.7	995	1,011,525
	December	176.1	141.3	151.7	995	609,217
1999	January	190.0	150.0	175.0	1,148	1,196,971
	February	176.5	145.1	163.0	1,069	818,606
	March	173.9	155.1	173.9	1,141	554,020
	April	199.0	165.1	185.0	1,214	593,949
	May	240.0	185.5	223.4	1,465	748,597
	June	228.3	207.1	226.0	1,482	978,557
	July	244.6	214.6	225.0	1,476	595,505
	August	251.0	220.0	236.0	1,548	756,533
	September	280.1	235.0	262.7	1,723	871,789
	October	300.5	254.1	298.0	1,955	1,095,809
	November	430.0	295.1	360.0	2,361	1,713,261
	December	560.0	350.0	520.0	3,411	1,106,317
2000	January	575.0	455.0	546.0	3,582	1,785,780
	February	675.0	537.0	675.0	4,428	1,140,548



4 TF1 SHARE PRICE/SBF 120 INDEX

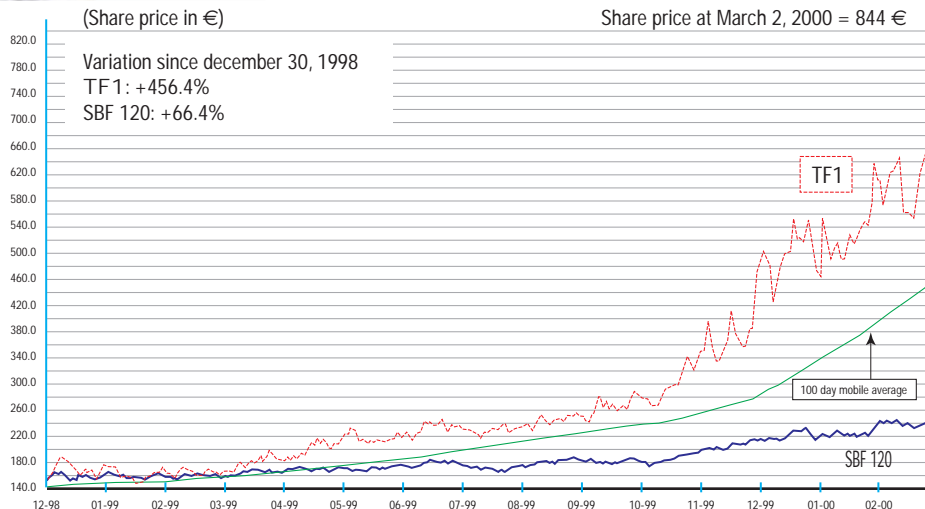
From December 30, 1998 to March 2, 2000.

Data: Paris Bourse SBF SA

(1) Highs and lows are those recorded during Bourse sessions.

(2) Monthly closing price in French Francs. January 1999 to February 2000, prices are recalculated on the basis of 1 € = FF 6,55957.

(3) Traded volumes represent transactions recorded both on and off the central CAC system.



Board of Directors, Auditors

Board of Directors (February 2000) and list of their major assignments

Patrick LE LAY

Chairman & Managing Director of TF1
Appointed 17 April, 1987

- Administrator of Colas SA
- Administrator of Bouygues SA
- Chairman & Managing Director of TF1 Publicité SA
- Chairman & Managing Director of SETS SA
- Chairman & Managing Director of Télévision par Satellite Gestion SA
- Managing partner of e-TF1 SCS

Michel DERBESSE

Managing Director of Bouygues
Appointed 19 January, 1994

- Administrator - Managing Director of Bouygues SA
- Administrator of Colas SA
- Administrator of SCDM SA
- Administrator of Bouygues Construction SA
- Administrator of Bouygues Immobilier SA
- Administrator of Bouygues Offshore SA
- Administrator - Chairman & Managing Director of Fiduciné
- Permanent Representative of Fiduciné for Ciby Distribution
- Permanent Representative of Bouygues for Société d'Aménagement Urbain et Rural SA
- Chairman of the Executive Board, Member of the Executive Board of Ciby 2000

Philippe MONTAGNER

Managing Director of Bouygues' Telecommunications Department
Appointed 23 January, 1995

- Administrator of ETDE SA
- Administrator of Société d'Aménagement Urbain et Rural SA
- Administrator - Chairman & Managing Director of Bouygues Telecom SA

Etienne MOUGEOTTE

Vice-Chairman of TF1
Appointed 12 January, 1991

- Administrator of TF1 Publicité SA
- Chairman & Managing Director of TF1 Films Production SA
- Administrator of Groupe Glem SA
- Administrator of Glem SA
- Administrator of TF1 Entreprises SA
- Administrator of Une Musique SA
- Administrator of Télé-Shopping SA
- Managing partner of La Chaîne Info - LCI SCS
- Administrator of Télévision par Satellite Gestion SA
- Administrator of Film par Film SA



Martin BOUYGUES

Chairman & Managing Director of Bouygues
Appointed 1 September, 1987

- Administrator - Chairman & Managing Director of Bouygues SA
- Administrator of Distribution d'Eau de la Côte d'Ivoire
- Administrator of Compagnie Ivoirienne d'Electricité SA
- Administrator - Chairman & Managing Director of SCDM SA
- Administrator of ACTIBY

Claude COHEN

Managing Director of TF1 Publicité
Co-opted 7 October, 1997

- Administrator of TF1 Publicité SA
- Managing partner of TF1 Publicité Production SARL
- Administrator of Groupe Glem SA

Albert FRERE

Chairman and Managing Director of Groupe Bruxelles-Lambert
Administrator of companies
Appointed on 8 April, 1997

- Member of the Supervisory Board of Suez-Lyonnaise des Eaux SA
- Administrator of LVMH SA
- Chairman of the Board of Directors and nominated representative of Groupe Bruxelles Lambert SA
- Chairman of the Board of Directors of Petrofina SA
- Chairman of the Board of Directors of Frère-Bourgeois SA
- Chairman of the Board of Directors of Electrafina SA
- Vice-President, Nominated Representative and Member of the Board of Directors of Pargesa Holding SA
- Administrator of CLT/ UFA SA
- Vice-Chairman of Totalfina SA

Olivier POUPART-LAFARGE

Bouygues' Managing and Finance Director
Appointed 17 April, 1987

- Administrator of Bouygues SA
- Administrator of Colas SA
- Administrator of Société d'Aménagement Urbain et Rural SA
- Permanent Representative of Bouygues for Bouygues Batiment SA
- Permanent Representative of Bouygues for Bouygues Travaux Publics SA
- Permanent Representative of Bouygues for Bouygues Offshore SA
- Administrator of SCDM SA
- Permanent Representative of Bouygues and Administrator of Bouygues Immobilier SA
- Administrator of EDF International SA
- Permanent Representative of Bouygues and Administrator of Bouygues Construction SA
- Administrator of Bouygues Telecom SA

Alain POUYAT

Bouygues' Managing Director of Information Systems and New Technology
Co-opted 18 March, 1998

- Administrator of Bouygues SA
- Administrator of ETDE SA
- Administrator of C2S SA
- Administrator of World Online France SA
- Administrator of Société Parisienne d'Etudes, d'Informatique et de Gestion
- Permanent Representative of Bouygues for Infomobile

SOCIÉTÉ GÉNÉRALE

Represented by Patrick Duverger, Managing Director of Société Générale since 19 November, 1997
Appointed 18 October, 1991

Major assignments of the Société Générale

- Member of the Supervisory Board of Siparex SA
- Administrator of Silic SA
- Member of the Supervisory Board of Accor SA

AUDITORS

Statutory auditors

- ▶ **SALUSTRO REYDEL**
8, avenue Delcassé, 75008 Paris
Date of first appointment:
General Meeting of 14 January, 1988

Expiry date of present appointment:
General Meeting approving the 2004 annual accounts

- ▶ **Jacques VILLARY**
Tour Framatome, 92084 Paris La Défense Cedex 16
Date of first appointment:
General Meeting of 12 June, 1995

Expiry date of present appointment:
General Meeting approving the 2000 annual accounts

Corporate Governance

The Board of Directors met on five occasions in 1999. It is composed of 12 members including one independent director and two directors representing the employees. There are no double voting rights: 1 share equals to one voting right.

50% of the directors fees is paid in respect of their directors assignments and the remaining 50% being paid subject to the attendance of the directors to the different Board Meetings.

A Remuneration Committee has been set up to make proposals concerning the annual remuneration and service arrangements of Mr Patrick LE LAY.

Alternate auditors

- ▶ **Jean-Louis MULLENBACH**
8, avenue Delcassé, 75008 Paris
Date of first appointment:
General Meeting of 14 January, 1988

Expiry date of present appointment:
General Meeting approving the 2004 annual accounts

- ▶ **Julien MARIN-PACHE**
Tour Framatome, 92084 Paris La Défense Cedex 16
Date of first appointment:
General Meeting of 12 June, 1995

Expiry date of present appointment:
General Meeting approving the 2000 annual accounts

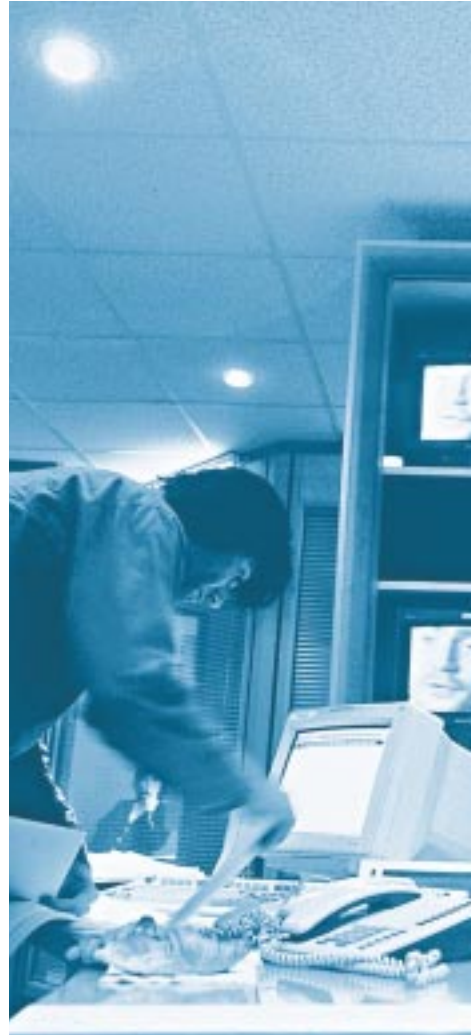
Jean-Pierre PERNAUT

- Elected 23 February, 1988 Employee Representative

Corinne CHEVRETON

- Since 30 June, 1997 Employee Representative

The majority of Directors were re-appointed for 2 years by the General Meeting of 7 May, 1999. Alain POUYAT was re-appointed by the General Meeting of 12 May, 1998. Jean-Pierre PERNAUT and Corinne CHEVRETON were re-elected as Employee Representatives in 1998.





Directors' report

Directors' report
to the
Combined
General
Meeting of
April 18, 2000.



To the Combined General Meeting of April 18, 2000

(Ordinary Part)

An Ordinary General Meeting has been convened, in accordance with the law and with the articles of association, in order to report on the management during the past year, to submit for your approval the financial statements for the financial year 1999 and to comment on the company's situation and its prospects for development.

The annual financial statements for 1999 are presented, as in previous years, both for the TF1 Group (consolidated accounts) and for the parent company, Télévision Française 1.



1 1999 BUSINESS REVIEW

1 /1 THE GROUP

In 1999, operating income for the TF1 Group amounted to FF 12,165 million, i.e. Euros 1,854.6 million: an increase of 11.6%.

The Group recorded a 10.2% growth in net advertising income at FF 8,864 million (Euros 1,351.3 million), benefiting mainly from the rise in home consumption and the steep rise in investments of new sectors of advertisers.

Operating income generated by diversification activities amounted to FF 3,301 million (Euros 503.3 million), up 15.5% under the impetus of the publishing / distribution divisions and theme channels.

TF1 also pursued its strategy for keeping programming costs and overheads down, with strict budgetary control.

The growth in turnover combined with cost control has enabled the Group to increase its operating margin with a consolidated operating profit of FF 1,980 million (Euros 301,8 million), an increase of 37.6%.

The consolidated financial profit was FF 57 million (Euros 8.8 million).

The consolidated exceptional profit was FF 28 million (Euros 4.3 million).

The share of losses of companies consolidated by the equity method is FF 249 million (Euros 37.9 million), as against FF 201 million (Euros 30.7 million) in 1998.

Finally, the net consolidated profit (Group share) is over a thousand million francs at FF 1,052 million (Euros 160.3 million), as against FF 716 million (Euros 109.1 million) in 1998, a growth of 46.9%.

On 31 December 1999, long term capital was FF 4,859 million (Euros 740.7 million) and the balance sheet total FF 11,363 million (Euros 1,732.2 million). The Company had available cash funds of FF 1,888 million (Euros 287.9 million).

1

- 1 DVD of "La Vie est Belle" distributed by TF1 Vidéo
- 2 "La Tramontane"

In 1999, the contributions of the companies of the Group to the consolidated total revenue and net profit were as follows:

CONTRIBUTION TO CONSOLIDATED TOTAL REVENUE ⁽¹⁾

	1999		1998		1997	
	in FF M	in € M	in FF M	in € M	in FF M	in € M
TF1 SA	9,036	1,377.3	8,169	1,245.1	7,831	1,193.8
Including Advertising	8,864	1,351.3	8,046	1,226.6	7,688	1,172.0
PUBLISHING / DISTRIBUTION	1,483	226.2	1,269	193.6	1,209	184.4
TF1 Entreprises ⁽²⁾	106	16.2	87	13.3	591	90.1
TF1 Vidéo ⁽²⁾	662	100.9	531	81.0	-	-
CIC	36	5.5	41	6.3	30	4.6
RCV	-	-	2	0.3	5	0.8
Télé-Shopping	491	74.9	413	63.0	389	59.3
Une Musique	184	28.1	187	28.5	194	29.6
Les Nouvelles Editions TF1	4	0.6	8	1.2	-	-
THEMATIC CHANNELS	919	140.1	772	117.7	624	95.2
Eurosport	578	88.1	508	77.4	434	66.2
ESO	382	58.2	296	45.1	259	39.5
TV Sport	80	12.2	69	10.5	59	9.0
Eurosale	116	17.7	143	21.8	116	17.7
LCI	291	44.4	235	35.8	184	28.1
Odyssee	40	6.1	24	3.7	6	0.9
EuroShopping	10	1.5	5	0.8	-	-
DIGITAL TV ⁽³⁾	-	-	-	-	-	-
PRODUCTION	439	67.0	431	65.7	380	57.9
TF1 Films Production	104	15.9	125	19.1	140	21.3
Banco / Protécra	12	1.8	30	4.6	39	5.9
Film par Film	116	17.7	79	12.0	-	-
Groupe Glem	88	13.4	98	14.9	120	18.3
TF1 Publicité Production	49	7.5	44	6.7	40	6.1
Studios 107	70	10.7	55	8.4	41	6.3
AUDIOVISUAL RIGHTS	218	33.3	251	38.3	260	39.6
TF1 International	150	22.9	207	31.6	206	31.4
TCM	-	-	-	-	-	-
Groupe Ariane	41	6.3	40	6.1	54	8.2
Ciby DA	16	2.4	4	0.6	-	-
Films du Jour	11	1.7	-	-	-	-
OTHERS	70	10.7	12	1.8	6	0.9
TF1 Publicité (various)	70	10.7	12	1.8	6	0.9
Syalis, TF1 Ed., Parmentier	-	-	-	-	-	-
TOTAL	12,165	1,854.6	10,904	1,662.2	10,310	1,571.8

(1) The consolidated turnover shown in this table refers to operating income as a whole (accounts 70 to 75) and takes into account intra-group eliminations.

(2) TF1 Vidéo, formerly a department of TF1 Entreprises, became a subsidiary of TF1 Entreprises in 1998.

(3) The TPS Group is consolidated by the equity method.

CONTRIBUTIONS TO THE NET CONSOLIDATED PROFIT ⁽¹⁾

	1999		1998		1997	
	in FF M	in € M	in FF M	in € M	in FF M	in € M
TF1 SA	1,113	169.7	754	114.7	606	92.0
PUBLISHING, DISTRIBUTION	123	18.9	79	12.2	68	10.5
TF1 Entreprises ⁽²⁾	22	3.4	24	3.7	38	5.8
TF1 Vidéo ⁽²⁾	49	7.5	17	2.6	-	-
CIC	1	0.2	1	0.2	1	0.2
RCV	1	0.2	-	-	1	0.2
Télé-Shopping	33	5.0	26	4.0	17	2.6
Une Musique	17	2.6	11	1.7	11	1.7
Les Nouvelles Editions TF1	-	-	-	-	-	-
THEMATIC CHANNELS	6	0.8	(12)	(1.8)	(60)	(9.1)
Eurosport	22	3.3	25	3.8	28	4.3
ESO	33	5.0	25	3.8	22	3.4
TV Sport	4	0.6	6	0.9	15	2.3
Eurosales	(3)	(0.5)	6	0.9	(1)	(0.2)
TF1 Europe	(12)	(1.8)	(12)	(1.8)	(8)	(1.2)
LCI ⁽³⁾	0	0	(16)	(2.4)	(65)	(9.9)
Odyssee ⁽³⁾	(5)	(0.8)	(9)	(1.4)	(23)	(3.5)
EuroShopping	(11)	(1.7)	(12)	(1.8)	-	-
DIGITAL TV	(147)	(22.4)	(122)	(18.6)	(140)	(21.4)
Groupe TPS	(238)	(36.3)	(207)	(31.6)	(236)	(36.0)
TF1 Développement	91	13.9	85	13.0	96	14.6
PRODUCTION	10	1.5	11	1.7	6	1.0
TF1 Films Production	5	0.8	8	1.2	-	-
Banco / Protécra	(2)	(0.3)	(10)	(1.5)	(29)	(4.4)
Film par Film	-	-	-	-	-	-
Groupe Glem	8	1.2	10	1.5	21	3.2
TF1 Publicité Production	(1)	(0.2)	1	0.2	1	0.2
Studios 107	-	-	2	0.3	13	2.0
AUDIOVISUAL RIGHTS	(52)	(7.9)	(8)	(1.2)	-	-
TF1 International	(13)	(2.0)	11	1.7	21	3.2
TCM	(10)	(1.5)	6	0.9	(18)	(2.7)
Groupe Ariane	(11)	(1.7)	(9)	(1.4)	(3)	(0.5)
Ciby DA	(16)	(2.4)	(16)	(2.4)	-	-
Films du Jour	(2)	(0.3)	-	-	-	-
OTHERS	(1)	(0.3)	14	2.1	2	0.4
TF1 Publicité (divers)	5	0.8	10	1.5	1	0.2
Syalis, TF1 Ed., Parmentier	(6)	(1.1)	4	0.6	1	0.2
TOTAL	1,052	160.3	716	109.1	482	73.4

(1) The difference with corporate results is due essentially to the restatement, in the consolidated financial statements, of exceptional depreciation, provisions and deferred taxes.

(2) TF1 Vidéo, formerly a department of TF1 Entreprises, became a subsidiary of TF1 Entreprises in 1998.

(3) As LCI and Odyssee are "sociétés en commandite simple" integrated for tax purposes, the respective tax saving (FF 7 million and FF 27 million in 1998 and 1997 respectively for LCI, and FF 2 million, FF 4 million and FF 9 million in 1999, 1998 and 1997 for Odyssee) appears in the contribution of TF1 SA.

● THE TF1 CHANNEL

In 1999, daily television viewing time per person increased by 2 minutes to 189 minutes, the highest level since 1991.

This trend is even more marked for women under 50 whose consumption increased by 6 minutes to 189 minutes, its highest level since 1989, when Médiamat was introduced.

In this favourable context and notwithstanding emerging competition by theme choices or segmentation by age, TF1 has consolidated its status as a living channel and a major innovative medium. This success is due to a clear editorial policy over several years:

- ▶ to provide general, family programmes with a wide range of identifying products,
- ▶ to offer exclusive, original programmes,
- ▶ to leave room for events and live broadcasting.

In 1999, TF1 consolidated its position as a leading general audience channel in France with an audience share of 35.1% of individuals aged 4 years and over and 37.4% of women under 50, a figure which has been stable for the last 3 years.

Moreover, TF1 scored 95 of the 100 best audience ratings of the year on individuals over 4 years. Some of the major audience successes of the year were:

- ▶ The Rugby World Cup of which the final, between France and Australia, attracted 14.2 million afternoon viewers, the best audience of the year.
- ▶ Free-to-air blockbusters, with 20 feature films among the winners of the best audiences of the year. With 11.5 million viewers, *"Pretty Woman"* obtained the best audience, ahead of *"Le Fugitif"* and three French films (*"Les Visiteurs"*, *"Didier"*, *"Inspecteur Labavure"*).

- ▶ TV dramas, one of the channel's reliable investments, with 45 TV dramas among the 100 best audiences. TF1 was thus able to demonstrate the richness, diversity and vitality of its French TV drama production: the channel's principal heroes, *"Julie Lescaut"*, *"Navarro"*, *"Une femme d'honneur"* or *"Les Cordier"* are popular slots and TF1 has also managed to establish its TV shows on Monday nights with TV dramas and series. Finally, the channel revived the tradition of summer TV dramas by broadcasting five episodes of *"La Tramontane"*, which attracted large audiences.

An innovator in the area of TV dramas for the last 10 years, TF1 continued its policy of investment in the co-production of prestigious works and is preparing new projects such as *"Les Misérables"* or *"Les 3 Mousquetaires"*.

- ▶ The news bulletins compiled by TF1 reinforce their leading position and attracted an average of 6.8 million viewers a day (53% of persons aged 4 years and over) for the midday edition and 8.3 million viewers (41% of persons aged 4 years and over) for the main evening edition.
- ▶ Entertainment and talkshows, the quality and richness of which enabled TF1 to alternate regular shows, such as *"Les Années Tubes"*, *"Les enfants de la télé"*, *"Combien ça coûte"* or *"Plein les yeux"* and live events such as the Miss France contest, the *"Fête de la musique"*, the *"cérémonie des 7 d'or"*, or Céline Dion's concert at the Stade de France.

Finally, on 1 January 2000 TF1 introduced a new design for the interstitial air, which should enable the channel to express its vitality and modernity. More than ever, by applying a clear "general public" strategy, based on events, original, exclusive and live broadcasting, while observing strict cost control, TF1 is asserting itself as the great general interest channel of the future.

● ADVERTISING

Stimulated by the dynamism of the economy (2.8% growth in GDP, source: INSEE) and of household consumption (4.2% growth in consumption in manufactured products, source: INSEE), the pluri-media advertising market recorded its highest growth rate since 1990 with a gross increase of 11.6% during 1999.

Gross advertising investments on French television were up 8.9%. Television in particular benefited from both the rise in television viewing time and the arrival of new advertising sectors such as telecommunications, driven by fixed and mobile telephony, and the Internet.

In this vibrant environment, TF1's net advertising revenue was up 10.2% at FF 8,864 million (Euros 1,351.3 million). The growth was well balanced and comes from both the traditional sectors (Food, Automotive) where investments were stimulated by heavy household consumption and from the new sectors (Telecommunications) which are proving to be sources of growth.

The complementary offer of TF1 Publicité (LCI, Odyssée, Télétoon, Shopping Avenue, Météo Express and the interactive campaigns on TPS and the site www.tf1.fr) showed sustained growth in 1999. Moreover, TF1 Publicité has extended its commercial offer still further by becoming advertising sales house of the TPS Cartoon Network Channel and Programming Guide.

1999 was also a year of rapid growth in advertising income from the Internet. Nearly 70 clients advertised on the site www.tf1.fr and turnover increased ten-fold.

Diversification activities

In 1999, operating income generated by the TF1 Group's diversification activities was up 15.5% at FF 3,301 million (Euros 503.3 million), driven by publishing and distribution activities and theme channels.

There were no interruptions in activities likely to have any significant effect, in the recent past, on TF1's financial situation or results.

N.B. : The activities of TF1's subsidiaries are analysed below on the basis of company turnover (class 70 accounts only) shown in the table "Subsidiaries and Financial investment" of the notes on the company accounts, not on the basis of their contribution to consolidated turnover.

- 1 "Célébrités"
- 2 Champions' league
- 3 "Les Misérables"
- 4 "Le Bigdil"
- 5 Odyssée



6

● PUBLISHING / DISTRIBUTION

TF1 ENTREPRISES

The turnover of TF1 Entreprises amounted to FF 126 million (Euros 19.2 million), an increase of 4%.

- ▶ The Phone based services department decreased by 6%, as in 1999 it was unable to generate the same traffic as in the previous year, which benefited from the services associated with the Football World Cup.
- ▶ The merchandising department grew strongly by 59%, driven mainly by Special Operations activities (including Jojos, 3-D glasses and Halloween make-up kits).

TF1 VIDÉO (including CIC and RCV)

TF1 Vidéo had a record year in 1999, reaching 10 million cassettes sold for the first time in its history, an increase in volume of 21%. In particular, the company benefited from the success of the films "Taxi" (nearly 1.1 million cassettes / DVD sold) and "La Vie est belle" (nearly 410,000 cassettes / DVD sold) and from the take-off of the DVD market in France (400,000 units sold with 44 titles in catalogue).

TF1 Vidéo recorded a turnover of FF 705 million (Euros 107.5 million), a growth of 25%.

UNE MUSIQUE

Une Musique had a turnover of FF 180 million (Euros 27.4 million), down 4%, with 5.4 million units sold (CD and music cassettes). 63 new references (albums) were launched, including 9 new exclusives.

Record activities associated with in-house production by Une Musique were very successful thanks to the groups "Emile & Images" (676,000 albums and 182,000 singles sold) and "Wazoo" (100,000 albums and 336,000 singles sold).

These successes helped increase the company's profitability, showing a net profit of FF 17.6 million (Euros 2.7 million), a 57% increase.

TÉLÉ-SHOPPING

In an environment characterised by poor growth in the mail order market (+0.6% in 1999), Télé-Shopping had a 21% increase in turnover at FF 503 million (Euros 76.7 million), due mainly to a significant increase in air time given to home shopping (up 75 minutes per week) with the creation of new Saturday morning shows. Keeping down logistical costs also helped improve profitability, resulting in a net profit of FF 21 million (Euros 3.3 million), an increase of 62%.

This increase in profitability enabled it to self-finance new businesses such as the home shopping channel, Shopping Avenue, Internet sales on the site www.teleshopping.fr and interactive orders taken on the TPS channels.

LES NOUVELLES ÉDITIONS TF1

Les Nouvelles Editions TF1 is a partnership between TF1 Entreprises (51%) and Editions XO (49%). The shares formerly held by Editions Robert Laffont were purchased in July 1999 by the new publishing house founded by Bernard Fixot, XO.

With 7 titles published, 1999 generated a turnover of FF 2.7 million (Euros 0.4 million) and a net profit of FF 0.2 million (Euros 0.03 million).

● THE THEME CHANNELS

EUROSPORT

On 31 December 1999, Eurosport was received by 87 million European homes in 47 countries, more than 1 European household out of 3 (representing a potential audience pool of 240 million people). The channel, broadcast in 17 different languages, addresses 93% of households in their language and has an average daily audience of over 18 million viewers.

Turnover for the 1999 financial year was FF 1,236 million (Euros 188.4 million), a growth of 18%, thanks to a sharp increase in cable and satellite fees, resulting from the channel's large distribution. Eurosport is distributed through 13 digital platforms in Europe.

Net profit was FF 108.2 million (Euros 16.5 million), a slight fall of 4%.

1999 saw the rapid spread of Eurosport's Internet activities, with the launch of its pan-European sports portal www.eurosport.com in English (over 10 million pages viewed and 1.2 million visitors in December 99), followed in September by the site www.eurosport.de aimed at German web surfers.



THE NEWS CHANNEL - LCI

At the end of 1999, LCI had nearly 3.2 million household subscribers, an 18% increase in one year. The channel benefits directly from its dual exposure on the two French satellite platforms and increases its income from cable and satellite fees by 19%.

Income from advertising has increased sharply (+43%), thanks to the widespread distribution of the channel and to its good audience figures (LCI was the 3rd most watched theme channel in France according to the AudiCabSat survey carried out by Médiamétrie in December 1998).

Turnover was FF 300 million (Euros 45.6 million), up by 22%.

As expected, the channel broke even in 1999 with a net profit of FF 0.4 million (Euros 0.1 million).

FILM PAR FILM

Film par Film had a turnover of FF 100.1 million (Euros 15.3 million), with the sale of broadcasting rights for the films “Monsieur Naphtali”, “Chili con carne” and “Le plus beau métier du monde”.

GLEM

In 1999, consolidated turnover for the Glem Group was FF 244 million (Euros 37.2 million).

In particular, the company produced several successful shows for TF1 such as, “Les années tubes”, “Sans aucun doute”, “Succès”, as well as numerous special programmes including the “Miss France 2000” contest (best entertainment audience of 1999), “Starmania”, “C’est la même chanson”, “Spéciale Muriel Robin”, “Viva Latino”, “Intervilles Paris-Pékin” and the “7 d’Or Ceremony”.

Glem also developed new programmes such as “Les Coups d’Humour” which became permanent weekly shows or pilot programmes such as “Attention les enfants regardent”.

PROTÉCRÉA

Operating income was FF 75 million (Euros 11.4 million), a fall of 47% following the cessation of TV dramas production activities.

STUDIOS 107

Studios 107 reached an operating income of FF 132 million (Euros 20.1 million), an increase of 25%. The company developed its technical services activities with new programmes and delivered 5 “Ushuaia Nature” programmes.

TF1 PUBLICITÉ PRODUCTION (TPP)

TPP’s turnover was up 4% at FF 84 million (Euros 12.9 million). Activities for the year focused on sponsoring operations for advertisers and on the production of advertisements, credits and institutional films. At the end of the year TF1 Publicité Production also produced the new trailers and self-promotional spots for the channel.

Finally, TPP created and operates several websites. Having won numerous prizes, these multimedia activities are an important area of development.

ODYSSÉE

At the end of 1999, Odyssée had a total of 1.3 million subscribers, an increase of 30%.

The channel continued to enrich its editorial offer with the launch of talkshows, as well as the development of co-productions in order to offer viewers new documentaries. Odyssée also launched its website, www.odyssee.com, designed to complement the TV programmes.

Turnover was up 54 % to FF 37.5 million (Euros 5.7 million). The net loss was FF - 5.5 million (Euros - 0.8 million), a 40% improvement. Odyssée should break-even in 2000.

● PRODUCTION

In 1999, the TF1 Group invested FF 1,755 million (Euros 267.5 million) in French production in the form of works of Original French Expression and feature films.

TF1 FILMS PRODUCTION

In 1999, TF1 Films Production co-produced and purchased first broadcasting rights for 17 feature films, making a total investment of FF 217.2 million (Euros 33.1 million). The company co-produced 4 of the 9 French films has over a million entries in 1999 (“Astérix et Obélix”, “The 9th Gate”, “Belle Maman” and “La Bûche”), and reached a market share of national productions of around 40% (source: *Le Film Français*). The company turnover of FF 254 million (Euros 38.7 million) represented an increase of 23%.

● THE ACQUISITION AND TRADING OF AUDIOVISUAL RIGHTS

The Audiovisual Rights division is composed of TF1 International and its subsidiaries and sub-subsidiaries: Les Films Ariane, Cogelda, Parmentier, Les Films du Jour and Ciby DA. The consolidated turnover of the branch in 1999 was FF 253 million (Euros 38.6 million).

At the end of 1999, TF1 International and its subsidiaries held a catalogue of over 9,000 hours of programmes including, in particular, 510 feature films.

TF1 INTERNATIONAL

Turnover was FF 191 million (Euros 29.1 million), 20% down, owing to the deferral of certain movie deliveries to the 2000 financial year. TF1 International acquired rights for FF million 184, of which nearly 90% related to feature films. In 1999, the company increased its share capital by a total of FF 150 million (Euros 22.9 million).

LES FILMS ARIANE

Turnover for 1999 was FF 43 million (Euros 6.5 million).

In 1999, Les Films Ariane acquired 100% of the share capital of the cinema production company Les Films du Jour.

CIBY DA

In 1999, CIBY DA, a wholly-owned subsidiary of TF1 International, increased its turnover 3-fold to FF 32 million (Euros 4.8 million), mainly by selling several feature films.

● DIGITAL TV

TÉLÉVISION PAR SATELLITE – TPS

At the end of December 1999, Télévision par Satellite (TPS) totaled 815,000 DTH subscribers. Over the whole year, TPS obtained an average market share of around 45% of new subscribers. The TPS Cinéma offer also attracted 110,000 subscribers on the cable networks. About 90% of subscribers take out the full package “Tout TPS” and “Super TPS” and churn is 10%. In 1999, the TPS offer was considerably enhanced :

- A new channel dedicated to movies, named CinéFAZ, completed the movie offer which now consists of 4 exclusive channels.

- 1 Eurosport
- 2 “Sous le Soleil”
- 3 Luc Evrard - LCI
- 4 TPS’s football programmes

2



4



1 Marc Elliot

- ▶ Moreover, since July 1999, TPS has offered its subscribers the French Premiere League with one match broadcast on an exclusive channel specially created for the purpose, Superfoot, and pay per view access to 6 other matches.
- ▶ Capitalising on expertise developed over the last 3 years, TPS extended its interactive services to include, in particular, a new version of its electronic programme guide and the development of remote banking activities with the arrival of the “Caisse d’Epargne” on the financial channel.

TPS’s turnover was FF 1,856 million (Euros 282.9 million), a growth of 63%.

● MULTIMEDIA ACTIVITIES

TF1 INTERACTIF (e-TF1 since 1 January 2000)

Two years ago, to prepare itself for the Internet explosion, TF1 launched a multimedia content production editorial structure, TF1 Interactif, as a department of TF1 Entreprises.

On 10 May 1999, TF1 Interactif launched the general portal www.tf1.fr, enriched and structured around functionality of content, context (browser), communication (e-mail), community (forums, chats) and e-commerce (shopping malls).

On 3 December 1999, as part of a strategy to launch theme sites in editorial domains over which the TF1 Group has market position, know-how and content, TF1 Interactif launched “Les News”.

As a result of this strategy and the favourable growth of that market, the audience of www.tf1.fr increased from 3 million to 12 million pages viewed between January and December 1999. The number of visits per month rose from 0.9 million to 2 million during the same period.

At the end of 1999, the TF1 Interactif teams were composed of 43 people.

In January 2000, the activities of TF1 Interactif transferred to a new subsidiary, wholly owned by TF1.

1 /2 THE PARENT COMPANY TF1

With a view to improving financial information and giving an economic representation comparable to that of the consolidated financial statements, in-house broadcasting rights and production have been accounted for as inventory since 1st January 1999. As regards intangible assets, the co-production items now consist only of co-producers’ shares in the programmes acquired by the channel. The 1998 and 1997 financial statements have been restated.

In 1999, TF1 generated a turnover of FF 8,436 million (Euros 1,286.0 million), an increase of 10.7%, made up of advertising management operations for FF 8,273 million (Euros 1,261.2 million) and diversified revenue of FF 163 million (Euros 24.8 million).

Programming costs were FF 4,749 million (Euros 724.0 million), as compared with FF 4,688 million (Euros 714.7 million) in 1998, a growth of 1.3%, in line with the objectives set.

Net profit for the year was FF 1,173 million (Euros 178.7 million), as against FF 920 million (Euros 140.3 million) in 1998, an increase of 27.5%.

1 /3 RESEARCH AND DEVELOPMENT COSTS

Research and development costs incurred during 1999 are not significant.

1 /4 THE SWITCH TO THE YEAR 2000

TF1’s technical and computer systems changed over to the year 2000 without incident, as the Group had been preparing for it since 1997. Total investments and expenditure (equipment, software, studies, etc.) relative to this operation amounted to FF 15 million (Euros 2.3 million), numerous applications having recently been developed and the computer equipment renewed on a regular basis.

1 /5 THE SWITCH TO THE EURO

For three years, TF1 has been organising itself to ensure that the changeover to the single currency of all the Group’s budgetary, accounting and financial data systems takes place in the best possible conditions. At the beginning of 2000, the Group switched all its accounting, budgetary and financial systems to the Euro. Since 1 January 2000, its accounts have been held in Euros. Total investments and expenses relating to that operation are FF 10 million (Euros 1.5 million).

1 /6 INTEREST RATE AND EXCHANGE COVER

In June 1994, TF1 took out a lease on the building which it has occupied in Boulogne since 1992. This 15-year lease is for a sum of FF 1,080 million (Euros 164.6 million), not including financing costs. To protect itself against variations in interest rates on the rent for this lease, TF1 carries out interest rate hedging operations (CAP, FRA, SWAP).

The Group also uses exchange hedging instruments (currency futures) to cover foreign exchange fluctuations, mainly in relation to the purchase of audiovisual rights in foreign currency. Details of these hedging operations are given in the notes to the consolidated accounts.

1 /7 FINANCING

In the first half of 1999, the Group arranged a syndicated credit of FF 2.5 billion (Euros 381.1 million) for a term of 7 years, signed on 28 May with a pool of 16 banks, 8 French and 8 European. On 31 December 1999, the financing capacity of the TF1 Group is over FF 3.5 billion (Euros 533.6 million), a level equivalent to its shareholder equity, which amounts to FF 3.6 billion (Euros 548,8 million).

1 /8 EXCEPTIONAL EVENTS OR LITIGATION

Litigation currently known to the company and the Group has been fully provided for. As far as the company and the Group are aware, no other exceptional event or dispute exists today which might have a significant effect on the activities, results, financial situation or the assets of the company or of the Group.

2 PROSPECTS FOR 2000

During the 2000 financial year, the TF1 Group will pursue its strategy for growth, built around the following four themes :

1. Strengthening TF1, the general interest channel.
2. Extending the theme channel offer.
3. Step up the production of content.
4. Develop the offer on the Internet.

This involves continuous development to create value in an activity at the heart of rapid technological developments which are transforming basic skills and earlier economic plans.

● Strengthening TF1, the general interest channel

Despite a successful development into new activities with real potential for growth, the core channel still accounts for more than 70% of the Group's resources. Our ambition is to strengthen this skill which we believe still has a great future and which offers excellent prospects for profitability and growth in the next few years, given the favourable economic climate. This will require:

- ▶ Quality, event-based popular programming that will attract large audiences while at the same time keeping costs down.
- ▶ Broadening advertising offer and maximising sales so as to better respond to the demands of the big advertisers and those of the new, rapidly growing sectors. As in previous years, the funds generated will enable us to finance the Group's development and reward shareholders.



General Management estimates that the net advertising revenue should grow by at least 12% in the first half of 2000. At the same time, owing to strict budgetary control, TF1 will continue to hold down its operating and programming costs. Programming costs should only increase by around 1.8% in 2000.

● Extending the theme channel offer

Since 1991, with the acquisition of Eurosport, the TF1 Group has extended its offer of programmes. Today, it owns 10 theme channels either directly or indirectly. As from the year 2000, TF1 will be adding to this group of channels.

This bears witness to TF1's desire to remain the leader in its basic skill, television, by meeting the needs of viewers and advertisers alike, and by making the most of the new opportunities offered by digital television.

● Step up the production of content

Maintaining high-quality content remains a priority of the TF1 Group and is based on an active policy of production or co-production which will result in the distribution in 2000 of 3 full-length films:

- ▶ *"Under Suspicion"* (an adaptation of *"Garde à vue"*), a Stephen Hopkins film, with Gene Hackman, Morgan Freeman and Monica Bellucci,
 - ▶ *"Golden Bowl"* (a James Ivory film), with Uma Thurman, Angelica Houston and Nick Nolte,
 - ▶ *"Vercingétorix"* (a J. Dorfmann film), with Christophe Lambert, K.M Brandauer, and Max Von Sydow.
- This certifies to the dynamism and commitment of TF1 to the production and screening of strong products, particularly with its subsidiary TF1 International, which holds one of the biggest catalogues of films and audiovisual rights in France.

In 2000, this work will be continued and extended to other areas, such as Variety and Entertainment with Glem, which already produces and co-produces popular shows and variety programmes.

● Develop the offer on the Internet

A niche player on this market since 1995, TF1 decided in 1998 to make it a real strategic line of development and a growth opportunity for the Group. In 1999, our Internet offer increased rapidly. In order to accelerate its development even more and to benefit from all the synergies of the Group, these activities have been grouped together since 1 January, 2000, within the subsidiary **e-TF1**. This company is developing a strategy around three main lines:

- ▶ **The expansion of existing offer** by creating new sites with a wide audience (information, children, sports, women, stock exchange, etc) to make it a real reference portal for the general public. In 2000, The TF1 Group will invest around FF 150 million in its subsidiary **e-TF1**.
- ▶ Involvement in **the broadband Internet** which, in years to come, will enable widespread distribution of our images and contents in all their forms, one of our Group's strong points.
- ▶ The roll-out, in partnership with others, of a **general public Internet offer on mobile telephone**, consisting of contents and services specially designed for people on the move.

It is a focused, serious, long-term commitment, creating value which brings together the TF1 Group's strong points. This strategy is reinforced by a dynamic policy of partnership, either through the acquisition of minority holdings (World OnLine France, Magéos), or alliances, such as the association with Carlton, one of the main ITV licence operators (the third UK network), within "@lliance". This agreement is ready to be extended to other European television broadcasters, and foreshadows what could be the establishment of a pan-European Internet network.

In conclusion, this strategy relies on :

- ▶ the prospects of sustained growth in the medium term of the French and European economies,
- ▶ a fast-growing advertising market,
- ▶ the opening up of the European market and the introduction of the Euro. All these factors which give the TF1 Group the means for its development and excellent economic and financial prospects in 3 to 4 years time.

③ HUMAN RESSOURCES

③ /1 EMPLOYEES

The permanent staff of the TF1 Group on 31 December 1999 totalled 2,249, split as follows: 1,271 people at TF1, 206 at TF1 Publicité, 169 for Publishing-Distribution, 148 at LCI, 271 at Eurosport, 14 at Odyssee and 170 in the Production and Audiovisual Rights subsidiaries. The overall breakdown is 1,142 executives, 328 journalists, 697 supervisors and 82 other workers.

	31.12.99	31.12.98	31.12.97
TF1	1,271	1,209	1,220
Subsidiaries	978	968	889
Total	2,249	2,177	2,109

③ /2 REMUNERATION POLICY, EMPLOYEE PROFIT SHARING AND EMPLOYEE SAVINGS PLAN

In 1999, employee profit sharing amounted to FF 77 million (Euros 11.8 million), as against FF 40 (Euros 6.1 million) in 1998.

On 31 December 1999, 1,908 employees had joined the Savings Plan, i.e. 84% of the Group's permanent employees, as against 1,756 employees (80%) on 31 December 1998.

During the 1999 financial year, TF1 and its subsidiaries contributed FF 31.3 million (Euros 4.8 million), as against FF 27.8 million (Euros 4.2 million) in 1998.

Moreover, TF1 had an increase of capital specifically for employees as part of a new company Savings Plan called TF1 Avenir. 1,628 employees, i.e. 75.3% participated for a total amount of FF 116 million (Euros 17.7 million).

The personal contribution of each employee benefited from leverage in the form of a guaranteed bank loan, for an amount equal to nine times the personal contribution.

On the basis of a subscription price of Euros 149.28 (FF 979.21), set by the Board of Directors at a meeting on 7 May 1999 on the basis of the stock market prices of the 20 trading sessions prior to that meeting, with the maximum discount of 20% authorised by law, TF1 Avenir subscribed to 118,316 new shares, with dividend rights from 1 January 1999.

③ /3 PROFESSIONAL TRAINING AND LINKS WITH COLLEGES

The Group gave over 52,000 hours of training, being nearly 3,000 training courses distributed among the different structures. In 1999, professional training expenses accounted for nearly 4 % of total personal costs.

The TF1 Group welcomed 584 trainees, 317 of them as part of its policy of partnership with schools and universities.





① Ushuaia

③ /4 OBJECTIVES

Several consultation meetings between management and employees took place during 1999 to evaluate the organisation of working time in the various entities of TF1 SA.

During the second half of 1999, four negotiation meetings were held relating the 35 hour agreement concerning permanent technical and administrative staff. Meetings are planned in 2000 for agreements concerning journalists and film directors.

④ SUBSIDIARIES AND FINANCIAL INVESTMENTS

④ /1 FORMATION

● e-TF1

The incorporation on 15 November 1999, of the “société en commandite simple” known as e-TF1, with a capital of Euros 1,000,000 (FF 6,559,570), divided into 1,000 shares held by :

General partner :		
TÉLÉVISION FRANÇAISE 1	999 shares	
Limited partner :		
TF1 ENTREPRISES	1 share	

Its objects are the research, design, use and broadcasting of all multimedia, audiovisual and computer products and services via the Internet, on-line networks and services and e-commerce and on-line marketing.

④ /2 ACQUISITION

● Swonke Holding BV (finance company)

On 13 January 1999, TF1 acquired the whole of the share capital of the Dutch company Swonke Holding BV for a total of Euros 899,450 (FF 5,900,000).

● Tricom

On 1 July 1999, TF1 bought the interests of Société Financière Internationale d'Investissement and Beta Film within Tricom (33 1/3 % each), with a net book value of Euros 143,335 (FF 940,218) for each.

④ /3 SUBSCRIPTION

● World OnLine France – WOLF (Internet access provider)

On 10 December 1999, TF1 subscribed to the increase of capital of WOLF for a sum of Euros 1,486,454 (FF 9,750,500). Its share amounts to 13% of the capital (on 22 November 1999, TF1 had sold 3000 shares to Bouygues Télécom, i.e. 2% of its holding in WOLF, for a total of Euros 45,735 (FF 300,000).

● Mageos (Internet access provider)

On 30 December 1999, TF1 subscribed as general partner for 213,750 shares with a nominal value of FF 100 each, 50% paid up. TF1 paid Euros 1,661,885 (FF 10,901,250). Its holding amounts to 21%.

④ /4 SALE

● C.I.R.P. (Compagnie Immobilière de la Région Parisienne)

On 4 January 1999, TF1 sold to SCIC SA all of its shares (396) in C.I.R.P. (Compagnie Immobilière de la Région Parisienne), at net book value, i.e. a sale price of Euros 6,037 (FF 39,600).

● Technisonor

On 30 April 1999, TF1 sold to MONTE CARLO RADIO DIFFUSION all of its shares (5,632) in TECHNISONOR, for a transfer price of Euros 34,344 (FF 225,280).

④ /5 EVENTS SINCE THE END OF THE YEAR

● Increase of TF1's capital as part of its conversion into Euros

The meeting of the Board of Directors of 20 September 1999 decided to increase the share capital by increasing the nominal value of the shares by FF 65,870,984.17 (to FF 277,054,144.17) incorporating the items “Revaluation difference” for FF 30,704,644.76 and “Other reserves” amounting to FF 35,166,339.41.

④ /6 SHARE PURCHASE OR SUBSCRIPTION OPTION PLANS

The Extraordinary General Meeting of 12 June 1995 authorised the Board of Directors to grant options for the subscription or purchase of shares of the company in favour of staff and directors of TF1 and of companies associated with it under the conditions of Article 208.4 of the law of 24 July 1966.

The Board then converted the capital into Euros which is now Euros 42,236,632 divided into 21,118,316 shares with a nominal value of 2 Euros each.

Similarly, as part of the Group's accounting policy and the establishment of the accounts in Euros, with effect from 1st January 2000, the share capital of each subsidiary was converted into Euros.

● Groupe Glem (Finance company)

On 3 January 2000, TF1 acquired 13% of the capital of Groupe Glem for a price of Euros 1.8 million (FF 12 million) and now holds 73% of the capital.

5 CAPITAL

5 /1 SECURITIES

The TF1 share ended the 1999 stock market year at Euros 520 with an annual increase of 243 %, the highest since the stock was placed on the stock market in 1987. This performance is comparable to a 53% increase in the SBF 120 index.

On 27 December 1999, the price of the TF1 share reached its highest that year at Euros 560 (FF 3,673.4).

The security's liquidity increased with an average daily exchange of over 41,000 securities. The TF1 share offered a pre-tax yield of 29,3% per annum (including tax credit) as compared to its initial price of FF 165 (25.1 Euros), on 24 July 1987.

Since 7 June 1999, the TF1 share has been quoted on the Monthly Settlement Market.

5 /2 PURCHASE ON THE STOCK EXCHANGE

Within the context of the share purchase programme authorised by the General Meeting of 7 May 1999 and in accordance with the objectives set by the company, TF1 purchased 107,127 shares in the 1999 financial year, consisting of the following :

- ▶ 7,742 shares for the grant of purchase options agreed in favour of staff and management of the Group,
- ▶ 99,385 shares to offset the dilution effect resulting from the increase of capital for employees subscribing to the Business Savings Plan.

5 /3 AMOUNT/CATEGORY OF SECURITIES

Following the increase of capital reserved for employees which gave rise to the creation of 118,316 new shares in October 1999, the capital of Télévision Française 1 rose to FF 211,183,160, fully paid up, divided into 21,118,316 shares with a nominal value of 10 F each.

Since its conversion into Euros on 1 January 2000, the capital made up of 21,118,316 shares amounts to Euros 42,236,632. There are no non-voting shares, no preference shares and no shares with double voting rights.

5 /4 SECURITIES MANAGEMENT

TF1, as issuing company, manages its securities department and its financial department.

5 /5 SHAREHOLDERS

To the Board's knowledge, the shareholding structure on 30 December 1999 was as follows: the number of shareholders is estimated at over 100,000.

	31.12.99	31.12.98	31.12.97
	Shares	Voting rights	Shares
Bouygues	39.8%	40.3%	40.1%
Société Générale	1.4%	1.4%	2.1%
Total shareholders acting together (1)	41.2%	41.7%	42.2%
Other France (2) (3)	20.6%	20.9%	23.5%
Incl. employees	3.0%	3.0%	2.5%
Treasury shares	1.1%	0%	0.7%
Europe (excl. France)	23.3%	23.5%	19.0%
Others	13.8%	14.0%	14.6%
Total	100.0%	100.0 %	100.0%

Evolution du capital social de TF1 au cours des 5 dernières années

	Issuing price per share		Number of shares		Capital after issuance	
	Nominal	Premium	Issued	Total		
▶ Operation Capital increase reserved to employees						
29/10/99	FF 10	FF 969.21	118,316	21,118,316	FF 211,183,160	
▶ Opération Conversion of capital in Euros						
1/01/00	a) Capital increase	FF 10	FF 3.11914	0	21,118,316	FF 277,054,144.17
	b) Conversion	€ 2	0	0	21,118,316	€ 42,236,632

On 30 June 1999, the English investment group PUTMAN INVESTMENT MANAGEMENT INC. & THE PUTMAN ADVISORY COMPANY INC. informed TF1 that it held more than 5% of its capital through several funds. The company has not been informed that other shareholders hold more than 5% of TF1's capital.



- (1) SBF notification number 94-600.
(2) SICOVAM data (December 30).
(3) Including unidentified holders.

5 /6 SHARE PURCHASE OR SUBSCRIPTION OPTION PLANS

The Extraordinary General Meeting of 12 June 1995 authorised the Board of Directors to grant options for the subscription or purchase of shares of the company in favour of staff and management of TF1 and of the companies associated with it under the conditions of Article 208.4 of the Law of 24 July 1966.

	Plan n° 1	Plan n° 2	Plan n° 3	Plan n° 4
Date of shareholders' meeting	12.06.95	12.06.95	12.06.95	12.06.95
Date of Board of Director' meeting	10.10.95	08.04.97	18.03.98	20.09.99
Type of plan	purchase	Subscription	Subscription	Subscription
Total number of shares to be subscribed or purchased	170,500 shares	227,000 shares	230,000 shares	230,000 shares
Starting date of exercise period	at the end of the period of unavailability			
Expiry date	7 years after the allocation date (= date of board meeting)			
Subscription price	FF 481 € 73.3	FF 523 € 79.7	FF 657 € 100.2	FF 1,526.15 € 232.66
Exercise terms and conditions	Unavailability : 1 year, then exercisable equally over the following four years in cumulative parts	Unavailability : 5 years then exercisable for the following two years	Unavailability : 5 years then exercisable for the following two years	Unavailability : 5 years then exercisable for the following two years
Net number of shares purchased or subscribed at 28.02.00	12,000	-	-	-

Information on the options granted to managers is given in note 6.4 "Remuneration of managers" on the consolidated accounts.

TF1 has not pledged any of its shares or any shares of its subsidiaries.

6 APPROPRIATION AND DISTRIBUTION OF THE RESULTS OF TÉLÉVISION FRANÇAISE 1 (parent company)

In the resolutions submitted for your approval, we ask you to approve the accounts for the 1999 financial year and, after having ascertained the existence of available profits of Euros 219,541,814.65 (FF 1,440,099,901.08), taking into account the net profit for the year of Euros 178,747,651.96 (FF 1,172,507,735.34) and the unappropriated profit from the previous year of Euros 40,794,162.69 (FF 267,592,165.74), to decide on the following appropriation and distribution proposed by the Board of Directors :

- ▶ Appropriation to the heading Other Reserves: Euros 69,597,527.56 (FF 456,529,853.86)
- ▶ Distribution of a dividend of: Euros 97,144,253.60 (FF 637,224,531.59) *being a net dividend of Euros 4.60 (FF 30.17) per share with a nominal value of 2 Euros, plus a tax credit of Euros 2.30 (FF 15.09) on the basis of a 50% tax credit.*
- ▶ Allocation of the balance to Unappropriated Profit : Euros 52,800,033.49 (FF 346,345,515.63). The dividend could be paid from 30 May 2000.

We would ask you to authorise the carry-over to the account "Unappropriated Profit/Loss" of the total dividends in respect of shares which TF1 may hold on its own behalf, in accordance with Article 217-3, paragraph 4 of the law of 24 July 1966 on Commercial Companies. We would remind you that over the last three years, dividends paid in respect of 1996, 1997 and 1998 were Euros 2.44 (FF 16), Euros 2.44 (FF 16) and Euros 3.35 (FF 22) net per share respectively; the corresponding tax credits were Euros 1.22 (FF 8), Euros 1.22 (FF 8) and Euros 1.68 (FF 11).

he Unappropriated Profit of Euros 40,335,912.22 (FF 264,586,239.74), as it appeared following the allocation of the results of the 1998 accounts decided by the General Meeting of 7 May 1999, was increased by Euros 458,250.47 (FF 3,005,926) being the total dividends unpaid by virtue of the Company's holding its own shares, making a total of Euros 40,794,162.69 (FF 267,592,165.74), as shown in the balance sheet as at 31 December 1999.

It will be remembered that the meeting of the Board of Directors of 20 September 1999, on the authorisation of the General Meeting of 7 May 1999, decided, at the time of the conversion of the capital into Euros which took effect on 1 January 2000, to increase the capital first by FF 65,870,984.17. This was done by withdrawals from "Revaluation difference" (FF 30,704,644.76) and "Other Reserves" (FF 35,166,339.41). In addition, an appropriation was made to the Legal Reserve by withdrawing FF 6,705,414.42 from "Other Reserves". On 1 January 2000, the Legal Reserve stood at the maximum legal amount, i.e. 10% of the capital.

7 RESOLUTIONS

Your Auditors will give you their reports on the 1999 accounts and on the agreements falling within the scope of Articles 101 and following of the law of 24 July 1966.

In the resolutions submitted to you, we propose:

- ▶ To approve the 1999 accounts, the appropriation and distribution of profits, and the agreements and operations referred to in Articles 101 and following of the law of 24 July 1966, mentioned in the special report of the Auditors,
- ▶ to grant the Board a discharge in respect of the performance of its duties,
- ▶ to take formal note of the presentation of the consolidated accounts,
- ▶ to renew, for a further two years, the term of office of the Director Alain POUYAT, which ends after this Meeting,
- ▶ to take note of the election of the Directors Representing the Employees,

- ▶ to authorise the implementation of a share purchase programme, enabling your company to buy its own shares on the Stock Exchange. The aim of such a purchase is either to regularise the Market price, or to allocate them to employees, or to keep them, or to transfer them as part of financial operations, or to cancel them subject to the adoption of the 14th resolution (extraordinary part). This potential purchase would be limited to 10% of the share capital. The maximum purchase price per share would be fixed at Euros 1,200 (FF 7,871.48) and the minimum selling price per share at Euros 400 (FF 2,623.83),

- ▶ to cancel the authorisation (unused) given by your Meeting of 7 May 1999 and to authorise your Board, for a period of 5 years, to issue one or more debenture loans up to an amount of one thousand million Euros.

We enclose herewith the company's profit and loss accounts for the last five years.

Please let us have your opinion on the resolutions proposed.

The Board of Directors

Conversion	€	FF
Dividende	4.60	30.17
Avoir fiscal	2.30	15.09
Programme de rachat d'actions		
Achat par action :		
- Prix minimum de vente	400	2,623.83
- Prix maximum d'achat	1,200	7,871.48
Emprunt obligataire		
- Montant nominal maximal	1,000,000,000	6,559,570,000



- 1 Anita Hausser - LCI
- 2 Corporate meetings with J.M. Sylvestre
- 3 The hosts of "Défense d'entrer"
- 4 "Navarro"

Financial record

five year financial record

1 Share capital at the end of the accounting period

	1999	1998	1997	1996	1995
a) Share capital*	211,183,160	210,000,000	210,000,000	210,000,000	210,000,000
b) Number of shares issued	21,118,316	21,000,000	21,000,000	21,000,000	21,000,000
b) Number of bond convertible into shares	-	-	-	-	-

2 Profit and loss account*

a) Turnover (excluding VAT)	8,435,589,523	7,623,467,135	7,296,664,591	6,951,575,847	6,897,135,313
b) Profit before income tax, profit sharing, depreciation, amortisation and provisions	2,041,503,319	1,386,184,065	1,131,980,593	961,089,198	924,940,975
c) Corporate income tax	682,117,296	507,559,186	337,017,950	228,067,835	259,827,667
d) Employee profit sharing	67,854,855	26,671,485	20,183,732	17,015,876	18,454,777
e) Profit after income tax, profit sharing, depreciation, amortisation and provisions	1,172,507,735	920,123,634	594,079,063	505,389,913	554,940,703
f) Total dividends	637,224,531 ⁽¹⁾	462,000,000	336,000,000	336,000,000	336,000,000

3 Earnings per share*

a) Net profit before depreciation, amortisation and provisions ⁽²⁾	61.15	40.56	36.89	34.10	30.79
b) Net profit after tax, depreciation, amortisation and provisions ⁽²⁾	55.52	43.81	28.28	24.07	26.42
c) Dividends per share	30.17 ⁽¹⁾	22.00	16.00	16.00	16.00

4 Employee

a) Number of employees	1,271	1,209	1,220	1,248	1,238
b) Total payroll costs*	618,908,909	604,163,752	600,641,794	619,137,339	579,333,946
c) Total of employee benefit costs*	277,360,628	262,304,540	258,880,807	270,497,532	260,523,733

* In FF

(1) Submitted for approval at the general meeting.

(2) The dilution coming from the stock option plan is not significant.

1 and 2 The hosts of Excluf

Resolutions

Submitted to the Combined General Meeting of April 18, 2000

Ordinary part

FIRST RESOLUTION (Approval of the accounts)

The General Meeting, having heard the Board of Directors' report and the Statutory Auditors' report on the accounts of the company, approves them together with the financial statements for 1999 financial year including the Balance Sheet, the Profit and Loss account and the notes to the financial statements as submitted to them.

The General Meeting approves the Directors' management of the Company.

SECOND RESOLUTION (Special Report of the Auditors)

The General Meeting, having noted the Statutory Auditors' special report on the agreements covered by articles 101 and subsequent of the Commercial Companies Act of July 24, 1966, approves the agreements and the operations contained therein.



THIRD RESOLUTION (Appropriation and distribution of profit)

The General Meeting, after noting that the distributable profit amounts to € 219,541,814.65 (FF 1,440,099,901.08), taking into account the net profit for the year of € 178,747,651.96 (FF 1,172,507,735.34) and the Unappropriated Profit from the previous year of € 40,794,162.69 (FF 267,592,165.74), approves the following appropriation and distribution proposed by the Board of Directors :

	Euros	Francs rounded up after conversion €/F
• Allocation to "Other Reserves"	69,597,527.56	456,529,853.86
• Distribution of a dividend of (i.e. a net dividend of € 4,60 (FF 30,17) per share with a nominal value of € 2, plus a tax credit of € 2,30 (FF 15,09) - on the basis of a 50 % tax credit)	97,144,253.60	637,224,531.59
• Leaving a balance to be carried forward of	52,800,033.49	346,345,515.63

The dividend will be payable on June 30, 1999.

In compliance with the provisions of article 217-3, paragraph 4, of the Commercial Companies Act of July 24, 1966, the General Meeting authorises the inclusion, in Retained Earnings, of the amount of dividends relative to the TF1 shares which TF1 holds on its own behalf.

The General Meeting notes that the net dividends distributed for financial years 1995, 1996 and 1997 were respectively € 2.44 (FF 16), € 2.44 (FF 16) and € 3.35 (FF 22) net per share; the corresponding tax credits were € 1.22 (FF 8), € 1.22 (FF 8) and € 1.68 (FF 11).

FOURTH RESOLUTION (Presentation of the consolidated financial statements)

The General Meeting notes that the consolidated financial statements as at December 31, 1999, were submitted to it and that the Board of Directors' report on the management of the Group is included in the management report.

- ❶ "Les Cordier"
- ❷ The "7 d'Or" TV awards



FIFTH RESOLUTION
(Renewal of a Director's term of office)

The General Meeting renews, for a further two years, the term of office of the Director Alain POUYAT, which expires at the end of this Meeting.

His term of office shall end after the General Meeting convened to rule on the accounts for the 2001 financial year.

SIXTH RESOLUTION
(Noting of the election of Directors Representing the Staff)

The General Meeting, after having taken cognizance of the names of the Directors Representing the Staff elected by the body of electors on 4 April 2000 and communicated by the Chairman of the Board prior to the reading of this resolution, notes their election and their naming as Directors Representing the Staff.

The terms of office of the Directors Representing the Staff shall be two years and shall end at the time of the next announcement of the results of the election

for the Directors Representing the Staff, in accordance with Article 10 of the articles of association.

SEVENTH RESOLUTION
(Purchase of own shares)

The General Meeting, after hearing the report from the Board of Directors and being informed that the information note had been approved by the Commission des Opérations de Bourse, the French stock exchange authority, authorises the Board of Directors, in compliance with the provisions of article 217-2 and subsequent of the Commercial Companies Act of July 24, 1966, to purchase its own shares up to a limit of 10% of the share capital.

The General Meeting decides that such purchases can be for all purposes, in particular:

- ▶ to stabilise the share price,
- ▶ or in the context of the employee profit sharing scheme, or in the context of one or more new share issues intended for company employees or companies in its Group which have a company savings plan, or in order to allocate purchase or subscription options to the employees and management of the Group,
- ▶ or to retain the shares,
- ▶ or to cancel the shares, subject to adoption by the General Meeting of the 24th resolution hereafter authorising such a cancellation,
- ▶ or to use them in share exchanges, particularly in the context of financial operations,
- ▶ or in the context of financial and asset management,
- ▶ or to deliver shares at the time of exercise of rights attached to securities which grant entitlement, through redemption, conversion or exchange, to a warrant or any other allocation of the company's shares.

The General Meeting decides to set at € 1,200 (FF 7,871.48) the maximum unit price at which the company will be able to perform such acquisitions which should respect the rules laid down by Commission des Opérations de Bourse relative to operations performed by companies concerning their own shares.

The General Meeting decides that the purchase, sale or transfer of shares may take any form, in particular sale on the stock exchange or over the counter, or a share swap in the context of financial operations, through the use of derivatives, including options, and may take place at any time, if necessary at the time of a public offering.

The General Meeting authorises the Board of Directors to sell the shares so acquired subject to the minimum unit price of € 400 (FF 2,623.83).

The prices above are set subject to adjustments linked to any operations concerning the company's capital.

The General Meeting, in accordance with the new Article 179-1 of the decree of 23 March 1967 on commercial companies, on the basis of the number of shares making up the share capital of 21,118,316 and taking into account the fact that the company owns 224,385 shares, fixes at 1,887,446 ((21,118,316 X 10%) - 224,385) the maximum number of shares likely to be acquired by virtue of this authorisation representing on the basis of the maximum unit purchase price of € 1,200 (FF 7,871.48) a maximum amount of € 2,264,935,200 (FF 14,857,000,990).

This authorisation is valid until the next general meeting of the company convened to rule on the accounts for the 2000 financial year.

Under the conditions fixed by Law, the Board of Directors will give to the shareholders, in its report to the Annual General Meeting, the information on the share purchases and transfers made.

Consequently, all powers are granted to the Board of Directors, for the purposes of making any Stock Exchange orders, to enter into any agreements with a view, in particular, to keeping registers of share purchases and sales, to make any declarations to the Stock Exchange Transactions Commission, the Financial Markets Board and any other bodies, to complete any other formalities and, in general, to do whatever shall be necessary.

The General Meeting takes note of the Board of Directors' intention, in compliance with the provisions of article 217-2 of the Act of July 24, 1966, to use all or part of the shares acquired to grant share options to employees or the management of the company or to its subsidiaries.

EIGHTH RESOLUTION (Issue of one or more debenture loans)

After hearing the Directors' report, the General Meeting authorises the Board of Directors to create and issue in France and/or abroad, on one or more occasions, bonds, whether subordinated or not, with a limited or unlimited duration, or bond warrants denominated in Euros or Francs or foreign currencies or in any other monetary unit established by reference to several currencies. The debentures may be accompanied by scrip certificates for debentures of the same type, up to a nominal amount of one thousand million Euros (€ 1,000,000,000) or an equivalent amount in any other currency, with or without a guarantee, and in the proportions, forms and at periods, interest rates and issue conditions and under amortisation conditions which it considers suitable, it being stated that the maximum nominal amount shall apply to all bonds issued directly or following the exercise of warrants.

The General Meeting grants full powers to the Board of Directors to issue the said debenture bond(s) and states that it shall be free to determine the characteristics of the bonds or warrants which, in particular, may have a variable interest rate and a fixed or variable redemption premium above par, with the said premium added to the maximum amount of one thousand million Euros (€ 1,000,000,000) mentioned above.

In addition, the Board of Directors may, within the scope of this resolution, delegate to its Chairman or to one of its members, pursuant to Article 287, paragraph 2 of Law No. 66-537 of 24 July 1966, the powers granted under this authorisation.

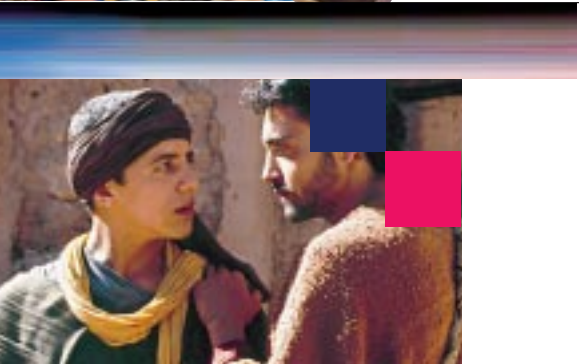
The Board of Directors may also grant any delegations, take any measures and complete any formalities made necessary by the issue or issues referred to herein.

This authorisation, which is given for a period of five years, cancels and replaces the authorisation given to the Board of Directors by the 17th resolution of the Mixed General Meeting of shareholders of May 7, 1999.



Combined General Meeting

of April 18, 2000

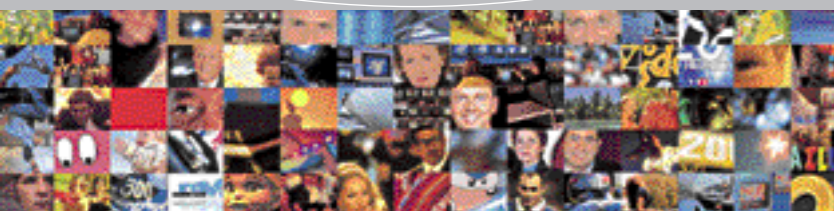


Extraordinary Part

AGENDA

- ▶ Reading of the Directors' report and the Statutory Auditors' special report.
- ▶ Authorisation to be given to the Board of Directors to issue securities providing access to the capital, with preferential subscription rights being maintained.
- ▶ Authorisation to be given to the Board of Directors to issue securities providing access to the capital, with cancellation of preferential subscription rights.
- ▶ Authorisation to be given to the Board of Directors to increase the share capital at the time of a cash takeover bid or a share-swap takeover bid concerning the company's shares.
- ▶ Authorisation to be given to the Board of Directors to increase the share capital at the time of a share-swap takeover bid initiated by the company.
- ▶ General limit on the above mentioned operations.
- ▶ Authorisation to be given to the Board of Directors to reduce the share capital through the company cancelling the shares it holds on its own behalf.
- ▶ Authorisation to be given to the Board of Directors to initiate a stock option or subscription plan.
- ▶ Division per 10 of the nominal value of TF1 shares – related modification of the article 6 of the status.
- ▶ Maintain of the authorisations granted after the division per 10 of the nominal value of the shares.
- ▶ Transfer of the registered office – related modification of the first paragraph of the article 6 of the status.
- ▶ Powers for registration and formalities.

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Télévision Française 1
A public limited company
(«Société Anonyme»)
with a share capital of € 42 236 632
RCS Paris B 326 300 159

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Financial Statements and General Information

in French Français



FF

Financial Statements in Euros



The French version of the book 1 and 2 (business report and financial report 1999) composed the document that was filed by the "Commission des Opérations de Bourse" (COB - French Stock Exchange Commission) on March 24, 2000 under the number R 00-087. This document may not be used to support a financial operation unless it is accompanied by an operation note certified by the COB.

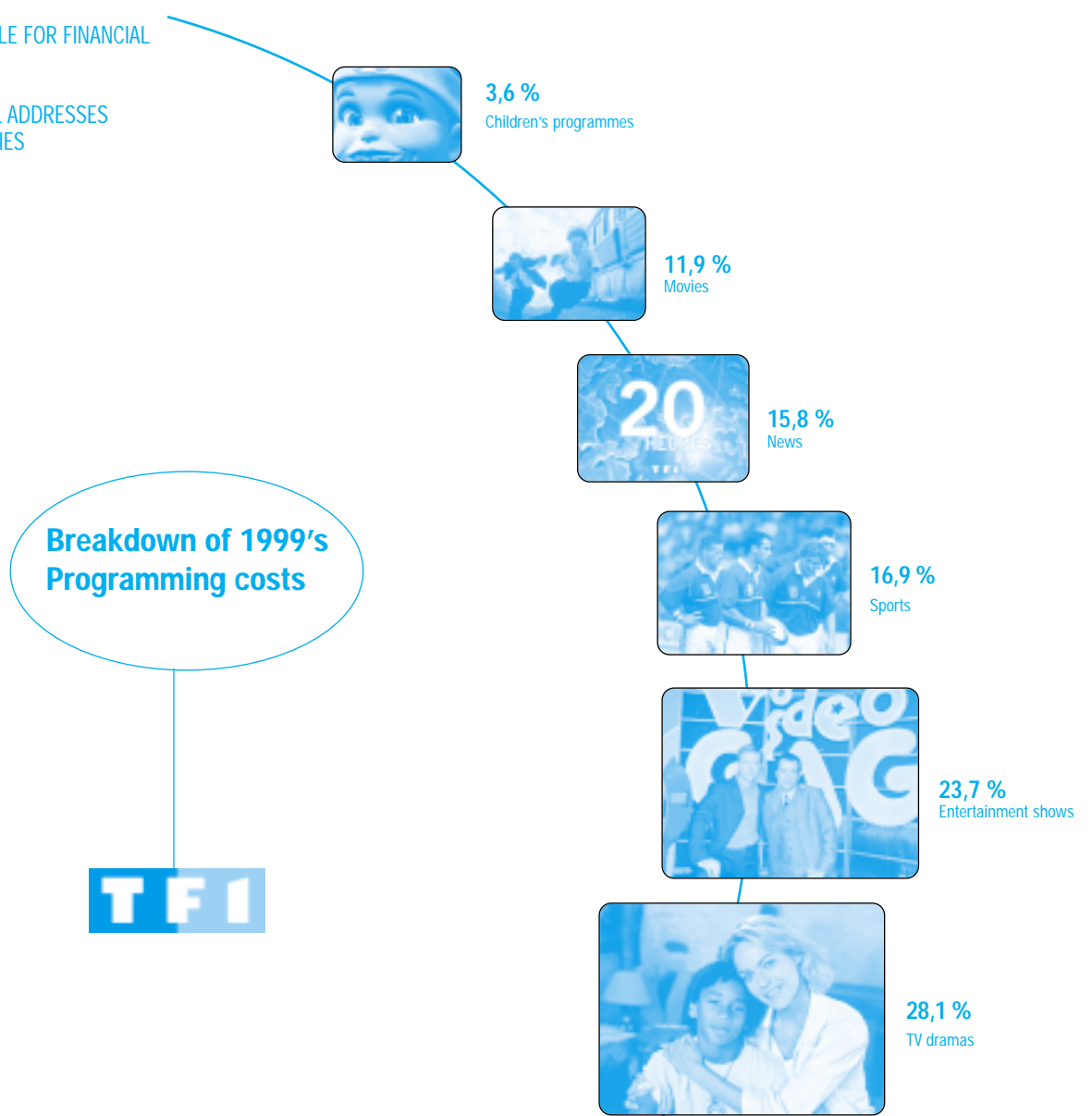
1856

In France, the Florentine priest Giovanni Caselli produces the pantelegraph, used to transmit drawings...



1

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Consolidated profit and loss account

Operational breakdown

(in FF million)	1999	1998	1997
TF1 Channel			
Advertising revenue	8,864	8,046	7,688
Advertising agency fees	(591)	(539)	(521)
NET REVENUES FROM BROADCASTING	8,273	7,507	7,167
Royalties and contributions			
Authors	(338)	(308)	(293)
CNC	(442)	(400)	(351)
Transmission costs ⁽¹⁾			
TDF, Satellites, Transmissions	(358)	(377)	(380)
Programming costs	(4,749)	(4,688)	(4,590)
GROSS MARGIN	2,386	1,734	1,553
Diversification revenues and other revenues ⁽²⁾	3,176	2,781	2,540
Other operating expenses ^{(1) (2)}	(2,899)	(2,556)	(2,404)
Other development expenses	(103)	(33)	0
Depreciation, amortisation and provisions (net)	(580)	(487)	(529)
OPERATING PROFIT	1,980	1,439	1,160
FINANCIAL PROFIT	57	55	30
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS	2,037	1,494	1,190
Exceptional items	28	4	(8)
Goodwill amortisation	(23)	(11)	(17)
Tax and employee profit sharing	(736)	(563)	(413)
Share in net earnings of companies consolidated under the equity method	(249)	(201)	(254)
NET PROFIT OF CONSOLIDATED COMPANIES	1,057	723	498
Minority interest	(5)	(7)	(16)
NET PROFIT ATTRIBUTABLE TO THE GROUP	1,052	716	482

⁽¹⁾ INA costs have been restated in "Other operating expenses" in 1999, and for the previous years.

⁽²⁾ Net of items not linked to the Group's direct activity.

The additional information provided by the operational breakdown of the consolidated profit and loss account does not replace the information given in the notes to the consolidated financial statements, but is to facilitate understanding of the two main components of TF1's activities:

- TF1 channel broadcasting activities,
- Diversification activities.

1 NET REVENUES FROM BROADCASTING

Net revenues from broadcasting relate to net revenues invoiced to advertisers by TF1 PUBLICITE after deduction of running costs.

2 GROSS MARGIN

The gross margin breaks down as follows:

Net revenues from broadcasting

See above

Royalties and contributions

These fees are fully or partly based on advertising revenues and include:

- fees paid to authors,
- contribution to the CNC (National Cinema Council).

Transmission costs

These expenses result from the transmission of TF1's programmes.

Programming costs

These are the internal and external costs of programming. They include expired and retired broadcasting rights.

3 OPERATING PROFIT

The operating profit is calculated on the basis of the gross margin. It takes into account revenues from diversification activities and other operating revenues minus operating expenses related to diversification activities and other operating expenses not directly attributable to programmes. This operating profit is that stated in the consolidated profit and loss account.

4 OTHER ITEMS

As stated in the consolidated profit and loss account.

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STATUTORY AUDITOR'S REPORTS

on the financial statements

Financial Year ended December 31, 1999

1 OPINION ON THE FINANCIAL STATEMENTS OF THE COMPANY

In accordance with our appointment by your shareholders' General Meeting we hereby report to you, for the year ended on December 31, 1999:

- the audit of the accompanying financial statements of TF1 SA in French Francs presented on pages 18 to 31 of the financial report,
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

1/1 OPINION ON THE FINANCIAL STATEMENTS

We conducted our audit in accordance with the professional standards applied in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements' presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the company's financial position and its assets and liabilities as of December 31, 1999, and of the results of its operations for the year then ended in accordance with accounting principles generally accepted in France.

1/2 SPECIFIC VERIFICATIONS AND INFORMATION

We have also carried out the specific verifications required by law in accordance with the professional standards applied in France.

We have no comment as to the fair presentation and the conformity with the financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to the shareholders with respect to the financial position and the annual financial statements.

In accordance with the law, we verified that the Directors' report contains the appropriate disclosure as to the acquisition of shares and controlling interests.

Paris, March 3, 2000

The Statutory Auditors

SALUSTRO REYDEL

Edouard SALUSTRO
Jean-Pierre CROUZET

Jacques VILLARY

2 OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

In accordance with our appointment by your shareholders' General Meeting we have audited the consolidated financial statements of the Group in French Francs presented on pages 6 to 17 of the financial report, for the year ended December 31, 1999. These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the professional standards applied in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statements' presentation.

We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position and its assets and liabilities at December 31, 1999, and of the results of its operations for the year then ended in accordance with accounting principles generally accepted in France.

We have also carried out the verification of the information given on the management of the Group. We have no comment to make as to its fair presentation and its conformity with the consolidated financial statements.

Paris, March 3, 2000

The Statutory Auditors

SALUSTRO REYDEL

Edouard SALUSTRO
Jean-Pierre CROUZET

Jacques VILLARY

STATUTORY AUDITOR'S REPORT

on regulated contracts

Financial Year ended December 31, 1999

As the statutory auditors of your company, we hereby present to you our report on regulated contracts.

In accordance with Article 103 of the Act of July 24, 1966, we have been advised of the agreements previously authorised by your Board of Directors.

We are not required to investigate the possible existence of additional agreements but to communicate to you, on the basis of the information provided to us, the essential terms and conditions of those agreements of which we have been advised; nor are we required to comment on their appropriateness and validity. Under the terms of Article 92 of the Decree of March 23, 1967, it is for you to form a view as to the purpose and benefits of the agreements entered into with a view to approving them.

Our work has been performed in accordance with French professional standards. Those standards require that we plan and perform our work in a way that enables us to verify that the information provided to us is in conformity with the source documentation from which it is derived.

1 AGREEMENTS CONCLUDED DURING THE YEAR AND DULY AUTHORISED

Agreements with certain subsidiaries

The signature of agreements of shared administrative services with certain subsidiaries was authorised by the Board of Directors on March 17, 1999.

These agreements signed on November 15, 1999 provide for the invoicing of specific services supplied, at the request of TF1 subsidiaries, by the administrative departments (relating to management, human resources, legal and finance) and a proportion of the residual shared administrative services costs, which includes the amount invoiced by Bouygues to TF1 under the terms of the common services agreement between them. This proportion is determined by the application of key allocation criteria (employees and turnover) specific to each type of cost.

Directors concerned:

Mr. Patrick Le Lay and Mr. Etienne Mougeotte and Ms. Claude Cohen

During 1999, besides specific services in conformity with market conditions, TF1 invoiced to certain subsidiaries a proportion of the residual shared administrative services costs, as defined in these agreements, as follows :

	Amount (excluding VAT) (in FF thousands)
TF1 Publicité	81,525
TF1 Entreprises	1,108
TF1 Vidéo	6,842
Euro Shopping	112
La Chaîne Info	3,851
Une Musique	1,710
Télé-Shopping	4,521
TF1 Films Production	2,274
Studios 107	963
TF1 International	2,830
Odyssée	436
TF1 Publicité Production	878
Total	107,050

2 AGREEMENTS CONCLUDED DURING PAST YEARS AND CONTINUING IN THE YEAR ENDED DECEMBER 31, 1999

In conformity with the Decree of March 23, 1967, we have been informed that the following agreements, concluded during past years, continued during 1999.

Agreement with BOUYGUES

The common services agreement entered into by TF1 and Bouygues on October 8, 1997 (relating to management, human resources, company secretarial, information technology, finance and other advice), provides for the invoicing of specific services supplied, at TF1's request, by these common services and a proportion of the residual shared service costs. This proportion, determined by the application of key allocation criteria (employees, long term capital and turnover) specific to each type of cost, cannot exceed 0.45% of TF1's consolidated turnover before tax.

During 1999, the amount invoiced by Bouygues amounted to FF 30.6 million, none of which related to specific services, as defined in the common services agreement.

Agreement with BOUYGUES RELAIS

With effect from December 31, 1998, TF1 and Bouygues Relais entered into an agreement (under the same conditions as the agreement signed on December 31, 1997) under which TF1 can deposit its surplus cash with Bouygues Relais, and block a part thereof, for a period of a calendar month. The consideration due under this agreement is in conformity with market conditions.

In 1999, under the terms of this agreement, TF1 received FF 397,000.

Paris, March 3, 2000

The Statutory Auditors

SALUSTRO REYDEL

Edouard SALUSTRO

Jean-Pierre CROUZET

Jacques VILLARY

FF



Consolidated balance sheet

ASSETS (in FF thousands)	Notes	31.12.99		Net value	31.12.98	31.12.97
		Gross value	Depreciation and amortisation, provisions			
INTANGIBLE FIXED ASSETS		3,701,462	2,922,379	779,083	586,830	456,502
Audiovisual rights	2.3 and 3.1	3,604,729	2,829,772	774,957	583,680	454,021
Other intangible fixed assets	2.4 and 3.2	96,733	92,607	4,126	3,150	2,481
GOODWILL	2.5 and 3.3	103,818	92,214	11,604	30,359	49,115
TANGIBLE FIXED ASSETS	2.6 and 3.4	942,879	643,980	298,899	282,783	422,012
Land		37	0	37	37	37,163
Freehold buildings		87	33	54	58	70,592
Other tangible fixed assets		942,755	643,947	298,808	282,688	314,257
FINANCIAL ASSETS	3.5	307,183	18,957	288,226	225,566	40,127
Investments consolidated under the equity method		203	0	203	85	25,853
Investments and loans to associated undertakings		73,363	18,900	54,463	7,484	5,861
Other financial assets		233,617	57	233,560	217,997	8,413
FIXED ASSETS		5,055,342	3,677,530	1,377,812	1,125,538	967,756
Programmes and film rights	2.7 and 3.6	3,485,752	455,240	3,030,512	2,990,284	2,946,681
Raw materials and supplies		53,630	21,629	32,001	38,110	28,354
Trade debtors		2,700,322	33,286	2,667,036	2,398,865	2,393,843
Other debtors	3.7 and 3.14	1,929,497	44,684	1,884,813	1,596,544	1,331,665
Marketable securities and cash at bank and in hand	2.8 and 3.8	1,895,181	7,259	1,887,922	1,116,618	636,207
CURRENT ASSETS		10,064,382	562,098	9,502,284	8,140,421	7,336,750
ADJUSTMENT ACCOUNTS	3.16	243,360	0	243,360	284,566	287,387
DEFERRED TAXATION	2.11 and 3.13	239,324	0	239,324	209,348	201,132
TOTAL ASSETS		15,602,408	4,239,628	11,362,780	9,759,873	8,793,025

SHAREHOLDERS' EQUITY AND LIABILITIES (in FF thousands) Notes	31.12.99	31.12.98	31.12.97
Share capital	211,183	210,000	210,000
Share premium	114,673	0	0
Revaluation reserve	30,705	30,705	30,705
Other reserves	2,211,727	2,076,538	1,942,399
Profit attributable to the group	1,051,708	715,804	481,512
SHAREHOLDERS' FUNDS 3.9	3,619,996	3,033,047	2,664,616
Minority interest 3.10	12,876	15,828	25,300
Government grants for investment 2.9 and 3.11	51,277	37,630	55,097
Provisions for liabilities and charges 2.10 and 3.12	773,632	491,524	486,550
Deferred taxation 2.11 and 3.13	400,719	374,896	369,129
LONG TERM CAPITAL	4,858,500	3,952,925	3,600,692
Financial creditors and borrowings ⁽¹⁾ 3.14	130,711	114,880	47,409
Trade creditors 3.14	3,279,438	2,899,060	2,768,208
Other creditors 3.14 and 3.15	2,983,638	2,748,873	2,320,758
CREDITORS	6,393,787	5,762,813	5,136,375
Adjustment accounts 3.16	110,493	44,135	55,958
TOTAL SHAREHOLDERS' FUNDS AND LIABILITIES	11,362,780	9,759,873	8,793,025
⁽¹⁾ Including current bank overdrafts	438	635	1,454

FF



Consolidated profit and loss account

<i>(in FF thousands)</i>	<i>Notes</i>	31.12.99	31.12.98	31.12.97
TURNOVER		12,165,376	10,903,880	10,309,757
Net advertising revenue	2.12	9,106,168	8,287,852	7,895,708
including				
TF1		8,864,015	8,045,996	7,687,647
OTHERS		242,153	241,856	208,061
Diversification revenue		2,541,863	2,230,473	2,081,318
Technical services revenue		242,375	185,282	191,859
Other revenue		274,970	200,273	140,872
OPERATING EXPENSES		(10,185,503)	(9,465,071)	(9,150,512)
External production costs		(2,682,628)	(2,597,990)	(2,477,331)
Change in stocks of in-house production		(34,473)	(117,474)	82,926
Staff costs		(1,432,484)	(1,387,446)	(1,488,042)
Other operating expense	4.1	(5,455,652)	(4,874,535)	(4,739,171)
Depreciation, amortisation and provisions (net)				
▶ depreciation		(522,897)	(438,173)	(420,817)
▶ provisions		(57,369)	(49,453)	(108,077)
OPERATING PROFIT		1,979,873	1,438,809	1,159,245
Financial revenue		117,324	81,278	91,338
Financial expense		(59,864)	(26,438)	(60,701)
FINANCIAL PROFIT	4.2	57,460	54,840	30,637
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS		2,037,333	1,493,649	1,189,882
Net exceptional income/expense	4.3	27,932	3,819	(7,542)
Goodwill amortisation		(22,638)	(11,037)	(17,639)
Employee profit sharing		(77,479)	(40,225)	(34,273)
Income tax	4.4	(659,659)	(522,350)	(378,782)
Share in net earnings of companies consolidated under the equity method	4.5	(248,776)	(201,181)	(254,037)
NET PROFIT BEFORE MINORITY INTEREST		1,056,713	722,675	497,609
Minority interest		(5,005)	(6,871)	(16,097)
NET PROFIT ATTRIBUTABLE TO THE GROUP	4.6	1,051,708	715,804	481,512
EARNINGS PER SHARE	<i>in Francs</i>	50.07	34.09	22.93

Consolidated cash flow statement

(in FF thousands)	Notes	31.12.99	31.12.98	31.12.97
1 Operating activities				
Net profit*		1,056,713	722,675	497,609
Depreciation, amortisation and provisions		541,415	493,363	502,522
▶ Intangible fixed assets	3.1 and 3.2	417,421	300,110	286,289
▶ Tangible fixed assets	3.4	97,628	97,118	100,428
▶ Financial assets	3.5	(261)	(250)	(17,463)
▶ Expenses to amortise		4,096	58,493	43,576
▶ Goodwill		22,638	11,037	17,639
▶ Provisions for liabilities and charges	3.12	(107)	26,855	72,053
Investment grants released to revenue		(55,857)	(80,454)	(76,817)
Expenses to amortise		(416)	(56,988)	(37,193)
Capital gains (losses) on disposal of fixed assets	4.3	(1,935)	3,439	14,939
Change in deferred taxation**	4.6	(5,378)	6,654	36,910
Investments consolidated under the equity method*		248,776	201,181	254,037
CASH FLOW		1,783,318	1,289,870	1,192,007
Stocks**		(34,119)	(40,070)	(174,847)
Trade debtors**		(436,226)	(475,327)	(424,581)
Trade creditors**		596,704	525,118	83,734
Net advances from third parties		(16,673)	13,934	19,682
Increase (decrease) in working capital needs		109,686	23,655	(496,012)
NET CASH INFLOW FROM OPERATING ACTIVITIES		1,893,004	1,313,525	695,995
2 Investing activities				
Purchase of intangible fixed assets	3.1 and 3.2	(508,351)	(247,869)	(250,181)
Purchase of tangible fixed assets	3.4	(116,072)	(66,797)	(67,963)
Disposal of fixed assets		10,029	124,417	15,276
Purchase of financial asset investments	3.5	(107,677)	(11,411)	(194,600)
Increase (decrease) in other financial assets	3.5	(137,195)	(209,328)	8,994
Increase (decrease) in fixed assets creditors		24,723	(18,344)	(13,095)
		(834,543)	(429,332)	(501,569)
Consolidation adjustments		387,110	14,906	(3,518)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(447,433)	(414,426)	(505,087)
3 Financing activities				
Increase in shareholders' funds		160,960	62,987	74,073
Increase (decrease) in loans		(368,025)	(131,892)	(47,991)
Dividends paid	3.9 and 3.10	(467,005)	(348,964)	(337,142)
NET CASH OUTFLOW FROM FINANCING		(674,070)	(417,869)	(311,060)
TOTAL INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		771,501	481,230	(120,152)
Cash at beginning of period		1,115,983	634,753	754,905
Net inflow (outflow)		771,501	481,230	(120,152)
Cash at end of period		1,887,484	1,115,983	634,753

* Net profit is disclosed after Investments consolidated under the equity method, which is disclosed as a specific item.

** At December 31st 98, movement in deferred taxation is included under the heading "Cash flow", whereas it was previously included under the heading "working capital needs".

FF



1923

The Scottish physician John L. Baird develops a "televisor".

9

Notes

to the consolidated financial statements

1 THE TF1 GROUP

1/1 PRESENTATION OF TF1

TF1 is operating under a 10-year broadcasting licence, effective from April 16, 1987, enabling it to broadcast on the frequencies previously allocated to it as a state-owned channel.

Also, article 28.1 of Law 94-88 of February 1, 1994 stipulates that licences are "renewed by the CSA (Conseil Supérieur de l'Audiovisuel), without tender offer, up twice and on each occasion for a duration of five years, (...) unless the CSA considers that the penalty(ies) imposed on the licensee or claims made against the licensee justify, by reason of their seriousness, that the licence should not be renewed without tender offer". On March 26, 1996, the CSA renewed TF1's licences for use of frequencies for a period of 5 years. This renewal was confirmed on September 17, 1996.

1/2 CONSOLIDATED ACCOUNTS

The consolidated accounts have been prepared on the basis of the statutory financial statements of TF1 SA and its subsidiaries and have required certain restatements. These restatements mainly concern the co-production shares of programmes which, in the consolidated accounts, have been restated in current assets and changes to profit and loss account when broadcast as explained in note 2.7 thereafter, and the tax allowance for amortisation.

Subsidiaries not consolidated

Certain subsidiaries which are not significant to the Group accounts (Médiamétrie, SETS, Luxtel, Mery Productions, Sintetic, TVRS 98, Mercury, Tricom, TF1 USA, Légende Distribution, Eurosport Sales Advertising AB, Traint, World On Line France, Société d'Exploitation de Bases de Données, Magéos, e-TF1, Syalis Comm, EIMS, Eurosport télévision and LVH Productions) as well as the subsidiary in liquidation, TF1 Publications, have not been consolidated.

1/3 SCOPE OF CONSOLIDATION

COMPANY	LEGAL STRUCTURE	SHARE CAPITAL ⁽¹⁾	CURRENCY
Fully consolidated companies			
TF1 PUBLICITÉ	SA	15,000	FRF
TF1 FILMS PRODUCTION	SA	17,000	FRF
TÉLÉ-SHOPPING	SA	850	FRF
SYALIS SA	SA	250	FRF
UNE MUSIQUE	SA	250	FRF
TF1 EUROPE	SA	21,000	FRF
TF1 PUBLICITÉ PRODUCTION	SARL	50	FRF
BANCO PRODUCTION	SA	13,000	FRF
PROTECREA	SA	10,000	FRF
TF1 ENTREPRISES	SA	20,000	FRF
STUDIOS 107	SA	12,000	FRF
C.I.C.	SA	785	FRF
LES FILMS DU JOUR ⁽²⁾	SA	300	FRF
EUROSHOPPING	SCS	500	FRF
SWONKE HOLDING ⁽³⁾	SA	40	NLG
LA CHAÎNE INFO	SCS	30,000	FRF
TF1 DEVELOPPEMENT	SA	250	FRF
TF1 VIDÉO	SA	20,635	FRF
PARMENTIER PRODUCTIONS	SARL	3,429	FRF
TF1 INTERNATIONAL	SA	250,000	FRF
GRUPE GLEM	SA	250	FRF
GLEM	SA	1,000	FRF
BAXTER	SA	250	FRF
GLEM REPORTAGES	SARL	50	FRF
GLEM FILMS	SA	530	FRF
MIKADO	SARL	50	FRF
LES NOUVELLES ÉDITIONS TF1	SAS	250	FRF
STÉ D'EXPLOITATION DE DOCUMENTAIRES	SCS	50	FRF
COGELDA	SA	64,250	FRF
LES FILMS ARIANE	SA	500	FRF
RÉGIE CASSETTE VIDEO	SA	250	FRF
CIBY DA	SA	61,960	FRF
Companies proportionately consolidated			
ESO	SCS	3,000	FRF
TV SPORT	SA	15,000	FRF
MT ZURICH	SA	600	CHF
MT AMSTERDAM	SA	40	NLG
MT LONDRES	SA	10	GBP
TÉLÉVISION NORDIC AB	SA	100	SEK
EUROSPORT GMBH	SA	50	DEM
SAGAS	SA	250	FRF
EUROSALES	SCS	1,500	FRF
FILM PAR FILM	SA	10,000	FRF
Companies consolidated under the equity method			
TPS	SNC	12,000	FRF
TPS GESTION	SA	1,720	FRF
TCM DA	SNC	1,500	FRF
TCM GESTION	SA	250	FRF

(1) Local currency (in thousands).

(2) There is no significant difference between the percentage of interest held and the percentage of control exercised.

(3) Companies consolidated for the first time in 1999, which have had no significant impact on the group's financial positions.

2 GROUP ACCOUNTING POLICIES

2/1 BASIS OF ACCOUNTING

The 1999 consolidated financial statements of the TF1 Group have been prepared in accordance with Generally Accepted French Accounting Standards, notably those prescribed by the French Law of January 3, 1985 and the decree of February 17, 1986. They have been prepared in accordance with the historical cost convention, modified by the revaluation of certain tangible fixed assets at December 31, 1986.

In 1999, the Group did not choose to anticipate the application of the accounting rule 99-02 issued by the French accounting standards board ("Comité de la Réglementation Comptable"), defining the new methodology of consolidated accounts.

NATIONALITY	ACTIVITY	INTEREST HELD % ⁽²⁾
French	Marketing of TF1 advertising airtime	99.98
French	Co-production of films	99.99
French	Home-shopping	99.95
French	Financing company	99.76
French	Music publishing	99.84
French	Financing company	99.99
French	Commercials and promos	100.00
French	Production of programmes	99.99
French	Production of programmes	99.99
French	Video, on-line services, merchandising products	99.99
French	TV production studios	99.99
French	Video distribution	99.92
French	Co-production of films	99.99
French	Home shopping theme channel	100.00
Dutch	Financing company	100.00
French	Exploitation of "La Chaîne Info"	100.00
French	Development of digital technology	99.76
French	Video distribution	99.99
French	Audiovisual rights	100.00
French	Audiovisual rights	99.99
French	Financing company	59.88
French	Production of programmes	96.80
French	Music publishing	95.08
French	Press agency	100.00
French	Co-production of films	97.21
French	Public relation and agent services	75.20
French	Publishing	51.00
French	Documentary thematic channel	100.00
French	Audiovisual rights	99.99
French	Audiovisual rights	99.94
French	Video distribution	99.88
French	Audiovisual rights	99.99
French	Selling of the Eurosport channel outside France	34.00
French	Selling of the Eurosport channel in France	30.99
Swiss	Selling of the Eurosport channel in Switzerland	34.00
Dutch	Selling of the Eurosport channel in Holland	34.00
English	Selling of the Eurosport channel in the UK	34.00
Swedish	Selling of the Eurosport channel in Sweden	34.00
German	Selling of the Eurosport channel in Germany	34.00
French	ESO's management company	33.92
French	ESO's advertising agency	34.00
French	Production of feature films	50.00
French	Selling of TPS programmes	25.00
French	TPS's management company	24.99
French	Audiovisual rights	34.00
French	TCM DA's management company	34.00

2/2 COMPARABILITY OF CONSOLIDATED FINANCIAL STATEMENTS

The financial year ended December 31, 1999 is a 12-month accounting period comparable to the previous period without restatements.

2/3 AUDIOVISUAL RIGHTS

This note refers to the shares owned in films that have been co-produced by TF1 Films Production, Glem Films, Studios 107, Film par Film, Les Films du Jour and Les Films Ariane, audiovisual trading and distribution rights held by TF1 International, TF1 Entreprises, RCV, Ciby DA and Cogelda, and musical rights held by Une Musique and Baxter.

The date of posting as intangible assets and the amortisation rates are defined as follows:

Date of posting	Amortisation Rate			
	Co-production Share	Audiovisual Distribution Rights	Audiovisual Trading Rights	Musical Rights
End of shooting date	in line with revenues			
Censors' certificate	straight-line rate over 3 years			
Signing of contract		straight-line rate over 3 years	straight-line rate over 5 years	2 years
				75% 1 st year 25% 2 nd year

For films co-produced by TF1 Films Production and Film par Film, the method applied is the one which enables the film to be written off for tax purposes as quickly as possible. It can thus differ from film to film.

A provision is set up when estimated future revenues do not cover the book value, net of amortisation.

2/4 OTHER INTANGIBLE FIXED ASSETS

Other intangible assets relate essentially to acquisition of trade marks and software, the latter being written off in the year of acquisition.

2/5 GOODWILL

Goodwill represents the difference between:

- the purchase price of the participation acquired,
- the corresponding share of shareholders' equity (after possible valuation differences have been taken into account).

In order to take into account future development and profitability, goodwill is amortised on a straight-line basis over a period of between 4 and 6 years (Film par Film and Glem: 4 years ; Télé-Shopping: 6 years). Negative goodwill is reversed in line with the related losses. However, where the amount of goodwill is not significant, it is fully written off in the year of acquisition

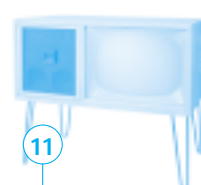
In respect of companies in the Ariane Group, goodwill has been fully allocated to the film right catalogue and to the deferred tax asset relating to the deferred element of the amortisation.

2/6 TANGIBLE FIXED ASSETS

Depreciation rates are as follows:

Buildings	Straight line	20 years
Technical facilities (before 1992)	Reducing balance	3 to 5 years
Technical facilities (after 1992)	Straight line	5 years
Other tangible fixed assets	Straight line or reducing balance	2 to 10 years

Leasing operations do not require specific restatements. See note 6.1 for information on leasing operations.



2/7 PROGRAMMES AND FILM RIGHTS

The policies used for the valuation, accounting and presentation of programmes are as follows:

- a) Programmes are reported under "Programmes and film rights".
- b) The term "Programmes and film rights" covers:
- TF1 in-house productions,
 - external productions, including broadcasting rights acquired by the station as well as co-productions.
- c) Elements reported under "Programmes and film rights" at the end of the financial year refer to:
- in-house productions valued at their overall production cost (direct costs plus attributable production overheads) and co-productions valued at their purchase cost,
 - purchased broadcasting rights once TF1 has given technical approval for the copy received from the supplier, and as long as the right has not expired. These rights are valued at the end of each financial year on the basis of their purchase cost less their "consumption" values as indicated under section d;
 - programmes in progress, the copies of which have not received TF1's technical approval. These programmes are valued according to the investment outlay at the year end.
- d) Programmes are deemed "consumed" at the moment of transmission.

d.1 Purchased TV rights and co-produced programmes
(Children (except Cartoons) - Variety - Theatre - Documentaries - News and Sport).

Possible transmissions	1	2 or more
1 st transmission	100%	100%
2 nd transmission	-	-

Some purchases of audiovisual rights relating to children's programmes are amortised according to the valuation of each transmission as contractually defined.

d.2 Co-productions of a duration not exceeding 52 minutes.

Possible transmissions	1	2 or more
1 st transmission	100%	100%
2 nd transmission	-	-

d.3 Co-productions of a duration equal to or exceeding 52 minutes.

Possible transmissions	1	2 or more
1 st transmission	100%	80%
2 nd transmission	-	20%

d.4 Purchased rights for full-length feature films, TV dramas, series and cartoons.

Possible transmissions	1	2 or more
1 st transmission	100%	50%
2 nd transmission	-	50%

d.5 All other programmes are fully written off at first transmission, and therefore are no longer considered as company assets whatever the duration of the owner's rights.

A provision is made in the event of a given programme not being broadcast.

- e) Tax allowances for amortisation (included in "regulated provisions" in TF1 SA's accounts) have been restated in order to eliminate their impact on the consolidated accounts; they form part of consolidated shareholders' funds.

2/8 MARKETABLE SECURITIES

The value of marketable securities is calculated at cost on acquisition. When the value is lower than the acquisition cost, a provision is made.

2/9 GOVERNMENT GRANTS FOR INVESTMENT

Government grants, when received irrevocably, are credited to the profit and loss account in line with the depreciation of the assets they are financing.

Grants received by TF1 Films Production, Banco Production, Protécra, Studios 107, Les Films du Jour and Film par Film from the CNC (National Cinema Council) are credited to the profit and loss account in the financial year during which the relevant films are completed.

2/10 PROVISIONS FOR LIABILITIES AND CHARGES

Provisions are calculated on the basis of an estimation of all existing risks at the balance sheet date.

Losses in respect of subsidiaries in liquidation are fully provided for.

2/11 DEFERRED TAXATION

Deferred taxation, as applicable to TF1 and its subsidiaries, results from:

- restatements that are made in order to eliminate the impact, on the financial statements, of entries resulting from fiscal allowances;
- differences in timing of recognition of items in the financial statements and by tax authorities.

Deferred tax has been calculated using the liability method.

2/12 ADVERTISING

Income from advertising is recorded net of rebates and commissions paid to agents.

2/13 COMMITMENTS AND CONTINGENCIES

The acquisition of broadcasting rights and co-productions that have given rise to firm contractual commitments by the group prior to the end of the accounting period, but for which technical approval has not yet been granted, are recorded as financial commitments. These commitments are valued on the basis of the amount set out in the contract, after deduction of amounts that have been capitalised and recorded under the heading "Programmes and film rights".

2/14 PENSION COSTS

The pension costs accrued in respect of employees aged 48 and over are covered by an insurance policy.

The pension costs accrued in respect of employees below 48 are covered by a provision for liabilities and charges, from 1998 onwards.

2/15 FINANCIAL INSTRUMENTS

The Group protects itself from exposure to interest rate and exchange rate fluctuations with financial instruments. The Group operates on currency markets to hedge commitments linked to its economic activity only. It does not intervene for speculative purposes.

Gains and losses on financial instruments used for hedging purposes are determined and accounted for on a symmetrical basis with the losses and gains on the hedged items except in the case of option premiums (charged at the outset) and gains and losses on FRA (Forward Rate Agreement) (charged at the start of the period covered).

2/16 TREASURY SHARES

TF1 shares accounted for under the heading "Other investments held as fixed assets" in the company's financial statements, are restated so as to reduce shareholders' equity.

3 NOTES TO THE CONSOLIDATED BALANCE SHEET

3/1 AUDIOVISUAL RIGHTS

Valued as indicated in note 2.3, the movements for the financial year can be broken down as follows:

(FF million)	01 Jan. 99	Change in the scope of consolidation ⁽¹⁾	Increase	Decrease	31 Dec. 99
Cost	3,048	145	445	(33)	3,605
Amortisation	(2,393)	(39)	(359)	28	(2,763)
Provisions	(71)	-	(16)	20	(67)
Net book value	584	106	70	15	775

(1) "Change in the scope of consolidation" concerns companies referred to in note 1.3, which have been consolidated for the first time in 1999.

3/2 OTHER INTANGIBLE FIXED ASSETS

(FF million)	01 Jan. 99	Change in the scope of consolidation	Increase	Decrease	31 Dec. 99
Cost	34	-	63	-	97
Amortisation	(31)	-	(62)	-	(93)
Net book value	3	-	1	-	4

3/3 GOODWILL

	Gross value at 01 Jan. 99	Change in scope of consolidation	Gross value at 31 Dec. 99	Amortisation at 01 Jan. 99	Increase	Amortisation at 31 Dec. 99	Net value at 31 Dec. 99
MT SPOT	5	-	5	5	-	5	-
PARMENTIER PRODUCTIONS	3	-	3	3	-	3	-
CIC	3	-	3	3	-	3	-
PROTÉCRÉA	4	-	4	4	-	4	-
SYALIS	2	-	2	2	-	2	-
GROUPE GLEM	40	-	40	30	10	40	-
FILM PAR FILM	23	-	23	15	5	20	2
TÉLÉ-SHOPPING	18	-	18	6	3	9	9
SWONKE	-	6	6	-	6	6	-
Total	98	6	104	68	24	92	12

3/4 TANGIBLE FIXED ASSETS

Movements of tangible fixed assets and of the corresponding depreciation during the year are summarised as follows:

Cost

(FF million)	01 Jan. 99	Change in the scope of consolidation	Increase	Decrease	31 Dec. 99
Land	-	-	-	-	-
Buildings	-	-	-	-	-
Technical facilities & equipment	326	-	46	12	360
Other tangible assets	529	-	38	16	551
Assets under construction	1	-	32	1	32
Total	856	-	116	29	943

Depreciation

(FF million)	01 Jan. 99	Change in the scope of consolidation	Increase	Decrease	31 Dec. 99
Buildings	-	-	-	-	-
Technical facilities & equipment	252	-	33	11	274
Other tangible assets	321	-	65	16	370
Total	573	-	98	27	644



3/5 FINANCIAL ASSETS

(FF million)	01 Jan. 99	Change in the scope of consolidation	Increase	Decrease	31 Dec. 99
Investments consolidated under the equity method	-	-	-	-	-
Investments and loans to associated undertakings	27	(60) ⁽¹⁾	107	(1)	73
Other financial assets	218	-	16	-	234
Total gross value	245	(60)	123	(1)	307
Provisions	(19)	-	(1)	1	(19)
Total net value	226	(60)	122	-	288

(1) The change in the scope of consolidation corresponds to the elimination of the shares of capital held in the consolidated companies Swonke and Les Films du Jour purchased during the financial year.

Other financial assets mainly comprise an equity loan of FF 226 million (FF 203 million nominal value) granted to GIE APHELIE. This loan, including rolled-up interest, would enable the exercise of the purchase option on the leased building in 2009, under the terms and conditions stated in note 6.1.

3/6 PROGRAMMES AND FILM RIGHTS

The following table provides a breakdown of stocks of programmes and film rights, as defined in note 2.7, after deduction of provisions.

(FF million)	1999	1998	1997
Advances on programmes in progress	923	1,066	880
Programmes ready for broadcasting	1,568	1,687	1,995
Rights available for further broadcasting	995	635	477
Gross value	3,486	3,388	3,352
Provisions	(455)	(398)	(405)
Net value	3,031	2,990	2,947

3/7 OTHER DEBTORS

These amounted to FF 1,884 million, mainly consisting of debts related to value added tax (VAT) for FF 1,109 million, FF 172 million of TPS current account and FF 332 million of current account with GIE APHELIE.

3/8 MARKETABLE SECURITIES

Marketable securities consist of:

- FF 482 million in money market funds (all capital gains have been realised at December 31, 1999),
- FF 838 million in investment shares,
- FF 67 million worth of TF1 shares. These securities were bought in order to fulfil the stock option plan set up in October 1995 for certain employees and directors of TF1. A FF 7 million provision has been made in order to cover the difference between the option price and the purchase price of these shares. The BOUYGUES RELAIS current account (FF 300 million) is accounted for under this heading due to its liquid nature.

3/9 SHAREHOLDERS' FUNDS

Movement of shareholders' funds is indicated in the following table:

(FF million)	Share capital	Revaluation reserves	Retained earnings	Shareholders' funds
Shareholders' funds at 31 Dec. 96	210	31	2,276	2,517
Dividends	-	-	(334)	(334)
1996 net profit	-	-	482	482
Shareholders' funds at 31 Dec. 97	210	31	2,424	2,665
Change in accounting policy	-	-	(14)	(14)
Dividends	-	-	(334)	(334)
1998 net profit	-	-	716	716
Shareholders' funds at 31 Dec. 98	210	31	2,792	3,033
Capital increase ⁽²⁾	1	-	115	116
Adjustment for treasury shares	-	-	(121)	(121)
Dividends	-	-	(459)	(459)
1999 net profit	-	-	1,052	1,052
Shareholders' funds at 31 Dec. 99 ⁽¹⁾	211 ⁽¹⁾	31	3,379	3,621

(1) Share capital is divided into 21,118,316 ordinary shares with a nominal value of FF 10 per share.

Share capital is fully subscribed.

(2) Capital increase reserved to employees.

3/10 MINORITY INTEREST

Movements in minority interest are indicated in the following table:

(FF million)	1999	1998	1997
Minority interest at 31 Dec. 98	16	25	17
Change in the scope of consolidation	-	(1)	(4)
Dividends	(8)	(15)	(4)
Net profit	5	7	16
Minority interest at 31 Dec. 99	13	16	25

3/11 GOVERNMENT GRANTS FOR INVESTMENT

These primarily consist of a grant obtained by TF1 Films Production from the National Cinema Council (CNC). In 1999, FF 41 million was credited to the profit and loss account as against FF 57 million in 1998.

3/12 PROVISIONS FOR LIABILITIES AND CHARGES

Provisions, as indicated in note 2.10, are as follows:

(FF million)	01 Jan. 99	Change in the scope of consolidation	Increase	Decrease	31 Dec. 99
Claims	140	-	52	52	140
Associated companies	1	-	3	-	4
Other provisions ⁽¹⁾	122	-	83	98	107
Sub-total	263	-	138	150	251
Pension costs	23	-	12	-	35
Equity method ⁽²⁾	206	-	245	5	446
Goodwill	-	44	-	2	42
Total	492	44	395	157	774

(1) The FF 107 million of other provisions cover mainly operating risks (FF 40 million) and provisions for unsold goods from the editing and publishing activities (FF 41 million).

(2) The increase of the provision for liabilities and charges constituted on behalf of the companies consolidated under the equity method corresponds to TF1's share of losses in TPS and TCM, which will be charged under partners' current accounts during the next financial year. The reduction of provision corresponds to the allocation of net income of the previous results of these companies.

The FF 251 million of provision for liabilities and charges comprise FF 214 million for risk relating to private companies and individuals and FF 37 million for risk relating to public authorities.

3 /13 DEFERRED TAXATION

Deferred tax is calculated on the liability basis at the rate of 37.76% at December 31, 1999.

a) Deferred tax liabilities may be analysed as follows:

(FF million)	1999	1998	1997
TF1	361	354	350
Subsidiaries	40	21	19
Total	401	375	369

Deferred tax liabilities principally relate to the cancellation of accelerated amortisation.

b) Deferred tax assets relate essentially to provisions for charges that only become deductible for tax purposes when paid, and provisions for amortisation of programmes.

3 /14 DUE DATES FOR DEBTORS AND CREDITORS

All trade debtors are due within less than one year. Other debtors and creditors are due as follows:

(FF million)	Less than one year	Between one and five years	Over five years	Total
Other debtors	1,889	21	19	1,929
Financial creditors and loans	131	-	-	131
Trade creditors	3,279	-	-	3,279
Other creditors	2,965	19	-	2,984

3 /15 OTHER CREDITORS

The breakdown of "Other creditors" is as follows:

(FF million)	1999	1998	1997
Employee taxes and social security	1,899	1,659	1,427
Fixed assets creditors	68	44	62
Other creditors	1,017	1,046	832
Total	2,984	2,749	2,321

The increase in other creditors is due essentially to value added tax collected, corporate income tax and credit notes to be issued.

3 /16 ADJUSTMENT ACCOUNTS

Adjustment accounts, which amount to FF 243 million, mainly comprise prepayments related to the broadcasting of sports events for FF 192 million.

4 NOTES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

4 /1 OTHER OPERATING EXPENSES

Other operating expenses include the following items:

(FF million)	1999	1998	1997
Transmission costs (TDF)	418	439	441
Subcontracting and production costs	1,963	1,799	1,677
Sundry contributions	836	763	698
Taxes and levies	144	132	122
Other operating expenses	2,095	1,742	1,801
Total	5,456	4,875	4,739

4 /2 FINANCIAL PROFIT

The financial profit for 1999 comprises the following:

(FF million)	1999	1998	1997
Net profits on the sale of marketable securities	27	23	16
Release of provisions for contingencies and financial investments	(3)	9	1
Interest	31	20	(4)
Others	2 ⁽¹⁾	3	18
Total	57	55	31

(1) Including FF 7 million of foreign exchange gains.

4 /3 EXCEPTIONAL ITEMS

Exceptional items in 1998 comprise the following:

(FF million)	1999	1998	1997
Capital gains/(losses) on disposal of fixed assets	2	(3)	(12)
Net provisions	(5)	2	(3)
Waiver of State loan	26	-	-
Other	5	5	7
Total	28	4	(8)

4 /4 CORPORATE INCOME TAX

(FF million)	1999	1998	1997
Current taxation	665	516	342
Deferred taxation	(5)	7	37
Total	660	523	379

The deferred tax rate used in 1999 was 37.76%.

The effective tax rate of 38.4% corresponds to the total tax charge (FF 660 million) as a percentage of pre-tax profit.

Since January 1, 1989, TF1 has chosen the status of tax consolidation, an option renewed on January 1, 1994 and on January 1, 1999. The subsidiaries concerned are TF1 Publicité, Une Musique, TF1 Films Production, TF1 Entreprises, Protécra, TF1 Europe, Syalis, TF1 Publicité Production, TF1 Développement, Sintetic, Compagnie Internationale de Communication, Banco Production, Studios 107, TF1 Publications, TF1 International, Parmentier Productions, Téléshopping, TF1 Vidéo, Cogelda, les Films Ariane, Régie Cassette Vidéo, Ciby DA, and Mery Productions.

FF



4/5 COMPANIES CONSOLIDATED UNDER THE EQUITY METHOD

Significant figures (FF million)	TPS	TCM
Total net assets	1,561	526
Financial debt	2,567	92
Net fixed assets	2,675	589
Consolidated turnover	1,856	82
Consolidated net loss	(957)	(28)

4/6 RECONCILIATION OF TF1 SA COMPANY PROFIT TO CONSOLIDATED PROFIT AT DECEMBER 31, 1999

(FF million)	
TF1 SA profit	1,172
Losses of consolidated subsidiaries	(116)
	1,056
Restatements	
▶ Provision for amortisation of programmes (net balance) ⁽¹⁾	(34)
▶ Elimination of regulated provisions	94
▶ Elimination of inter-group provisions	266
▶ Deferred taxation	5
▶ Dividends received from subsidiaries	(249)
▶ Other	(81)
Consolidated profit	1,057
Minority interest	(5)
Net profit attributable to the group	1,052

(1) The provision for amortisation of programmes which will not be broadcast and which have been already written off (in accordance with note 1.9 of the notes to TF1 SA accounts) amounts to FF 181 million at December 31, 1999.

5 NOTE TO THE CASH FLOW STATEMENT

The cash flow statement has been drawn up according to the cash flow method advocated in the latest recommendation of the French National Institute of Accountants.

6 OTHER INFORMATION

6/1 COMMITMENTS AND CONTINGENCIES

As described in note 2-13, the due dates of these commitments at December 31, 1999 are as follows:

(FF million)	Less than one year	Over one year	Total
Programmes and broadcasting rights	1,457	1,687	3,144
Sports transmission rights	766	2,420	3,186
Video exploitation rights	39	-	39
Leasing	78	944	1,022
Other commitments	419	250	669
Total	2,759	5,301	8,060

The heading "Programmes and broadcasting rights" includes long-term contracts relating to variety shows and children's programmes amounting to FF 1,510 million. Due dates concerning transmission of sports events have been estimated on the basis of the foreseeable transmission date of the events concerned.

Group's commitments regarding property leasing contracts:

In June 1994, TF1 leased the office building it has been occupying since 1992 at 1, quai du Point du Jour in Boulogne. This capital lease contract has a 15 year term and amounts to FF 1,080 million (exc. interest charges):

- land FF 300 million
- building FF 380 million
- equipment FF 400 million

TF1 has an option to purchase the property from the seventh year onwards at net book value. This financial lease contract replaces the commercial lease originally contracted between TF1 and GAN.

Original value	1,080
Lease payments ⁽¹⁾	405
▶ accumulated	334
▶ financial year	71
"Theoretical" depreciation charges ⁽²⁾	308
▶ accumulated	252
▶ financial year	56
Estimated remaining future lease payments ⁽³⁾	
▶ less than one year	77
▶ between one and five years	396
▶ more than five years	548
Purchase option on the building in 2009	440

(1) Including capital repayment of FF 89 million.

(2) Depreciation charges that would have been accounted for if the building were owned by the company.

(3) Lease payments calculated using a theoretical interest rate of 6.25%.

6/2 USE OF FINANCIAL HEDGING INSTRUMENTS

6.2.1. Hedging of exchange rates

As TF1 SA and several Group subsidiaries transact business in foreign currencies, they use buy and sell forward exchange contracts and purchase of call option contracts to protect themselves from exchange rate fluctuations. These operations are made on the currency markets and cover the major part of contracts, signed before December 31, 1999, where the due dates fall between 1999 and 2001.

On December 31, 1999, the exchange value of these contracts amounted to FF 335 million:

- FF 302 million of forward purchase exchange contracts in US Dollars,
- FF 33 million of forward purchase exchange contracts in Swiss Francs.

6.2.2. Hedging of interest rates

During 1999, TF1 continued to hedge against interest rate changes the cost relating to the property lease of the office building it has occupied since 1992, at 1 quai du Point du Jour in Boulogne.

On December 31, 1999, TF1 had FF 600 million of SWAPS, contracts to hedge the payments due in 2000 under the lease agreement.

The financial impact of such operations on December 31 1999, is included in financial expenses and amounts to FF 7 million.

6 /3 EMPLOYEES

The number of employees at the financial year end, according to the standards in force under the Collective Agreement on Communication and Audiovisual Production, was as follows:

	1999	1998	1997
College 1 - Workers and clerical employees	82	91	104
College 2 - Technical staff	697	682	672
College 3 - Managerial and executive staff	1,142	1,080	1,007
College 4 - Journalists	328	324	326
Total	2,249	2,177	2,109

6 /4 DIRECTORS' REMUNERATION

Remuneration of the 15 executive directors' for the year ended December 31, 1999 amounted to FF 54,303,162 . Information on the executive directors is set out on page 6 of the business report.

On October 10, 1995, the Board of Directors granted 115,500 share purchase options to certain members of the TF1 Group management. The subscription price was fixed at FF 481, representing 95% of the average of the opening prices quoted on the last twenty days preceding the Board Meeting.

As of December 31, 1999, five beneficiaries have exercised their available share option entitlement.

On April 8, 1997, the Board of Directors granted 147,500 share subscription options to certain members of the TF1 Group management. The subscription price was fixed at FF 523, representing 95% of the average of the opening prices quoted on the last twenty days preceding the Board Meeting, of April 8, 1997.

On March 18, 1998, the Board of Directors granted 162,000 share subscription options to certain members of the TF1 Group management. The subscription price was fixed at FF 657, representing 95% of the average of the opening prices quoted on the last twenty days preceding the Board Meeting, of March 18, 1998.

On September 20, 1999, the Board of Directors granted 97,000 share subscription options to certain members of the TF1 Group management. The subscription price was fixed at Euros 232.66 (FF 1,526), representing 95% of the average of the opening prices quoted on the last twenty days preceding the Board Meeting, of September 20, 1999.

No significant personal loans or guarantees have been granted to any Director or Board Member apart from share loans to Directors who are also Board Members.

6 /5 EURO

Over the past two years, the Group has been working to ensure a smooth transition to the single currency, which since January 1, 2000 has been the reference currency for all of TF1 information systems.

6 /6 RISKS IN EMERGING COUNTRIES

TF1's activity and profit were not impacted by the emerging countries' crisis.

6 /7 SUBSEQUENT EVENTS

None

7 SIGNIFICANT ELEMENTS IN THE NOTES TO THE PRIOR ACCOUNTING PERIODS

The information contained in the Notes to the accounts for 1999 is equivalent to that for the two preceding periods.

The same applied to 1998 and 1997.

FF



TF1 SA

Balance sheet

ASSETS (in FF thousands)	Notes	31.12.99			31.12.98	31.12.97
		Gross value	Depreciation amortisation and provisions	Net Value	Net value Proforma*	Net value Proforma*
INTANGIBLE FIXED ASSETS	1.2 and 2.1	1,108,786	8,169	1,100,617	1,069,021	993,072
Franchises and other similar rights		1,584	1,499	85	0	0
Brand		479	479	0	0	0
Goodwill		95	0	95	95	95
Other intangible fixed assets		4,189	4,189	0	0	419
Co-production ready for broadcasting		546,159	293	545,866	470,413	535,966
Co-production rights available for rebroadcasting		261,616	1,264	260,352	229,702	210,440
Co-production in progress		294,664	445	294,219	368,811	246,152
TANGIBLE FIXED ASSETS	1.3 and 2.2	772,173	552,332	219,841	221,327	355,428
Land		0	0	0	0	37,163
Freehold buildings		0	0	0	0	70,592
Technical facilities and equipment		312,807	256,371	56,436	61,166	60,300
Other tangible fixed assets		427,640	295,961	131,679	159,607	186,037
Tangible fixed assets under construction		31,726	0	31,726	554	1,336
FINANCIAL ASSETS	1.4 and 2.3	1,055,698	25,745	1,029,953	851,029	549,905
Investments		702,514	23,838	678,676	637,088	545,836
Loans to associated undertakings		1,868	1,867	1	1	2
Other investments held as fixed assets		122,077	0	122,077	508	508
Loans		227,415	0	227,415	212,128	1,722
Other financial assets		1,824	40	1,784	1,304	1,837
FIXED ASSETS		2,936,657	586,246	2,350,411	2,141,377	1,898,405
INVENTORIES	1.5 and 2.4	2,291,687	224,636	2,067,051	2,025,048	1,996,133
Raw materials and consumables		7,170	0	7,170	7,184	5,003
Goods held for resale		627	0	627	947	1,165
Rights ready for broadcasting		1,021,959	117,430	904,529	917,171	1,260,093
Broadcasting rights for rebroadcasting		733,212	107,206	626,006	518,294	235,757
Broadcasting rights in progress		528,719	0	528,719	581,452	494,115
Prepayments and accrued income		26,871	0	26,871	12,879	17,874
Trade debtors	1.6 and 2.5	1,895,718	226	1,895,492	1,751,241	1,733,127
Other debtors	2.5	2,308,545	13,119	2,295,426	1,465,161	1,084,819
Marketable securities and cash at bank and in hand	1.7, 2.6 and 4.7	852,293	7,259	845,034	963,700	512,386
Prepaid expenses	2.7	208,133	0	208,133	210,452	227,632
CURRENT ASSETS		7,583,247	245,240	7,338,007	6,428,481	5,571,971
UNREALISED LOSSES/GAINS ON FOREIGN EXCHANGE		2,501	0	2,501	216	1,171
TOTAL ASSETS		10,522,405	831,486	9,690,919	8,570,074	7,471,547

* See note 1.1.

SHAREHOLDERS' EQUITY AND LIABILITIES <i>(in FF thousands)</i>	<i>Notes</i>	31.12.99	31.12.98 Proforma*	31.12.97 Proforma*
Share capital		211,183	210,000	210,000
Share premium		114,673	0	0
Revaluation reserve		30,705	30,705	30,705
Legal reserve		21,000	21,000	21,000
Long term capital gain reserve		163,995	163,995	163,995
Other reserves		1,750,000	1,400,000	1,150,000
Retained earnings		267,592	156,462	168,382
Net profit for the year		1,172,508	920,124	594,079
Government grants for investment	1.8	0	0	45
Regulated provisions: amortisation	1.9	747,329	704,605	692,591
SHAREHOLDERS' FUNDS	2.8	4,478,985	3,606,891	3,030,797
Provisions for contingencies		74,047	72,491	50,913
Provisions for charges		2,501	216	1,171
Other provisions for liabilities		86,469	137,829	156,324
PROVISIONS FOR LIABILITIES AND CHARGES	1.10 and 2.9	163,017	210,536	208,408
Bank borrowings ⁽¹⁾		0	0	0
Other financial creditors ⁽²⁾		852,463	975,658	732,043
Trade creditors		2,151,068	2,004,659	2,023,066
Tax and social liabilities		1,192,643	1,030,591	809,745
Fixed assets creditors		20,051	7,928	10,273
Other creditors		761,139	719,359	649,809
Prepaid income		70,845	11,918	6,945
CREDITORS AND OTHER LIABILITIES	2.10	5,048,209	4,750,113	4,231,881
UNREALISED LOSSES/GAINS ON FOREIGN EXCHANGE		708	2,534	461
TOTAL SHAREHOLDERS' FUNDS AND LIABILITIES		9,690,919	8,570,074	7,471,547
⁽¹⁾ Including bank overdrafts		0	0	0
⁽²⁾ Including current account with associated companies		852,463	975,658	732,043

* See note 1.1.



TF1 SA

Profit and loss account

<i>(in FF thousands)</i>	<i>Notes</i>	31.12.99	31.12.98 Proforma	31.12.97 Proforma
TURNOVER	1.11 and 3.1	9,047,233	8,140,455	7,870,030
Advertising revenue	3.1	8,272,921	7,507,122	7,167,138
Technical services		12,538	22,853	66,579
Other operating revenue		150,131	93,492	93,578
Stored production		1,205	(98)	6,318
In-house production	3.2	3,681	0	0
Operating grant		484	376	1,935
Depreciation, amortisation and provisions releases		146,584	118,899	115,912
Expense transfers		435,653	377,518	391,067
Other revenue		24,036	20,293	27,503
OPERATING EXPENSES		(7,162,872)	(6,826,882)	(6,751,243)
Purchase of raw materials and consumables	3.3	(2,246,926)	(2,147,861)	(2,116,761)
Change in inventory		79,802	(15,048)	139,503
Other purchases and external expenses		(2,139,015)	(1,967,196)	(1,972,977)
Taxes and levies	3.4	(543,729)	(489,290)	(434,057)
Wages & salaries paid	3.5	(618,909)	(604,164)	(600,642)
Social security charges	3.6	(277,361)	(262,304)	(258,881)
Depreciation, amortisation and provisions	3.7			
▶ amortisation of broadcast coproductions		(827,613)	(788,691)	(917,896)
▶ depreciation of other fixed assets		(73,705)	(74,652)	(81,330)
▶ provision for intangible assets and current assets		(114,414)	(60,938)	(91,898)
▶ provision for liabilities and charges		(37,197)	(65,360)	(70,914)
Other expenses	3.8	(363,805)	(351,378)	(345,390)
OPERATING PROFIT		1,884,361	1,313,573	1,118,787
Net profit from joint operations		0	0	0
Financial revenue		202,940	361,032	249,736
Financial expense		(104,759)	(166,629)	(254,648)
FINANCIAL PROFIT (LOSS)	3.9	98,181	194,403	(4,912)
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS		1,982,542	1,507,976	1,113,876
EXCEPTIONAL INCOME		262,900	379,749	214,183
Exceptional revenue on operations		35,167	48,118	17,962
Exceptional revenue on fixed assets		1,717	110,583	40,626
Provision releases		226,016	221,048	155,595
EXCEPTIONAL EXPENSES		(322,962)	(433,371)	(376,778)
Exceptional expense on operations		(5,169)	(21,143)	(15,908)
Exceptional revenue on fixed assets		(49,053)	(179,166)	(124,433)
Exceptional depreciation, amortisation and provisions		(268,740)	(233,062)	(236,437)
EXCEPTIONAL LOSS	3.10	(60,062)	(53,622)	(162,595)
EMPLOYEE PROFIT SHARING		(67,855)	(26,671)	(20,184)
INCOME TAX	3.11 and 3.12	(682,117)	(507,559)	(337,018)
NET PROFIT		1,172,508	920,124	594,079

TF1 SA

Cash flow statement

(in FF thousands)

① Operating activities

Net profit	1,172,508	920,124	594,079
Depreciation, amortisation and provisions ^{(1) (2)}	29,654	(33,903)	96,881
Investment grants realised to revenue	0	(45)	(372)
Capital gain (loss) on disposal of fixed assets	499	6,007	5,904

CASH FLOW

	1,202,661	892,183	696,492
Purchase of coproduction	(859,505)	(864,189)	(944,639)
Depreciation, amortisation and provisions of coproduction	870,719	799,834	999,068
Stocks	(42,002)	(28,914)	(135,296)
Trade debtors	(974,482)	(380,320)	(532,473)
Trade creditors	407,340	279,035	69,752
Expenses to amortise over several periods	0	0	0
Net advances from third parties	(13,992)	4,995	8,445

Increase (decrease) in working capital needs (611,922) (189,559) (535,143)

NET CASH INFLOW FROM OPERATING ACTIVITIES

590,739 **702,624** **161,349**

② Investing activities

Purchase of fixed assets ^{(1) (2)}	(73,838)	(48,243)	(44,237)
Disposal of sale of fixed assets ^{(1) (2)}	917	110,355	626
Purchase of fixed asset investments	(45,464)	(11,023)	(28,574)
Disposal of fixed asset investments	525	0	39,386
Increase (decrease) in fixed assets creditors	12,124	(2,345)	(15,930)
Increase (decrease) in other financial assets	(137,336)	(209,873)	8,223

NET CASH OUTFLOW FROM INVESTING ACTIVITIES

(243,072) **(161,129)** **(40,506)**

③ Financing

Increase (decrease) in shareholders' funds	115,856	0	0
Net change in loans	(123,195)	243,615	126,106
Dividends paid	(458,994)	(333,796)	(333,862)

NET CASH OUTFLOW FINANCING

(466,333) **(90,181)** **(207,756)**

TOTAL INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

(118,666) **451,314** **(86,913)**

Cash at beginning of period	963,700	512,386	599,299
Net inflow (outflow)	(118,666)	451,314	(86,913)
Cash at end of period	845,034	963,700	512,386

(1) Programmes not included.

(2) In the company financial statements, the purchase, consumption, sale of programmes and the expired rights are recorded under "Intangible fixed assets". In order to give a proper comparison with the consolidated accounts, all of the above were included in "Increase (decrease) in working capital needs".

(3) Broadcasting rights have been restated within stocks.

FF

1945 - 1960

Birth of a new medium.
Programmes improve throughout the post-war period.



Notes to the Company

Financial statements

Accounting policies and presentation of the accounts for the twelve-month financial period ended December 31, 1999.

The accounts for the financial year have been prepared in accordance with the legal and statutory provisions currently in force in France.

1 PRINCIPAL ACCOUNTING POLICIES

1/1 COMPARABILITY OF FINANCIAL STATEMENTS

The financial year ended December 31, 1999 is not comparable with those ended December 1998 and 1997 because of the change in accounting policy regarding programs, as stated in notes 1.2, 1.5, 3.2, 3.3, 3.7 and 3.10.

In order to ensure comparability, the 1998 and 1997 financial statements have been restated. The change in the presentation of the accounts has been made with a view to improving the financial information provided. Furthermore, this presentation matches that of the consolidated accounts.

1/2 INTANGIBLE FIXED ASSETS

As from January 1, 1999 the heading "programmes" was composed of co-productions rights, broadcasting rights and the channel's in-house productions.

As from January 1, 1999, "co-production" covers only co-production shares purchased by the channel.

1.2.1. General principles

Co-produced programmes are amortised when they are transmitted according to the following methods:

a) Children (except Cartoons) - Variety - Theatre - Documentaries - News and Sport

Possible transmissions	1	2 or more
1 st transmission	100%	100%
2 nd transmission	-	-

b) Cartoons

Possible transmissions	1	2 or more
1 st transmission	100%	50%
2 nd transmission	-	50%

c) Programmes of a duration not exceeding 52 minutes

Possible transmissions	1	2 or more
1 st transmission	100%	100%
2 nd transmission	-	-

d) Programmes of a duration of 52 minutes or over

Possible transmissions	1	2 or more
1 st transmission	100%	80%
2 nd transmission	-	20%

A provision is made in the event of a given programme involving co-production not being broadcast.

1.2.2. Co-productions ready for broadcasting

The items reported under this heading are all non-broadcast co-productions that have not yet been transmitted. They are accounted for at their purchase cost or overall production cost.

1.2.3. Co-productions rights available for rebroadcasting

Co-productions having already been transmitted once, and for which one or more rebroadcastings are still possible, are accounted for under "Co-production rights available for rebroadcasting" and valued at 50% or 20% of their purchase cost.

1.2.4. Co-productions in progress

Co-productions that have not been delivered or are not ready for transmission by the end of the financial year are reported under "co-productions in progress". These co-productions are valued as the amount of capital expenditure or at the balance sheets dates. The remaining contractual commitment is valued in "Commitments and Contingencies".

1/3 TANGIBLE FIXED ASSETS

Depreciation methods are set out in the following table:

Technical facilities & equipment (before 1 Jan. 92)	Reducing balance	3 to 5 years
Technical facilities & equipment (after 1 Jan. 92)	Straight line	5 years
Other tangible fixed assets	Straight line	2 to 10 years

1/4 FINANCIAL ASSETS

Financial assets are valued at their purchase cost. Provision is made for the amortisation of these assets when their current value, determined in particular by reference to the proportion of equity held in the companies concerned, justifies such a provision. If necessary, a provision for liabilities and charges is made. Provisions are evaluated according to the 1982 French Chart of Accounts.

1/5 INVENTORIES

Since January 1, 1999, broadcasting rights and in-house productions are accounted for as inventories.

1.5.1. General principles

Programmes are amortised when they are transmitted according to the following amortisation methods:

a) Purchased TV rights

(Children (except Cartoons) - Variety - Theatre - Documentaries - News and Sport).

Possible transmissions	1	2 or more
1 st transmission	100%	100%
2 nd transmission	-	-

Some purchases of audiovisual rights relating to children's programmes are amortised according to the valuation of each transmission as contractually defined.

b) Purchased TV rights for full length feature film, dramas, series and cartoons.

Possible transmissions	1	2 or more
1 st transmission	100%	50%
2 nd transmission	–	50%

c) Programmes of a duration not exceeding 52 minutes

Possible transmissions	1	2 or more
1 st transmission	100%	100%
2 nd transmission	–	–

d) Programmes of a duration of 52 minutes or over

Possible transmissions	1	2 or more
1 st transmission	100%	80%
2 nd transmission	–	20%

A provision is made if it becomes probable that a given programme not being broadcast.

1.5.2. Rights ready for broadcasting

The items reported under this heading are all non-broadcast rights that have not yet been transmitted for the first time. They are accounted for at their purchase cost or overall production cost (direct costs plus attributable production overheads).

1.5.3. Rights available for rebroadcasting

Rights having already been transmitted once, and for which one or more rebroadcastings are still possible, are accounted for under "Rights available for rebroadcasting" and valued at 50% or 20% of their purchase cost, according to their type.

1.5.4. Rights in progress

Programmes that have not been delivered or are not ready for transmission by the end of the financial year, as well as broadcasting rights for which the beginning of the validity period falls after the year end, are reported under "Rights in progress". These rights are valued as the amount of capital expenditure at the date of the end of the financial year. The remaining capital expenditure is valued in "Commitments and Contingencies".

① /6 TRADE DEBTORS

All trade debtors currently subject to claims are fully provided.

In addition, bad debts are covered by provisions for liabilities, as follows:

- 100% of their total amount, net of tax, for accounts receivable prior to January 1, 1997;
- 50% of their total amount, net of tax, for accounts receivable falling due between January 1, 1997 and December 31, 1997.

Risks on receivables originating after December 31, 1997 and not yet collected at December 31, 1999 are not significant.

① /7 MARKETABLE SECURITIES

Marketable securities are valued on the basis of their purchase cost. When the value is lower than the acquisition cost, a provision is made.

① /8 GOVERNMENT GRANTS

If confirmed, government grants for investment are credited to a deferral account and credited to the profit and loss account as and when the corresponding assets are depreciated.

① /9 REGULATED PROVISIONS

This item essentially relates to accelerated amortisation for tax purposes of in-house productions or co-productions that have not yet been broadcast. This amortisation is calculated from the first day of the month following the end of shooting in accordance with the rules laid down by the French Tax Authorities on July 3, 1970, which define monthly percentages as follows:

- ▶ 1st month 20%
- ▶ 2nd month 15%
- ▶ 3rd to 9th month 5%
- ▶ 10th to 12th month 2%
- ▶ 13th to 24th month 2%

① /10 PROVISIONS FOR LIABILITIES AND CHARGES

The amount of these provisions is calculated according to the assessment of liabilities existing at the end of each accounting period.

① /11 ADVERTISING

Advertising revenue corresponds to the amount received from the sale by TF1 PUBLICITE of advertising space and sponsorship, net of its fees.

① /12 COMMITMENTS AND CONTINGENCIES

Purchased broadcasting rights and co-productions to which the station was firmly and contractually committed prior to the end of the accounting period, but for which technical approval has not yet been granted, are reported as "Commitments and Contingencies".

These commitments are valued on the basis of the amount set out in the contract, after deduction of amounts that have been capitalised and recorded under the heading "Programmes and film rights".

① /13 PENSION COSTS

The pension costs accrued in respect of employees aged 48 and over are covered by an insurance policy.

The pension costs accrued in respect of employees below 48 are covered by a provision for liabilities and charges, from 1998 onwards.

① /14 FINANCIAL INSTRUMENTS

The Group protects itself from exposure to interest rate and exchange rate fluctuations with financial instruments. The Group operates on currency markets to hedge commitments linked to its economic activity only. It does not intervene for speculative purposes.

Gains and losses on financial instruments used for hedging purposes are determined and accounted for on a symmetrical basis with the losses and gains on the hedge items except in the case of option premiums (charged at the outset) and gains and losses on FRA (charged at the start of the period covered).



2 NOTES TO THE BALANCE SHEET

2 /1 INTANGIBLE FIXED ASSETS

Intangible fixed assets essentially refer to programmes and film rights; the following table provides a detailed breakdown of their movements:

Summary of movements

(FF million)	1999	1998 Proforma
Co-productions in progress	369	248
Co-productions ready for broadcasting	471	536
Co-productions available for rebroadcasting	231	211
VALUE OF CO-PRODUCTIONS AT JAN. 1	1,071	995
Add:		
INVESTMENTS Jan. 1 to Dec. 31	905	927
Subtract:		
DISINVESTMENTS 1 Jan. to Dec. 31.		
Cost 1 st transmission	(773)	(738)
Cost 2 nd transmission	(55)	(50)
Total cost of broadcast	(828)	(788)
Rights expired	(20)	(23)
Rights retired	(26)	(40)
Rights sold (residual book value)	-	-
TOTAL DISINVESTMENTS Jan. 1 to Dec. 31	(874)	(851)
VALUE OF CO-PRODUCTIONS AT DEC. 31.	1,102	1,071
BREAKDOWN		
Co-productions in progress	295	369
Co-productions ready for broadcasting	546	471
Co-productions available for rebroadcasting	261	231
Total	1,102	1,071

As of December 31, 1999, the provision for risk of non-transmission of co-productions amounted to FF 183 million, of which FF 2 million in provision for depreciation of assets and FF 181 million in existing regulated provisions made as described in paragraph 1.9.

2 /2 TANGIBLE FIXED ASSETS

Movements in tangible fixed assets for the financial year, as well as the corresponding depreciation are summarised as follows:

Cost

(FF million)	1 Jan. 99	Increase	Decrease	31 Dec. 99
Technical facilities and equipment	301	21	10	312
Other	411	21	4	428
Assets under construction	1	32	1	32
Total	713	74	15	772

Depreciation

(FF million)	1 Jan. 99	Increase	Decrease	31 Dec. 99
Technical facilities and equipment	240	25	9	256
Other	252	48	4	296
Total	492	73	13	552

2 /3 FINANCIAL ASSETS

Financial investments

TF1 subscribed to the following:

- World On Line France FF 9.7 million for 13% of share capital
- Mageos FF 21.4 million for 21.37% of share capital half paid in
- e-TF1 FF 6.6 million for 100% of share capital
- Swonke FF 5.9 million for 100% of share capital
- Tricom FF 1.9 million for 66.66% of share capital

TF1 sold to Monte Carlo Radiodiffusion, for FF 0.2 million, its stake in Technisonor.

TF1 sold to Bouygues Telecom for FF 0.3 million its 2% stake in World On Line France.

At December 31, 1999, the total value of the shares reported in the balance sheet of TF1 SA amounts to FF 703 million, with provisions amounting to FF 24 million.

Loans

This heading essentially relates to an equity loan of FF 226 million (FF 203 million nominal value) granted to GIE APHELIE. This loan, including rolled-up interest, would enable the exercise of the purchase option on the leased building in 2009, under the terms and conditions stated in note 4.1.

Other financial assets

This heading essentially relates to 99,385 TF1 shares, for a total amount of FF 121 million.

These stocks have been purchased as part of a share buyback programme as described in the information note which received the Visa 99-305 from the "Commission des Opérations de Bourse" (COB) on March 30, 1999.

In October 1999, TF1 carried out a capital increase reserved to the group's employees. The subscribers only contributed to 1/10 of their total investment. The remaining 9/10 have been financed through an underwritten bank loan. As, last of this operation, TF1 has sold a call option to a bank for € 186.6 covering 70,990 TF1 shares.

These shares are aimed at covering this call option.

② /4 INVENTORIES

This heading essentially relates to non transmitted broadcasting rights.

(FF million)	External production	In-house production	Total production	1998 Proforma
Rights ready for 1 st broadcasting	1,012	12	1,024	1,295
Rights available for rebroadcasting	597	-	597	431
Rights in progress	571	11	582	494
VALUE OF PROGRAMMES AT 1 JAN.	2,180	23	2,203	2,220
Add:				
INVESTMENT Jan. 1 to Dec. 31.	2,212	1,745	3,957	3,819
Subtract:				
DISINVESTMENTS Jan. 1 to Dec. 31				
Cost 1 st transmission	1,872	1,733	3,605	3,593
Cost 2 nd transmission	141	-	141	84
Total cost of broadcast	2,013	1,733	3,746	3,677
Rights expired	65	-	65	58
Rights retired	54	11	65	101
Rights sold (residual book value)	-	-	-	-
TOTAL DISINVESTMENTS Jan. 1 to Dec. 31	2,132	1,744	3,876	3,836
VALUE OF PROGRAMMES AT 31 DEC.	2,260	24	2,284	2,203
CHANGE IN STOCK	80	1	81	(17)
BREAKDOWN				
Rights ready for 1 st broadcasting	1,008	14	1,022	1,024
Rights available for rebroadcasting	733	-	733	597
Rights in progress	519	10	529	582
TOTAL	2,260	24	2,284	2,203

As of 31 December, 1999, the provision for risk of non-transmission of rights amounted to FF 225 million.

② /5 DEBTORS

2.5.1. Accounts receivable

TF1 Publicité, as agent of TF1 SA, sells advertising slots to advertising agencies. For this, TF1 Publicité receives fees indexed on turnover generated.

The balance payable by TF1 Publicité to TF1 SA in respect of such purchases was FF 979 million at December 31, 1999, against FF 967 million at December 31, 1998. This balance is net of sales rebates which have yet to be granted and which are included in "Other Creditors".

2.5.2. Other debtors

This heading essentially relates to VAT receivable for FF 401 million, to loans granted to subsidiaries under cash management agreements for FF 1,494 million, and to the current account with GIE APHELIE for FF 332 million.

2.5.3. Due dates for debtors

The debtors linked to fixed assets and current assets, totalling FF 5,315 million, essentially fall due within one year.

A proportion of the debtors carried under fixed assets (FF 5 million) and current assets (FF 4 million) fall due between one and five years. A proportion of the debtors carried under fixed assets (FF 226 million) and current assets fall due after five years.

② /6 CASH AND MARKETABLE SECURITIES

Marketable securities consist of money market mutual funds amounting to FF 467 million, and of FF 67 million worth of TF1 shares bought as part of the stock options plan. These securities were bought in order to fulfil the stock option plan set up in October 1995 for certain employees and management of TF1. A provision of FF 7 million has been made to cover the difference between the option price and purchase price for these shares.

Movement TFI shares	Number of shares	FF million
TF1 shares 01.01.99	136,633	66
Exercise of options	(19,375)	(10)
Purchases in the financial year	7,742	11
TF1 shares 31.12.99	125,000	67

The BOUYGUES RELAIS current account (FF 300 million) is accounted for under this heading due to its liquid nature.

② /7 PREPAID EXPENSES

Prepaid expenses account for FF 208 million including FF 192 million relating to prepaid sports transmissions.

FF



2/8 SHAREHOLDERS' FUNDS

The share capital is divided into 21,118,316 fully paid ordinary shares each with a nominal value of FF 10.

The movements for the financial year were as shown in the following table:

(FF million)	1 Jan. 99	Allocation of profit (General Meeting of May 7, 99)	Other movements	31 Dec. 99
Share capital	210	-	1 ⁽³⁾	211
Share premium	-	-	115 ⁽³⁾	115
Revaluation reserve	31	-	-	31
Legal reserve	21	-	-	21
Long term capital gain reserve	164	-	-	164
Retained earnings	156	112	-	268
Other reserves	1,400	350	-	1,750
Net profit for the year	920	(920)	1,172	1,172
Sub-total	2,902	(458)	1,288	3,732
Investment grants	-	-	-	-
Regulated provisions	705	-	42 ⁽²⁾	747
Total	3,607	(458) ⁽¹⁾	1,330	4,479

(1) Dividends paid on June 30, 1999.

(2) Net movements of the year.

(3) Capital increase reserved to employees.

2/9 PROVISIONS FOR LIABILITIES AND CHARGES

Defined as in note 1.10, these provisions break down as shown in the following table:

(FF million)	1 Jan. 99	Increase	Decrease	31 Dec. 99
Claims	73	29	28	74
Associated companies	34	18	33	19
Bad debts	19	-	1	18
Pension costs	22	5	-	27
Other	62	6	43	25
Total	210	58	105	163

The provision for bad debts includes TF1's share in the risk of non-collection of accounts receivable relating to TF1 Publicité.

The provisions relating to associated companies correspond to TF1's share of the losses of general partnership subsidiaries.

The other provisions concern potential risks relating to certain public authorities.

2/10 CREDITORS

2.10.1. Bank borrowings

There are no bank overdrafts at December 31, 1999.

The Company still has the possibility to draw up to FF 1,022 million on credit facilities with various banks. This was not used on December 31, 1999.

The company subscribed a syndicated loan amounting to FF 2,500 million, for a period of 7 years. This loan has not yet been used.

2.10.2. Other financial creditors

Cash put at TF1's disposal by its subsidiaries in accordance with cash management agreements is recorded under this heading amounting to FF 699 million (FF 863 million in 1998).

2.10.3. Other creditors

This heading includes credit notes and rebates on tariffs to be granted by TF1, amounting to FF 740 million in 1999 (FF 686 million in 1998).

2.10.4. Due dates for creditors

The creditors, totalling FF 4,977 million, fall due within one year.

A FF 10 million share due to fixed assets suppliers of and FF 8 million of other debts are due after more than one year.

3/ NOTES TO THE PROFIT AND LOSS ACCOUNT

The change in accounting policy for programmes affects the following headings of the profit and loss account: in-house production, purchase of raw materials and consumables, change in inventory, amortisation of broadcast programmes and exceptional expense on fixed assets.

3/1 BREAKDOWN OF TURNOVER

Advertising revenues amount to FF 8,273 million and correspond to TF1 Publicité's revenues, less the fees enabling TF1 Publicité to cover operating costs i.e. FF 591 million.

3/2 IN-HOUSE PRODUCTION

Since January 1, 1999, the costs related to in-house production have no longer been capitalised.

In 1998 they amounted to FF 1,715 million.

3/3 PURCHASE OF RAW MATERIALS AND CONSUMABLES

Since January 1, 1999, the purchase of broadcasting rights has been accounted for as inventories (and no longer under the heading intangible fixed assets). Their consumption is determined by reference to date of broadcast or to their retirement.

3/4 TAXES AND LEVIES

This heading essentially records TF1's contribution to the French National Cinema Council, business tax and a tax levied by a Social Security agency (ORGANIC) for an amount of FF 502 million (FF 448 million in 1998).

③ /5 WAGES AND SALARIES

This heading includes FF 44 million of wages paid to freelance employees as against FF 50 million in 1998.

③ /6 SOCIAL SECURITY CHARGES & EMPLOYMENT EXPENSES

This heading includes FF 19 million of employee benefits, relating to the employer's contribution to the Company Savings Plan.

③ /7 AMORTISATION, DEPRECIATION AND PROVISIONS

Since January 1, 1999, the heading "amortisation of broadcast co-productions" concerns only the amortisation of the shares of broadcast co-productions. Until December 31, 1998 this heading covered the amortisation of broadcasting rights (FF 2,010 million) and broadcast in-house production (FF 1,666 million).

③ /8 OTHER EXPENSES

This item covers payments to authors amounting to FF 338 million (FF 308 million in 1998).

③ /9 FINANCIAL PROFIT

Financial profit for 1998 breaks down as follows:

(in FF million)	1999	1998
Dividends	81	91
Net interest paid	33	7
Provisions for liabilities	(30)	66
Exchange differences	(3)	8
Profits on sales of marketable securities	17	22
Net	98	194

Financial expenses with respect to associated companies amount to FF 24 million. Financial revenues amount to FF 34 million (FF 29 million and FF 32 million respectively in 1998).

③ /10 EXCEPTIONAL ITEMS

The exceptional items for 1999 break down as follows:

(in FF million)	1999	1998	Proforma 1998
Capital losses on disposal and retirement of programmes ⁽¹⁾	(46)	(222)	(62)
Net provisions (including accelerated amortisation for tax purposes)	(43)	(12)	(12)
Capital losses on disposal of financial assets	-	(9)	(9)
Other	29	30	30
Net loss	(60)	(213)	(53)

(1) Since January 1, 1999, retirements of programmes have been restated in operating expenses (FF 160 million in 1998).

③ /11 CORPORATE INCOME TAX

The difference between the theoretical income tax charge, stated at 40% and the actual income tax charge (36.8%) mainly results from the deduction of dividends (FF 81 million), profit sharing (FF 40 million), the net losses recorded by GIE APHELIE (FF 29 million) and tax credits (FF 37 million).

The tax savings arising due to the tax losses of group companies are reimbursed to those subsidiaries.

Since January 1, 1989, TF1 has chosen the status of tax consolidation, an option renewed on January 1, 1994 and on January 1, 1999. The subsidiaries concerned at December 31, 1999 are TF1 Publicité, Une Musique, TF1 Films Production, TF1 Entreprises, Protécrea, TF1 Europe, Syalis, TF1 Publicité Production, TF1 Développement, Sintétic, Compagnie Internationale de Communication, Banco Production, TF1 Vidéo, TF1 International, Parmentier Productions, TF1 Publications, Studios 107, Mery Productions, Télé-Shopping, Cogelda, Les Films Ariane et Régie Cassette Vidéo and Ciby DA.

③ /12 DEFERRED TAXATION

(in FF million)	Future increase in tax	Future decrease in tax
Regulated provisions	282	-
Employee profit sharing, paid vacation, Organic tax, etc	-	47

④ OTHER INFORMATION

④ /1 COMMITMENTS AND CONTINGENCIES

On December 31, 1999, the various types of commitments and their due dates are as follows:

(FF million)	Within less than one year	Over one year	Total
Programmes and broadcasting rights	1,457	1,686	3,143
Sports broadcasting rights	652	2,262	2,914
Real-estate leasing	78	943	1,021
Other commitments	242	236	478
Total	2,429	5,127	7,556

The heading "Programmes and broadcasting rights" includes FF 601 million of long-term contracts relating to variety shows and children's programmes for FF 1,510 million.

Due dates concerning transmission of sports events have been calculated using the foreseeable transmission date of the given event.

Group's commitments regarding real-estate leasing contracts

In June 1994, TF1 leased its office building, 1 quai du Point du Jour in Boulogne, that it had been occupying since 1992. This capital lease contract has a 15 years' term and amounts to FF 1,080 million (excl. interest charges):

- land FF 300 million
- building FF 380 million
- technical facilities FF 400 million

FF



1951

The first colour television trials take place in France.

27

TF1 has an option to purchase the property from the seventh year onwards at net book value. This financial lease contract replaces the 12 years commercial lease originally contracted between TF1 and GAN.

Original value		1,080
Lease payments ⁽¹⁾		405
▶ accumulated	334	
▶ financial year	71	
"Theoretical" depreciation charges ⁽²⁾		308
▶ accumulated	252	
▶ financial year	56	
Estimated remaining future lease payments ⁽³⁾		
▶ less than one year	77	
▶ between one and five years	396	
▶ more than five years	548	
Purchase option on the building in 2009		440

(1) Including capital repayment of FF 89 million.

(2) Depreciation charges that would have been accounted for if the building were owned by the company.

(3) Lease payments calculated using a theoretical interest rate of 6.25%.

4 /2 USE OF FINANCIAL HEDGING INSTRUMENTS

4.2.1. Hedging of exchange rates

As some commercial payments and receipts are stated in foreign currencies, TF1 uses buy and sell forward exchange contracts and purchase of call option contracts to protect themselves from exchange rate fluctuations. These operations are made on the currency markets and cover the major part of contracts, signed before December 31, 1999, where the due dates fall between 2000 and 2001.

On December 31, 1999, the exchange value of these contracts amounted to FF 335 million:

- FF 302 million of forward purchase exchange contracts in US Dollars,
- FF 33 million of forward purchase exchange contracts in Swiss Francs.

4.2.2. Hedging of interest rates

During 1999, TF1 continued to hedge against interest rate changes the cost relating to the property lease of the office building it has occupied since 1992, at 1 quai du Point du Jour in Boulogne.

On December 31, 1999, TF1 had FF 600 million of SWAPS, covering the payments due in 2000 under the lease agreement.

The financial impact of hedging for exchange rate fluctuations on December 31, 1999, is included in financial expenses and amounts to FF 7 million.

4 /3 EMPLOYEES

The number of employees at the financial year-end, according to the standards in force under the Collective Agreement on Communication and Audiovisual Production, was as stated in the table below:

	1999	1998	1997
College 1 - Workers and clerical employees	38	42	58
College 2 - Technical staff	480	463	464
College 3 - Managerial and executive staff	528	483	469
College 4 - Journalists	225	221	229
Total	1,271	1,209	1,220

4 /4 DIRECTORS' REMUNERATION

Remuneration of the 15 executive directors' for the year ended 31 December 1999 amounted to FF 54,303,162. Information on the executive directors is set out on page 6 of the business report.

On October 10, 1995, the Board of Directors granted 115,500 share purchase options to certain directors of the TF1 Group. The subscription price was fixed at FF 481, representing 95% of the average of the opening prices quoted on the last twenty days preceding the Board Meeting.

As of December 31, 1999, five beneficiaries have exercised their available share option entitlement.

On April 8, 1997, the Board of Directors granted 147,500 share subscription options to certain directors of the TF1 Group. The subscription price was fixed at FF 523, representing 95% of the average of the opening prices quoted on the last twenty days preceding the Board Meeting.

On March 18, 1998, the Board of Directors granted 162,000 share subscription options to certain directors of the TF1 Group. The subscription price was fixed at FF 657, representing 95% of the average of the opening prices quoted on the last twenty days preceding the Board Meeting.

On September 20, 1999, the Board of Directors granted 97,000 share subscription options to certain members of the TF1 Group management. The subscription price was fixed at Euros 232.66 (FF 1,526), representing 95% of the average of the opening prices quoted on the last twenty days preceding the Board Meeting, of September 20, 1999.

No significant personal loans or guarantees have been granted to any Director or Board Member apart from share loans to Directors who are also Board Members.

4 /5 DIRECTORS' FEES

Directors' fees paid in 1999 amounted to FF 1,110,000.

4 /6 MOVEMENTS IN PROVISIONS

(FF million)	1 Jan. 99	Increase	Decrease	Change in accounting policy	31 Dec. 99
Regulated provision					
In respect of intangible fixed assets (programmes)	705	268	226	-	747
Provision for liabilities and charges	210	58	105	-	163
Provision for depreciation of fixed assets	193	2	1	(186)	8
Provision on financial assets					
- Long-term investments	21	3	-	-	24
- Related loans	2	-	-	-	2
Provision for depreciation of current					
- Inventories	-	113	74	186	225
- Advances to subsidiaries	13	-	-	-	13
- Investment securities	-	7	-	-	7
Total	1,144	451	406	0	1,189

4 / 7 FINANCIAL AND SHORT TERM INVESTMENTS HELD

AT DECEMBER 31, 1999

Financial investments	Number of shares	%	Shareholders' funds in FF
SYALIS	2,494	99.76	317,432,526
TF1 EUROPE	209,993	100.00	122,777,939
TF1 FILMS PRODUCTION	169,994	100.00	100,982,068
TF1 PUBLICITE	29,994	99.98	84,721,689
TF1 ENTREPRISES	199,988	99.99	70,222,095
STUDIOS 107	119,994	100.00	31,192,460
GROUPE GLEM	1,497	59.88	27,845,659
TV SPORT	46,499	31.00	27,719,231
FILM PAR FILM	9,998	49.99	25,763,375
TELE-SHOPPING	8,494	99.93	23,836,692
e-TF1	999	99.90	6,553,010
BANCO PRODUCTION	129,994	100.00	5,964,407
MEDIAMETRIE	1,000	10.75	3,255,667
SWONKE	40	100.00	2,892,075
TRICOM SA	29,998	99.99	2,820,372
TVRS 98	225	22.50	569,125
MERY PRODUCTIONS	4,994	99.88	499,400
MEDIAMETRIE EXPANSION	600	5.00	350,553
SAGAS	848	33.92	228,153
SINETIC	2,494	99.76	227,104
TCM GESTION	849	33.96	84,132
LES FILMS ARIANE	1	0.02	25,766
UNE MUSIQUE	1	0.04	7,226
LES NOUVELLES EDITIONS TF1	25	1.00	4,771
RCV	1	0.04	934
CIC	1	0.01	604
TF1 VIDEO	1	-	329
SYALIS COM	1	0.04	100
COGELDA	1	-	81
TPS GESTION	1	-	31
Financial investment			855,977,574

The book value corresponds to the share of net equity held by TF1 SA.

Short term investments	Number of shares	Unit value at 31 Dec. 99	Market value in FF
UNION +	510	196,873.10	100,405,281
BAREP	1,165	86,085.44	100,289,538
EURIBOR	515	194,484.17	100,159,348
PRIMA CIC	37	1,366,029.73	50,543,100
ELICAPI	46	1,029,723.33	47,367,273
CENTRALE PIBOR	2,756	15,605.28	43,008,152
DRESNER JOUR	1,015	24,730.04	25,100,991
Total investment shares			466,873,683
TF1 SA shares	125,000	481.00 ⁽¹⁾	60,125,000
Total investments			1,382,976,257

(1) Net value.

FF



4 /8 SUBSIDIARIES AND FINANCIAL INVESTMENTS (in thousands of FF or foreign currency units if indicated)

Companies or groups of companies	Currency	Share Capital	Reserves	Interest held	Gross book value of shares held	Net book value of shares held	Loans and credits granted but not yet repaid	Guarantees & pledges granted	Turnover in last accounting period	Net result in last accounting period	Dividends received during the period
1 SUBSIDIARIES (holding of at least 50% of shares)											
TF1 PUBLICITE		15,000	61,921	99.98%	19,925	19,925	-	-	8,969,486	7,818	-
TF1 FILMS PRODUCTION		17,000	82,879	100.00%	11,599	11,599	-	-	254,135	1,104	-
TÉLÉ-SHOPPING		850	1,547	99.93%	850	850	-	-	502,807	21,457	12,747
TF1 PUBLICATIONS		500	(10,483)	99.88%	3,406	-	-	-	-	-	-
TF1 ENTREPRISES		20,000	2,738	99.99%	20,002	20,002	-	-	125,618	47,491	36,400
SYALIS		250	325,389	99.76%	273,402	273,402	-	-	-	(7,442)	-
BANCO PRODUCTION		13,000	(9,413)	100.00%	12,999	12,999	-	-	2,417	2,378	-
TF1 EUROPE		21,000	82,492	100.00%	127,999	127,999	-	-	-	19,286	19,950
PROTECREA		10,000	(40,558)	99.99%	14,699	14,699	-	-	23,184	2,567	-
LUXTEL 1	LUF	1,350	-	99.99%	404	404	-	-	-	-	-
STUDIOS 107		12,000	19,967	100.00%	30,699	14,012	-	-	90,765	(775)	-
SINTETIC		250	(15)	99.76%	249	249	-	-	-	(7)	-
MERY PRODUCTIONS		500	-	99.88%	499	499	-	-	-	-	-
LA CHAINE INFO		30,000	(152)	99.95%	29,985	29,985	-	-	299,696	386	-
GROUPE GLEM		250	27,885	59.88%	50,898	50,898	-	-	6,038	18,368	10,800
SED ODYSSEE		50	(371)	99.00%	49	49	-	-	37,497	(5,483)	-
TF1 US	USD	28	-	100.00%	157	157	-	-	1,968	-	-
TRICOM SA		3,000	153	99.99%	2,880	2,880	-	-	-	(332)	-
SWONKE		119	(213)	100.00%	5,904	2,892	-	-	-	2,986	-
e-TF1		6,560	-	99.90%	6,553	6,553	-	-	-	-	-
2 FINANCIAL INVESTMENTS (holding 10% to 50% of shares)											
MÉDIAMÉTRIE		930	25,922	10.75%	100	100	-	-	185,470	3,432	68
FMI		1,000	-	13.33%	133	-	1,867	-	-	-	-
MERCURY INTERN. FILM	DEM	1,000	-	50.00%	1,674	1,674	-	-	-	-	-
TV SPORT		15,000	61,685	31.00%	4,650	4,650	-	-	304,853	12,732	-
SAGAS		250	382	33.92%	85	85	-	-	1,926	41	-
TVRS 98		1,000	1	22.50%	225	225	-	-	428,108	6,028	1,012
FILM PAR FILM		10,000	41,534	49.99%	48,182	48,182	-	-	100,101	3	-
TCM GESTION		250	(1)	33.96%	85	85	-	-	725	(1)	-
TCM DROITS AUDIOVISUELS		1,500	-	34.00%	510	510	-	-	82,498	(27,373)	-
WORLD ON LINE FRANCE		90,000	-	13.00%	11,701	11,701	-	-	3,555	(104,850)	-
MAGEOS		100,000	-	21.37%	21,375	21,375	-	-	-	(14,065)	-
3 FINANCIAL INVESTMENTS (holding of less than 10%)											
TF1 PUBLICITÉ PRODUCTION		50	1,196	1.00%	1	1	-	-	85,565	(1,903)	-
GIE GIC		500	-	0.02%	-	-	-	-	-	-	-
GIE CHALLENGER		750	-	0.67%	5	5	-	-	-	-	-
CIC		785	4,216	0.01%	1	1	-	-	39,796	1,036	-
MÉDIAMÉTRIE EXPANSION		12,000	(5,875)	5.00%	600	-	-	-	-	886	-
UNE MUSIQUE		250	237	0.04%	-	-	-	-	179,640	17,579	4
TPS GESTION		1,720	(773)	0.01%	-	-	-	-	6,354	(414)	-
COGELDA		64,250	(12,322)	0.01%	-	-	-	-	7,799	344	-
LES FILMS ARIANE		500	30,599	0.02%	23	23	-	-	42,974	97,731	-
RCV		250	1,265	0.04%	2	2	-	-	3,516	819	-
LES NOUVELLES ÉDITIONS TF1		250	33	1.00%	2	2	-	-	2,743	134	5
EUROSHOPPING		500	(2)	0.02%	-	-	-	-	11,455	(11,301)	-
TF1 VIDÉO		20,635	1,233	0.01%	-	-	-	-	670,494	46,019	-
SEBADO		250	-	0.01%	-	-	-	-	947	(514)	-
TRICOM & CIE		300	10	0.06%	-	-	-	-	-	21	-
SYALIS COM		250	-	0.04%	-	-	-	-	-	-	-
Total					702,512	678,674					

④ /9 EURO AND YEAR 2000

Over the past two years, the Group has been working to ensure a smooth transition to the single currency, which since January 1, 2000 has been the reference currency for all TF1 information systems.

④ /10 POST BALANCE SHEET EVENTS

None.

⑤ SIGNIFICANT ELEMENTS IN THE NOTES TO THE PRIOR ACCOUNTING PERIODS

The information contained in the Notes to the accounts for 1999 is equivalent to that for the two preceding periods. The same applied to 1998 and 1997.



1960

On 25 April, France adopts the 819-line high-definition standard created by the engineer Henri de France. In 1959 he formulates the French television Secam system. PAL is developed in Germany.

Information concerning TF1 SA

GENERAL INFORMATION

Name: TELEVISION FRANCAISE 1 - TF1

Registered office: 33, rue Vaugelas 75015 PARIS

Trade register: 326 300 159 RCS PARIS

INSEE N°: 326 300 15 900 083

APE code: 922C

Form: Public limited company ("Société Anonyme")

Date of incorporation: September 17, 1982

Date of expiry: January 31, 2082

Financial year: January 1 to December 31

COMPANY OBJECTS

(art. 2 of the corporate charter)

The objects of TF1 are as follows:

Operation of an audiovisual communications service, such as authorised by laws and regulations in force comprising notably the conception, production, programming and distribution of television broadcasts including all advertising.

All industrial, commercial, financial, investment and real estate transactions directly or indirectly connected to the above. Also any related or complementary objects likely to further the development of the company's objectives or assets, notably:

- to study, to produce, to acquire, to sell, to rent and to use any recorded images and/or sound tracks, reports, films intended for television, cinema or radio broadcasting,
- to sell and produce advertising,
- to provide services of all types for sound and television broadcasting,

all of these directly or indirectly, on its own account or for a third party, alone or with others, by way of creation of new companies, contribution, limited partnership, subscription, purchase of company stock or rights, merger, alliance, association in hidden partnerships or management or in-kind exchange of all assets, entitlements or otherwise.

Its activity is to comply with its charter and the standards and legal provisions in force.

STATUTORY APPROPRIATION OF INCOME

(art. 26 of the corporate charter)

5% of the income of a financial year as reduced by previous losses, if the situation arises, shall be deducted to constitute legal reserve funds.

This deduction ceases to be obligatory when the reserve funds reach one tenth of the company's registered capital. This process shall resume when, for whatever reason, the legal reserve falls below this one tenth.

Distributable income is comprised of:

- the income of the financial year less previous losses and amounts credited to reserves, in application of the law and statutes,
- the income carried forward from the previous financial year.

This profit is distributed between all shareholders proportionally to the number of shares held by each one of them.

GENERAL MEETINGS

(art. 7 and 21 of the corporate charter)

All shareholders may participate in the General Meetings, irrespective of the number of shares they own.

Any person, acting alone or with others, who attains a holding of at least 0.5%, 1%, 2%, 3% and 4% of capital or of voting rights, shall, within five days of registration of the shares enabling him to reach or to exceed this threshold, declare to the Company by return-receipted registered mail, to the registered office, the total number of shares and voting rights he/she possesses.

This declaration must be made within the conditions above each time the threshold of 0.5%, 1%, 2%, 3% and 4% is crossed upward or downward.

If not declared under the above conditions, the shares exceeding the fraction which ought to have been declared are deprived of the right to vote under the conditions laid down by law, if requested at a shareholders' meeting by one or more shareholders possessing 5% at least of the registered capital.

COMPANY RESPONSIBLE FOR SHARE ADMINISTRATION AND FINANCIAL INFORMATION

TF1 as issuing company.

CAPITAL

(art. 6 of the corporate charter)

Changes

Employees saving plan

In the scope of its employees saving plan, TF1 issued in 1999 118,316 new shares with a nominal value of FF 10. This resulted in a capital increase of FF 1,183,160 and a share premium of FF 114,673,050.36.

Capital increase through an increase of the share nominal value, following the conversion of the capital into Euros.

The capital has been increased by an amount of FF 65,870,984.17 from FF 211,183,160 to FF 277,054,144.17 by the transformation of FF 30,704,644.76 from "revaluation reserve" and FF 35,166,339.41 from "other reserves".

The share value of each share was increased from FF 10 to FF 13.11914 (Euros 2). The capital, converted into Euros as of January 1, 2000 amounts to Euros 42,236,632, divided into 21,118,316 shares of Euros 2 each.

Amount

On February 29, 2000, the capital of TF1 amounted to Euros 42,236,632, fully paid, divided into 21,118,316 shares each of Euros 2 nominal value.

The issued shares represent 100% of the share capital and existing voting rights.

There are no founder shares, dividend-right certificates, convertible or exchangeable bonds or other securities giving access to the capital, nor voting rights certificates, nor double voting rights.

There is no statutory clause limiting the free negotiability of shares.

The company is authorised to make use of the legal provisions allowed to identify shareholders possessing voting rights in its own shareholders' meetings. In order to

keep informed as to the breakdown of its capital, TF1 draws up from time to time lists of holders or bearers of registered shares via SICOVAM ("Société Interprofessionnelle pour la Compensation des Valeurs Mobilières").

ISSUE OPERATIONS

The company is authorised, in accordance with the resolutions of the General Meeting of May 7, 1999, valid for a duration of five years, to issue one or more bond debentures for a maximum amount of Euros 500,000,000.

Following the General Meeting of April 18, 2000, and if agreement is given to the Board of Directors, it will have the ability to issue one or several bond debentures for a nominal amount of Euros 1,000,000,000.

The table below details the different issues of securities that can be made by the company, if the combined General Meeting of April 18, 2000 gives its authorisation. All the former authorisations are cancelled, except those concerning employees (subscription option or purchase shares option).

The maximum nominal amount authorised for capital increases is Euros 100,000,000. The maximum nominal amount authorised for bond issues is Euros 1,000,000,000.

	Maximum nominal amount for capital increases ⁽¹⁾	Maximum nominal amount for bond issues ⁽¹⁾	Duration	Remaining duration ⁽²⁾	General Meeting	Resolution
Bond debentures	-	M€ 1,000	5 years	5 years	Combined General Meeting April 18, 2000	8
Issues of shares and composite securities (including equity warrants), with PSR ⁽³⁾	M€ 100	M€ 1,000	26 months	26 months	Combined General Meeting April 18, 2000	9
Issues of shares and composite securities (including equity warrants), without PSR ⁽³⁾	M€ 100	M€ 1,000	26 months	26 months	Combined General Meeting April 18, 2000	10
Issues of shares and composite securities (including equity warrants) in take over bid or tender offer periods, with or without PSR ⁽³⁾	M€ 100	M€ 1,000	1 year	1 year	Combined General Meeting April 18, 2000	11
Issues of shares and composite securities, paying shares brought in a tender offer	M€ 100	M€ 1,000	26 months	26 months	Combined General Meeting April 18, 2000	12
Issues of shares reserved of employees subscribing to an Employees Savings Plan, without PSR ⁽³⁾	(4)	-	5 years	4 years	Combined General Meeting May 7, 99	23
Issues of shares for stock options plans without PSR ⁽³⁾	(4)	-	5 years	5 years	Combined General Meeting April 18, 2000	15
Purchase of shares for the employees subscribing to the company savings plan	-	-	-	unlimited	Ordinary General Meeting June 12, 92	11
Programme to purchase own shares	(4)	-	1 year	1 year	Combined General Meeting April 18, 2000	7
Capital reduction through share cancellation	(4)	-	18 months	18 months	Combined General Meeting April 18, 2000	14

(1) It should be specified that (13th resolution - Combined General Meeting April 18, 2000):

- the total nominal amount of the various authorised increases in capital must not exceed Euros 100 million,
- the total nominal amount of bond issues must not exceed Euros 1,000 million.

(2) From the combined General Meeting of April 18, 2000.

(3) PSR: Preferential Subscription Right.

(4) Within a maximum limit of 10% of share capital.

Conversion	€	FF
Shares and bonds issues		
• Increases in capital: maximal nominal amount	100,000,000	655,957,000
• Bond issues maximal nominal amount	1,000,000,000	6,559,570,000

FF



LEGAL FRAMEWORK

Shareholding

Under the terms of article 14 of law n° 94-88 of February 1, 1994 amending article 39 of law n° 86-1067 of September 30, 1986, an individual or entity, acting alone or with others, 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 terrestrial hertzian route.

Licensing conditions

TF1 is an audiovisual communications service subject to licence. The initial period of licence for use of frequencies, for a duration of 10 years subsequent to April 4, 1987 (Law of September 30, 1986), expired in 1997.

According to article 28.1 of the law of February 1, 1994 and given the absence of serious breaches leading to penalties imposed on the licensee over the pasted years, the CSA ("Conseil Supérieur de l'Audiovisuel") renewed the initial licence without tender offer.

This renewal holds for five years and was definitely granted with the signature of a convention between TF1 and the CSA on July 31, 1996 (note II of Decision n° 96-614 of September 17, 1996 on the renewal of the authorisation granted to Télévision Française 1 - "Journal Officiel" of October 10, 1996).

This convention applies from January 1, 1997 to 2002. It defines the new legal framework of the channel's exploitation and cancels all the dispositions of Decision 87-26 of April 4, 1987, designating the cessionary group of 50% of the capital of "Société nationale de programme de Télévision Française 1" and concerning the licence for use of frequencies to "Télévision Française 1".

Main legal provisions and obligations

Texts:

- Contract conditions set forth by Decree n° 87-43 of January 30, 1987 and the Decision regarding licencing use of frequencies n° 96-614 of September 17, 1996, given to Télévision Française 1,
- Law n° 86-1067 of September 30, 1986 as amended by the Law n° 94-88 of February 1, 1994,
- E.C. Directive on Transnational Television of October 3, 1989,
- Decree n° 90-67 of January 17, 1990, as amended by Decree n° 92-281 of March 27, 1992 and Decree n° 95-1162 of November 6, 1995 and decree n° 99-189 of March 11, 1999 (production obligations),
- Decree n° 90-66 of January 17, 1990, as amended by Decree n° 92-279 of March 27, 1992 (broadcasting obligations),
- Decree n° 92-280 of March 27, 1992, repealing the decree of January 26, 1987 (obligations relating to advertising and sponsorship).

In terms of general broadcasting obligations and of investment in production, the principal legal provisions in force are the following:

- a maximum of 192 cinema films per year may be broadcast, of which a maximum of 104 shall begin between 8.30 p.m and 10.30 p.m. No cinema film shall be broadcast on Wednesday and Friday evenings, Saturday all day, Sunday before 8.30 p.m,
- broadcasting quotas apply for the whole broadcasting time and to peak viewing hours, to cinema and audiovisual works. 60% of broadcast material shall be of European origin and 40% of French origin,
- a minimum of two thirds of the annual broadcasting air-time shall be devoted to French-speaking programmes,
- obligation to broadcast annually a minimum of 1,000 hours of children's programmes including 50 hours of magazines and documentaries,
- obligation to broadcast annually 800 hours of television news bulletins and television news magazines,
- obligation to invest 15% of the previous year's net annual turnover for the commissioning of French-speaking audiovisual works, of which 10% from independent producers, and to broadcast 120 hours of French-speaking or European unreleased audiovisual works, starting between 8 p.m. and 9 p.m,
- obligation to invest 0.6% of net turnover for the commissioning of French-speaking and European cartoons (obligation included in the previous 15%). Two thirds of the acquired broadcasting rights cannot exceed four years,
- prohibited use of own means of production for fiction programmes ; authorised use of own means of production for news and for up to 50% of annual volume of other programmes,
- obligation to invest 3% of the previous year's net annual turnover, with at least 2.5% dedicated to French-speaking cinema works and at least 75% from independent producers, in the co-production of European cinema works. This investment is to be achieved through a subsidiary of the broadcaster (TF1 Films Production) operating as a minority. Its co-production part in its investment has to remain smaller than the pre-purchase part of the broadcasting right.

The compliance with legal obligations is controlled and financially sanctioned by the CSA, pursuant to the provisions of articles 42 to 42.11 of the above law of September 30, 1986.

As regards the commitment to protect childhood and youth, the Channel committed itself to adopt a 5-category sign code assessing the accessibility of broadcast programmes.

Legislation in progress

A draft bill modifying the Law of September 30, 1986 (related to the liberty of communication), is currently under preparation. This Law of September 30, 1986 defines the regulation of the audiovisual sector.

People responsible for financial information

PEOPLE ASSUMING THE RESPONSIBILITY FOR THE ANNUAL REPORT

TF1

To our knowledge, the information in this document gives a true and fair view of the Group; it includes all the statements necessary for the investors to make their judgement on assets, activity, financial situation, results and perspectives of TF1; there are no omissions liable to alter the significance of those statements.

Patrick LE LAY
Chairman & Managing Director

STATUTORY AUDITORS

We have audited the financial statements reported in this document in accordance with generally accepted auditing standards by applying such auditing procedures as we considered necessary in the circumstances.

We have also audited the company accounts and consolidated accounts of the 1997 to 1999 accounting periods.

We have no comments on the accuracy of the financial information provided in this document.

Paris, March 23, 2000

Statutory Auditors

SALUSTRO REYDEL
represented by Edouard Salustro and Jean-Pierre Crouzet.

Jacques VILLARY

INFORMATION AND INVESTOR RELATIONS

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92656 BOULOGNE CEDEX
FRANCE

You can also receive information on the TF1 Group:

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92656 BOULOGNE CEDEX
FRANCE

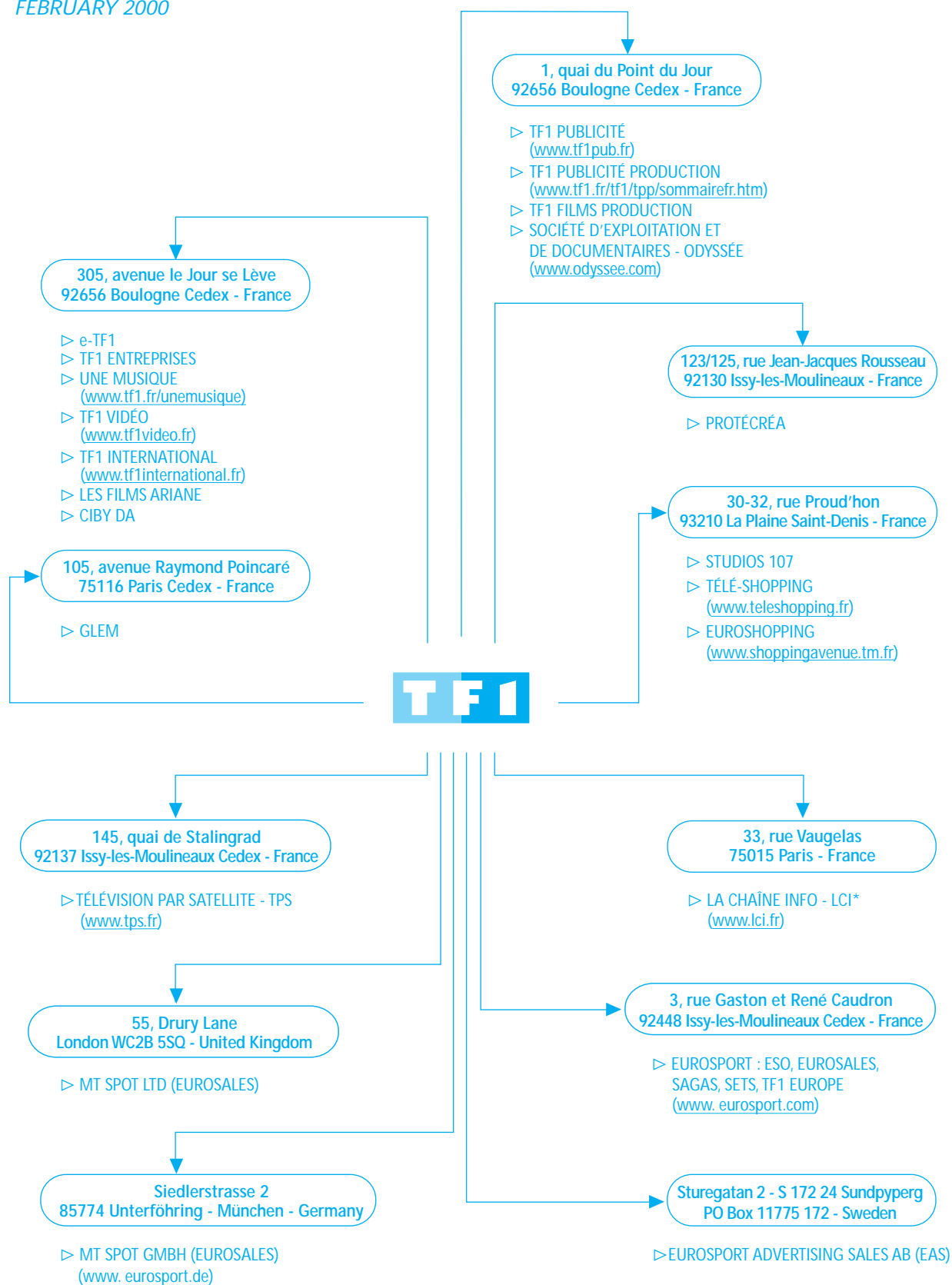
By INTERNET:
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FF



Postal and e-mail addresses of main subsidiaries

FEBRUARY 2000



* In July 2000, LCI will move to:
1, quai du Point du Jour - 92656 BOULOGNE CEDEX - FRANCE

Financial Statements in Euros



Financial statements in Euros



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Consolidated profit and loss account

Operational breakdown

(in Euros million)	1999	1998	1997
TF1 Channel			
Advertising revenue	1,351.3	1,226.6	1,172.0
Advertising agency fees	(90.1)	(82.2)	(79.4)
NET REVENUES FROM BROADCASTING	1,261.2	1,144.4	1,092.6
Royalties and contributions			
Authors	(51.5)	(47.0)	(44.7)
CNC	(67.4)	(61.0)	(53.5)
Transmission costs ⁽¹⁾			
TDF, Satellites, Transmissions	(54.5)	(57.4)	(57.9)
Programming costs	(724.0)	(714.7)	(699.7)
GROSS MARGIN	363.8	264.3	236.8
Diversification revenues and other revenues ⁽²⁾	484.2	423.9	387.3
Other operating expenses ^{(1) (2)}	(442.1)	(389.6)	(366.5)
Other development expenses	(15.7)	(5.0)	0
Depreciation, amortisation and provisions (net)	(88.4)	(74.3)	(80.7)
OPERATING PROFIT	301.8	219.3	176.9
FINANCIAL PROFIT	8.8	8.4	4.6
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS	310.6	227.7	181.5
Exceptional items	4.3	0.6	(1.2)
Goodwill amortisation	(3.5)	(1.7)	(2.6)
Tax and employee profit sharing	(112.4)	(85.8)	(63.0)
Share in net earnings of companies consolidated under the equity method	(37.9)	(30.6)	(38.7)
NET PROFIT OF CONSOLIDATED COMPANIES	161.1	110.2	76.0
Minority share of profit	(0.8)	(1.1)	(2.4)
NET PROFIT ATTRIBUTABLE TO THE GROUP	160.3	109.1	73.6

⁽¹⁾ INA costs have been restated in "Other operating expenses" in 1999, and for the previous years.

⁽²⁾ Net of items not linked to the Group's direct activity.

The additional information provided by the operational breakdown of the consolidated profit and loss account does not replace the information given in the notes to the consolidated financial statements, but is to facilitate understanding of the two main components of TF1's activities:

- TF1 channel broadcasting activities
- Diversification activities.

1 NET REVENUES FROM BROADCASTING

Net revenues from broadcasting relate to net revenues invoiced to advertisers by TF1 PUBLICITE after deduction of running costs.

2 GROSS MARGIN

The gross margin breaks xdown as follows:

Net revenues from broadcasting

(see above)

Royalties and contributions

These fees are fully or partly based on advertising revenues and include:

- fees paid to authors,
- contribution to the CNC (National Cinema Council).

Transmission costs

These expenses result from the transmission of TF1's programmes.

Programming costs

These are the internal and external costs of programming. They include expired and retired broadcasting rights.

3 OPERATING PROFIT

The operating profit is calculated on the basis of the gross margin. It takes into account revenues from diversification activities and other operating revenues minus operating expenses related to diversification activities and other operating expenses not directly attributable to programmes. This operating profit is that stated in the consolidated profit and loss account.

4 OTHER ITEMS

As stated in the consolidated profit and loss account.

1965

The colour process is inaugurated by the 2nd channel

1972

The third channel begins showing its programmes in December.



Consolidated balance sheet

ASSETS (in Euros thousands)	Notes	31.12.99		Net value	31.12.98	31.12.97
		Gross value	Depreciation and amortisation			
INTANGIBLE FIXED ASSETS		564,284	445,514	118,770	89,461	69,593
Audiovisual rights	2.3 and 3.1	549,537	431,396	118,141	88,981	69,215
Other intangible fixed assets	2.4 and 3.2	14,747	14,118	629	480	378
GOODWILL	2.5 and 3.3	15,827	14,058	1,769	4,628	7,488
TANGIBLE FIXED ASSETS	2.6 and 3.4	143,741	98,174	45,567	43,111	64,335
Land		6	0	6	6	5,665
Freehold buildings		13	5	8	9	10,762
Other tangible fixed assets		143,722	98,169	45,553	43,096	47,908
FINANCIAL ASSETS	3.5	46,830	2,890	43,940	34,388	6,118
Investments consolidated under the equity method		31	0	31	13	3,941
Investments and loans to associated undertakings		11,184	2,881	8,303	1,141	894
Other financial assets		35,615	9	35,606	33,234	1,283
FIXED ASSETS		770,682	560,636	210,046	171,588	147,534
Programmes and film rights	2.7 and 3.6	531,399	69,401	461,998	455,866	449,219
Raw materials and supplies		8,176	3,297	4,879	5,810	4,323
Trade debtors		411,661	5,074	406,587	365,705	364,939
Other debtors	3.7 and 3.14	294,150	6,812	287,338	243,392	203,011
Marketable securities and cash at bank and in hand	2.8 and 3.8	288,919	1,107	287,812	170,228	96,989
CURRENT ASSETS		1,534,305	85,691	1,448,614	1,241,001	1,118,481
ADJUSTMENT ACCOUNTS	3.16	37,101	0	37,101	43,382	43,812
DEFERRED TAXATION	2.11 and 3.13	36,485	0	36,485	31,915	30,662
TOTAL ASSETS		2,378,573	646,327	1,732,246	1,487,886	1,340,489

SHAREHOLDERS' EQUITY AND LIABILITIES*(in Euros thousands)*

	Notes	31.12.99	31.12.98	31.12.97
Share capital		32,195	32,014	32,014
Share premium		17,482	0	0
Revaluation reserve		4,681	4,681	4,681
Other reserves		337,176	316,566	296,117
Profit attributable to the group		160,332	109,124	73,406
SHAREHOLDERS' FUNDS	3.9	551,866	462,385	406,218
Minority interest	3.10	1,963	2,413	3,857
Government grants for investment	2.9 and 3.11	7,817	5,737	8,399
Provisions for liabilities and charges	2.10 and 3.12	117,939	74,932	74,174
Deferred taxation	2.11 and 3.13	61,089	57,153	56,273
LONG TERM CAPITAL		740,674	602,620	548,921
Financial creditors and borrowings ⁽¹⁾	3.14	19,927	17,513	7,227
Trade creditors	3.14	499,947	441,959	422,013
Other creditors	3.14 and 3.15	454,853	419,066	353,797
CREDITORS		974,727	878,538	783,037
ADJUSTMENT ACCOUNTS	3.16	16,845	6,728	8,531
TOTAL SHAREHOLDERS' FUNDS AND LIABILITIES		1,732,246	1,487,886	1,340,489
⁽¹⁾ Including current bank overdrafts		67	97	222



Consolidated profit and loss account

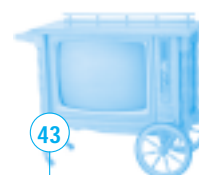
<i>(in Euros thousands)</i>	<i>Notes</i>	31.12.99	31.12.98	31.12.97
TURNOVER		1,854,600	1,662,284	1,571,713
Net Advertising revenue	2.12	1,388,226	1,263,474	1,203,693
including				
TF1		1,351,310	1,226,604	1,171,974
OTHERS		36,916	36,870	31,719
Diversification revenue		387,505	340,033	317,295
Technical services revenue		36,950	28,246	29,249
Other revenue		41,919	30,531	21,476
OPERATING EXPENSES		(1,552,770)	(1,442,939)	(1,394,986)
External production costs		(408,964)	(396,061)	(377,666)
Change in stocks of in-house production		(5,255)	(17,909)	12,642
Staff costs		(218,381)	(211,515)	(226,851)
Other operating expense	4.1	(831,709)	(743,116)	(722,482)
Depreciation, amortisation and provisions (net)				
▶ depreciation		(79,715)	(66,799)	(64,153)
▶ provisions		(8,746)	(7,539)	(16,476)
OPERATING PROFIT		301,830	219,345	176,727
Financial revenue		17,886	12,391	13,924
Financial expense		(9,126)	(4,030)	(9,254)
FINANCIAL PROFIT	4.2	8,760	8,361	4,670
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS		310,590	227,706	181,397
Net exceptional income/expense	4.3	4,258	582	(1,150)
Goodwill amortisation		(3,451)	(1,683)	(2,689)
Employee profit sharing		(11,812)	(6,132)	(5,225)
Income tax	4.4	(100,564)	(79,632)	(57,745)
Share in net earnings of companies consolidated under the equity method	4.5	(37,926)	(30,670)	(38,728)
NET PROFIT BEFORE MINORITY INTEREST		161,095	110,171	75,860
Minority interest		(763)	(1,047)	(2,454)
NET PROFIT ATTRIBUTABLE TO THE GROUP	4.6	160,332	109,124	73,406
EARNINGS PER SHARE	<i>in Euros</i>	7,63	5,20	3,50

Consolidated cash flow statement

(in Euros thousands)	Notes	31.12.99	31.12.98	31.12.97
1 Operating activities				
Net profit *		161,093	110,171	75,860
Depreciation, amortisation and provisions		82,537	75,213	76,609
▶ Intangible fixed assets	3.1 and 3.2	63,635	45,751	43,644
▶ Tangible fixed assets	3.4	14,883	14,806	15,310
▶ Financial assets	3.5	(40)	(38)	(2,662)
▶ Expenses to amortise		624	8,917	6,643
▶ Goodwill		3,451	1,683	2,689
▶ Provisions for liabilities and charges	3.12	(16)	4,094	10,985
Investment grants released to revenue		(8,515)	(12,265)	(11,711)
Expenses to amortise		(63)	(8,688)	(5,670)
Capital gains (losses) on disposal of fixed assets	4.3	(295)	524	2,277
Change in deferred taxation**	4.6	(820)	1,014	5,627
Share of investment consolidated under the equity method*		37,926	30,670	38,728
CASH FLOW		271,863	196,639	181,720
Stocks**		(5,201)	(6,109)	(26,655)
Trade debtors**		(66,501)	(72,461)	(64,728)
Trade creditors**		90,967	80,054	12,765
Net advances from third parties**		(2,542)	2,124	3,001
Increase (decrease) in working capital needs		16,723	3,608	(75,617)
NET CASH INFLOW FROM OPERATING ACTIVITIES		288,586	200,247	106,103
2 Investing activities				
Purchase of intangible fixed assets	3.1 and 3.2	(77,498)	(37,787)	(38,140)
Purchase of tangible fixed assets	3.4	(17,695)	(10,183)	(10,361)
Disposal of fixed assets		1,529	18,967	2,329
Purchase of financial asset investments	3.5	(16,415)	(1,740)	(29,667)
Increase (decrease) in other financial assets	3.5	(20,915)	(31,912)	1,371
Increase (decrease) in fixed assets creditors		3,769	(2,797)	(1,996)
		(127,225)	(65,452)	(76,464)
Consolidation adjustments		59,014	2,273	(536)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(68,211)	(63,179)	(77,000)
3 Financing activities				
Increase in shareholders' funds		24,538	9,602	11,292
Increase (decrease) in loans		(56,105)	(20,107)	(7,316)
Dividends paid	3.9 and 3.10	(71,194)	(53,199)	(51,397)
NET CASH OUTFLOW FROM FINANCING		(102,761)	(63,704)	(47,421)
TOTAL INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		117,614	73,364	(18,318)
Cash at beginning of period		170,131	96,767	115,085
Net inflow (outflow)		117,614	73,364	(18,318)
Cash at end of period		287,745	170,131	96,767

* Net profit is disclosed after share in investment consolidated under the equity method, which is disclosed as a specific item.

** At December 31, 1998, the movement in deferred taxation is included under the heading "Cash flow", whereas it was previously included under the heading "working capital needs".



TF1 SA balance sheet

ASSETS (in Euros thousands)	Notes	31.12.99		Net value	31.12.98	31.12.97
		Gross value	Depreciation amortisation, and provisions		Net value Proforma *	Net value Proforma *
INTANGIBLE FIXED ASSETS	1.2 and 2.1	169,033	1,245	167,788	162,972	151,393
Franchises and other similar rights		241	228	13	0	0
Brand		73	73	0	0	0
Goodwill		14	0	14	15	15
Other intangible fixed assets		639	639	0	0	64
Co-production ready for broadcasting		83,262	45	83,217	71,714	81,707
Co-production rights available rebroadcasting		39,883	192	39,691	35,018	32,081
Co-production in progress		44,921	68	44,853	56,225	37,526
TANGIBLE FIXED ASSETS	1.3 and 2.2	117,717	84,202	33,515	33,741	54,185
Land		0	0	0	0	5,665
Freehold buildings		0	0	0	0	10,762
Technical facilities and equipment		47,687	39,083	8,604	9,325	9,193
Other tangible fixed assets		65,193	45,119	20,074	24,332	28,361
Tangible fixed assets under construction		4,837	0	4,837	84	204
FINANCIAL ASSETS	1.4 and 2.3	160,940	3,925	157,015	129,738	83,832
Investments		107,098	3,634	103,464	97,123	83,212
Loans to associated undertakings		285	285	0	0	0
Other investments held as fixed assets		18,610	0	18,610	77	77
Loans		34,669	0	34,669	32,339	263
Other financial assets		278	6	272	199	280
FIXED ASSETS		447,690	89,372	358,318	326,451	289,410
INVENTORIES	1.5 and 2.4	349,366	34,246	315,120	308,716	304,308
Raw materials and consumables		1,093	0	1,093	1,095	763
Goods held for resale		95	0	95	144	177
Rights ready for broadcasting		155,797	17,902	137,895	139,822	192,100
Rights for rebroadcasting		111,778	16,344	95,434	79,013	35,941
Broadcasting rights in progress		80,603	0	80,603	88,642	75,327
Prepayments and accrued income		4,096	0	4,096	1,964	2,725
Trade debtors	1.6 and 2.5	289,000	34	288,966	266,975	264,213
Other debtors	2.5	351,936	2,000	349,936	223,362	165,380
Marketable securities and cash at bank and in hand	1.7, 2.6 and 4.7	129,931	1,107	128,824	146,915	78,113
Prepaid expenses	2.7	31,730	0	31,730	32,083	34,702
CURRENT ASSETS		1,156,059	37,387	1,118,672	980,015	849,441
UNREALISED LOSSES/GAINS ON FOREIGN EXCHANGE		381	0	381	33	179
TOTAL ASSETS		1,604,130	126,759	1,477,371	1,306,499	1,139,030

* See note 1.1.

SHAREHOLDERS' EQUITY AND LIABILITIES <i>(in Euros thousands)</i>	<i>Notes</i>	31.12.99	31.12.98 Proforma*	31.12.97 Proforma*
Share capital		32,195	32,014	32,014
Share premium		17,482	0	0
Revaluation reserve		4,681	4,681	4,681
Legal reserve		3,201	3,201	3,201
Long term capital gain reserve		25,001	25,001	25,001
Other reserves		266,785	213,429	175,316
Retained earnings		40,794	23,853	25,670
Net profit for the year		178,748	140,272	90,567
Government grants for investment	1.8	0	0	7
Regulated provisions: amortisation	1.9	113,930	107,416	105,585
SHAREHOLDERS' FUNDS	2.8	682,817	549,867	462,042
Provisions for contingencies		11,289	11,051	7,762
Provisions for charges		381	33	179
Other provisions for liabilities		13,182	21,012	23,831
PROVISIONS FOR LIABILITIES AND CHARGES	1.10 and 2.9	24,852	32,096	31,772
Bank borrowings ⁽¹⁾		0	0	0
Other financial creditors ⁽²⁾		129,957	148,738	111,599
Trade creditors		327,928	305,608	308,414
Tax and social liabilities		181,817	157,112	123,445
Fixed assets creditors		3,057	1,209	1,566
Other creditors		116,035	109,666	99,063
Prepaid income		10,800	1,817	1,059
CREDITORS AND OTHER LIABILITIES	2.10	769,594	724,150	645,146
UNREALISED LOSSES/GAINS ON FOREIGN EXCHANGE		108	386	70
TOTAL SHAREHOLDERS' FUNDS AND LIABILITIES		1,477,371	1,306,499	1,139,030
⁽¹⁾ Including bank overdrafts		0	0	0
⁽²⁾ Including current account with associated companies		129,957	148,738	111,599

* See note 1.1.



TF1 SA profit and loss account

<i>(in Euros thousands)</i>	<i>Notes</i>	31.12.99	31.12.98 Proforma	31.12.97 Proforma
TURNOVER	1.11 and 3.1	1,379,242	1,241,004	1,199,779
Advertising revenue	3.1	1,261,199	1,144,453	1,092,623
Technical services		1,911	3,484	10,150
Other operating revenue		22,887	14,253	14,266
Stored production		184	(15)	963
In-house production	3.2	561	0	0
Operating grant		74	57	295
Depreciation, amortisation and provisions releases		22,347	18,126	17,671
Expense transfers		66,415	57,552	59,618
Other revenue		3,664	3,094	4,193
OPERATING EXPENSES		(1,091,973)	(1,040,751)	(1,029,220)
Purchase of raw materials and consumables	3.3	(342,542)	(327,439)	(322,698)
Change in inventory		12,166	(2,294)	21,267
Other purchases and external expenses		(326,091)	(299,897)	(300,778)
Taxes and levies	3.4	(82,891)	(74,592)	(66,172)
Wages & salaries paid	3.5	(94,352)	(92,104)	(91,567)
Social security charges	3.6	(42,283)	(39,988)	(39,466)
Depreciation, amortisation and provisions				
▶ amortisation of broadcast coproduction	3.7	(126,169)	(120,235)	(139,932)
▶ depreciation of other fixed assets		(11,236)	(11,381)	(12,399)
▶ provision for intangible assets and current assets		(17,442)	(9,290)	(14,010)
▶ provision for liabilities and charges		(5,671)	(9,964)	(10,811)
Other expenses	3.8	(55,462)	(53,567)	(52,654)
OPERATING PROFIT		287,269	200,253	170,559
Net profit from joint operations		0	0	0
Financial revenue		30,938	55,039	38,072
Financial expense		(15,971)	(25,403)	(38,821)
FINANCIAL PROFIT (LOSS)	3.9	14,967	29,636	(749)
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS		302,236	229,889	169,810
EXCEPTIONAL INCOME		40,079	57,892	32,651
Exceptional revenue on operations		5,361	7,335	2,738
Exceptional revenue on fixed assets		262	16,858	6,193
Provision releases		34,456	33,699	23,720
EXCEPTIONAL EXPENSES		(49,235)	(66,066)	(57,439)
Exceptional expense on operations		(788)	(3,223)	(2,425)
Exceptional expense on fixed assets		(7,478)	(27,314)	(18,970)
Exceptional depreciation, amortisation and provisions		(40,969)	(35,529)	(36,044)
EXCEPTIONAL LOSS	3.10	(9,156)	(8,174)	(24,788)
EMPLOYEE PROFIT SHARING		10,344	4,066	(3,077)
INCOME TAX	3.11 and 3.12	(103,988)	(77,377)	(51,378)
NET PROFIT		178,748	140,272	90,567

TF1 SA cash flow statement

<i>(in Euros thousands)</i>	31.12.99	31.12.98 Proforma	31.12.97 Proforma
1 Operating activities			
Net profit	178,748	140,272	90,567
Depreciation, amortisation and provisions ⁽¹⁾⁽²⁾	4,521	(5,168)	14,769
Investment grants realised to	0	(7)	(57)
Gain (loss) on disposal of assets	76	916	900
CASH FLOW	183,345	136,013	106,179
Purchase of coproduction ⁽²⁾	(131,031)	(131,745)	(144,009)
Depreciation, amortisation and provisions of coproduction ⁽²⁾	132,740	121,934	152,307
Stocks ⁽³⁾	(6,403)	(4,408)	(20,626)
Trade debtors	(148,559)	(57,979)	(81,175)
Trade creditors	62,100	42,537	10,635
Expenses to amortise over several periods	0	0	0
Net advances from third parties	(2,133)	761	1,287
Increase (decrease) in working capital needs	(93,286)	(28,900)	(81,581)
NET CASH INFLOW FROM OPERATING ACTIVITIES	90,059	107,113	24,598
2 Investing activities			
Purchase of fixed assets ⁽¹⁾⁽²⁾	(11,257)	(7,355)	(6,744)
Disposal of fixed assets ⁽¹⁾⁽²⁾	140	16,824	95
Purchase of fixed asset investments	(6,931)	(1,680)	(4,356)
Disposal of fixed asset investments	80	0	6,004
Increase (decrease) in fixed assets creditors	1,848	(357)	(2,429)
Increase (decrease) in other financial assets	(20,937)	(31,995)	1,254
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(37,057)	(24,563)	(6,176)
3 Financing			
Increase (decrease) in shareholders' funds	17,662	0	0
Net change in loans	(18,781)	37,139	19,225
Dividends paid	(69,973)	(50,887)	(50,897)
NET CASH OUTFLOW FROM FINANCING	(71,092)	(13,748)	(31,672)
TOTAL INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(18,090)	68,802	(13,250)
Cash at beginning of period	146,915	78,113	91,363
Net inflow (outflow)	(18,090)	68,802	(13,250)
Cash at end of period	128,825	146,915	78,113

(1) Programmes not included.

(2) In the company financial statements, the purchase, consumption, sale of programmes and the expired rights are recorded under "Intangible fixed assets". In order to give a proper comparison with the consolidated accounts, all of the above were included in "increase (decrease) in working capital needs".

(3) Broadcasting rights have been restated within stocks.

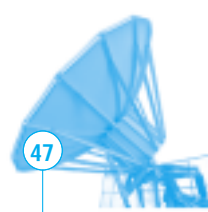


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