

Annual report



QUADRANT May 2002



Télévision Française 1

A public limited company ("Société Anonyme")
with a share capital of €42,399,216
RCS Nanterre B 326 300 159

TF1
1, quai du Point du Jour
92656 Boulogne Cedex / France
Tel: (33) 1 41 41 12 34
e-mail: comfi@tf1.fr
Internet: <http://www.tf1.fr>

Activity report
2001



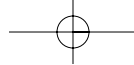


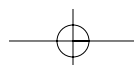
Table of contents
Activity report

1

Chairman's statement	2
2001 highlights	4
Group activity	6



Board of directors, auditors	22
Directors' report	24
Five year financial record	40





Dear Shareholders,

2001 has been a transition year for the TF1 Group. In spite of the slow down of the French economy, the decrease of household consumption, the bursting of the "Internet bubble", as well as a disturbed international context, TF1 Group strengthened its positions:

- the decrease in turnover has been offset by a significant improvement of TF1's advertising market share versus 2000,
- thanks to the reorganisation of TF1 Group's assets and to two years of external growth, diversifications now represent 35.6% of total revenues.

During this period, TF1 Group reinforced its asset portfolio through:

Broadcasting

At the European level, TF1 completed the acquisition and restructuring of Eurosport, a real driver of development for the Group, in sport and internationally. In France, Série Club, of which we acquired 50% in January 2001, and TF6 both successfully strengthen our complementary offer of programmes.

Distribution

e-TF1, our Internet portal, achieved its objectives in terms of pages viewed and visits, and also from a financial point of view, with a significant reduction of its losses.

From now on, our website builds on a three-fold business plan based on the sale of content, paying access and advertising.

Moreover, at the end of December 2001, TF1 increased its stake in Télévision Par Satellite (TPS) from 25% to 50% through the acquisition of the shares of France Télévision and France Télécom. This operation will be completed in 2002. Such reinforcement reflects our confidence in the future and the profitability of this modern and efficient distribution platform.

Your Group is at the same time working on the distribution of content and services through high-speed phone line (ADSL).

Shooting of "Navarro"





Finally, TF1 will participate (directly or indirectly) in the bids for Digital Terrestrial Television frequencies, a new means of distributing programmes which in the long run will replace the analogue TV we currently use.

Production and acquisition of content

Success was encountered not only by *Tanguy*, produced by Téléma (49% owned by TF1), but also by the 11 films co-produced by TF1, which have each scored more than 1 million theatre entries in 2001. This confirms the Group's commitment to cinema.

In 2001, TF1 Group has developed and launched new parlour games: *Who wants to be a millionaire?*, *AttaKube* and *Tir et But*, for which a World Cup edition is already available. What is more, TF1 bought the video rights for the film *The Lord of the Rings*, and acquired the exclusive rights for France of the World Cup 2002 as well as the free to air broadcasting rights for the best 24 matches of the Football World Cup 2006. In 2002, the games will be broadcast on TF1, LCI and Eurosport France, and exploited in combination with other divisions of the Group: music, merchandising, phone-based services, etc. in order to extract the most value from this event.

In conclusion, TF1's consolidated revenues should grow in 2002 by more than 10% thanks to the consolidation of 50% of TPS, and to the revenues from the World Cup. In terms of advertising revenue, the prospects are unclear but growing audiences support the encouraging figures of the beginning of the year. These factors allow us to believe in a take-up in advertising spend during the second half. TF1 is well placed to take advantage of this.

Backed by your support, and confident in our prospects, we will again this year be proud to honour the trust you have placed in TF1.

Patrick Le Lay
Chairman and
Chief Executive Officer



- ① Hé Harnold !
- ② Julie Lescaut
- ③ Astérix contre César
- ④ Navarro

4

2001 highlights

Activity report



① Passeur d'enfants
② Le Maillon faible
③ Cazas

JANUARY

- **TF1 acquired** the totality of Canal+ and Havas Images shareholdings in the Eurosport group. Eurosport International and Eurosport France are now 100% owned by TF1.
- **New Eurosport programme grid** and new identity.
- **Major re-design** and new version of the website www.tf1.fr
- Release of the film **Le Placard** by Francis Weber, co-produced by TF1 Films Production. The audience exceeded 5.3 million¹.

FEBRUARY

- **Journalists and reporters** entered the digital era with "process news".
- Release of **La Vérité si je mens 2**, which attracted some 7.9 million spectators².
- **Internet partnership** between Crédit Agricole and TF1. www.tf1.fr is now content provider for the bank's portal.
- **Reportages** celebrates its 700th edition.
- **Le Pacte des loups** by Christophe Gans and co-produced by TF1 Films Production attracts over 5.2 million spectators³.

MARCH

- **Two "Oscar" nominations** for *The Contender*, a feature film distributed by TF1 International.
- **Télétoon** reaches more French households thanks to an agreement with cable operator UPC.

APRIL

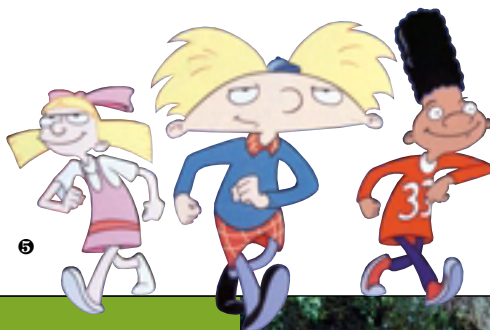
- **Consolidation of tf1.fr** and eurosport.fr for sports news.
- **Peugeot** acquired from TF1 Licences the usage rights for the *Ushuaïa Nature* brand for its "Partner" vehicle.
- **LCI** now reaches 150,000 new subscribers thanks to a contract between TF1 Digital and the cable operator UPC France.

MAY

- **Diamond record** (one million copies sold) for the album *Jusqu'au bout de la nuit* by Emile et Images, produced by Une Musique. The live album of Emile et Images at the Olympia received a golden record.
- **Partnership agreement** signed between e-tf1 and 6^{ème} sens, the mobile services portal of Bouygues Télécom.
- *Who wants to be a millionaire?* launches the version of the game for couples.
- Largest audience of the year achieved by a French movie: 11.7 million viewers for *Le Dîner de cons*, an audience share of 50.3% on individuals aged 4 and above².

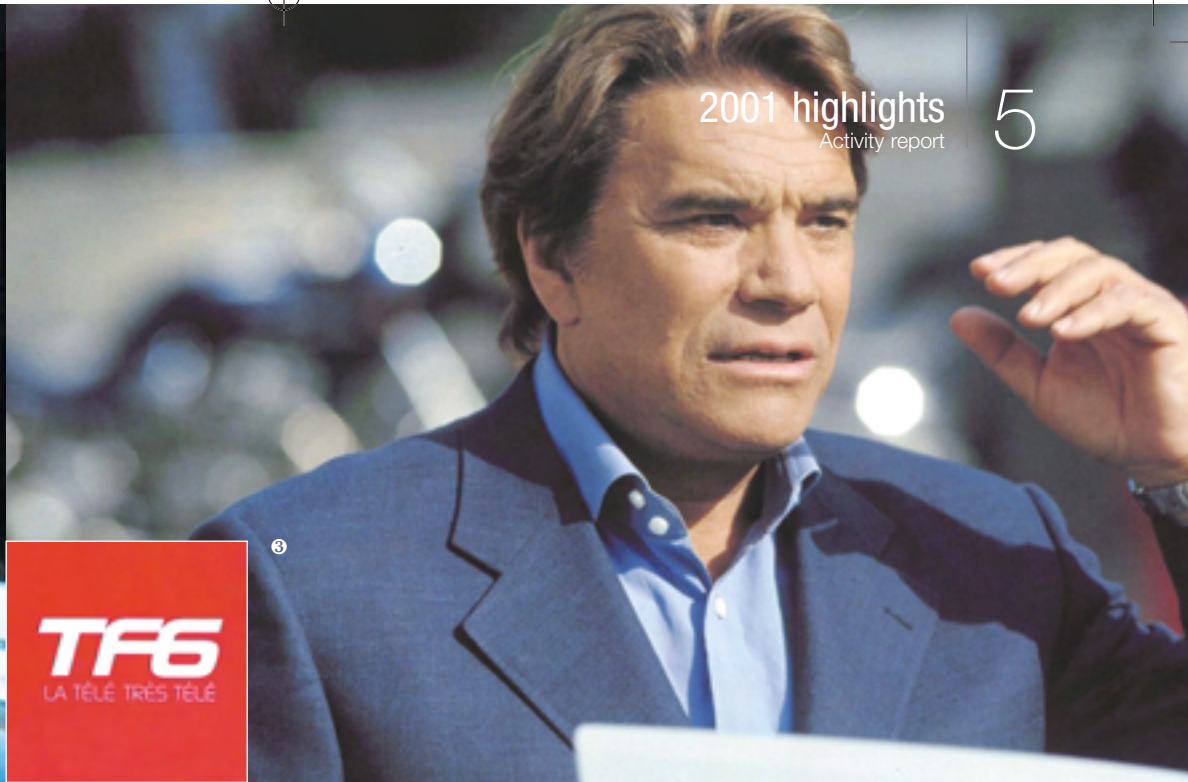
JUNE

- **Industrial partnership agreement** signed by TF1 Group and Endemol Entertainment.
- According to the 6th EMS study (European Media & Marketing Survey), **Eurosport** further strengthened its audience leadership of pan-European channels.
- **TF1** extended for three years its rights in *Téléfoot*, which was created by TF1 and has been broadcast for more than 20 years.
- Success of *Méditerranée*, the TF1 summer fiction drama.
- **TF1** stock enters the **ASPI Eurozone**[®] share index, managed by Arese, a social and environmental rating agency.



④ Astérix contre César
⑤ Hé Arnold !
⑥ Le Pacte des loups
⑦ Eurosport - Anna Kournikova
⑧ Tir et But and AttaKube

(1) Source: Le Film Français - number of spectators for the duration of the film's showing.
(2) Source: Médiamétrie.
(3) Source: Cybermétrie - December 2001.



JULY

- **Video rights acquired** for Jean-Pierre Jeunet's film *Le fabuleux destin d'Amélie Poulain*.
- **TF1 Games** created within TF1 Entreprises, whose objective is to develop and market parlour games.
- **Athletics world championships** at Edmonton broadcast on Eurosport in its entirety, Eurosportnews and Eurosport.com.

AUGUST

- **The TF1 autumn season grid** characterised by **innovation and real-TV**.
- **Koh Lanta**, an adaptation of *Survivor*, was broadcast during weekends on TF1.
- **TF1** started the new season off with a bang thanks to its new identity, new series and 3D programmes.
- The new MédiaCabSat study confirmed the supremacy of the analogue channels (68.8% audience share) in households equipped with cable and satellite and released good audience scores for the thematic channels of the TF1 Group.

SEPTEMBER

- **1st anniversary of TV Breizh**, the small-scale general-interest channel focused on Brittany and the sea.
- **Launch** of the "premium" channel **TPS Star**, produced by TPS and combining both the emotion of cinema and the passion for football.
- **Standard & Poor's** gave TF1 a long-term "A" rating and a short-term "A-1" rating.
- **On Tuesday, September 11** following the terrorist attacks in the US, TF1, LCI and e-TF1 took immediate action and provided permanent coverage of the event.
- **Buena Vista Home Video** entrusted the distribution of its rental films to TF1 Vidéo.

OCTOBER

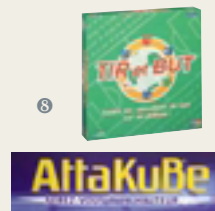
- **TF1's authorization to broadcast** was renewed on October 5. The new TF1 licence agreement took effect on January 1, 2002 and covers its activities through to April 15, 2007.
- **Marketing** of the parlour games *Tir et But* and *AttaKube* launched by TF1 Games.
- **Birth of two subsidiaries:** Alma Productions, whose aim is to provide "prime time" fiction dramas for TF1; and TAP (Tout Audiovisuel Productions), specialising in producing magazine formats and field reporting.
- **TF1 stock** quoted on the DJSI STOXX share index, created and managed by Dow Jones Indexes, Stoxx Ltd and Sam Group. DJSI STOXX consists of 120 European stocks selected from those companies that have adopted a "sustainable" development policy and strategy.

NOVEMBER

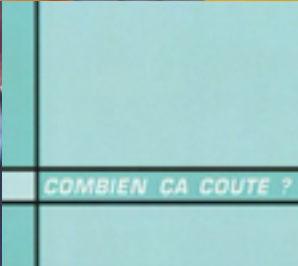
- For €168 million, TF1 acquired from the Kirch group the **exclusive** television rights for the *2002 football World Cup* as well as the broadcasting rights for the best 24 matches of the 2006 World Cup, with an option over the remaining matches.
- **Public release** of *Tanguy*, Etienne Chatiliez's film produced by Téléma, co-produced by TF1 Films Production and distributed abroad by TF1 International; it notched up over 4.1 million admissions by December 31.

DECEMBER

- **Success** of the limited series collector pack of *Amélie Poulain*.
- TF1 announced the increase (effective in 2002) to 50% in its shareholding in **TPS** on the acquisition of the stakes of France Télévision et France Télécom.
- The new **capital increase** reserved for employees brings their combined stake in the TF1 capital to 2.9%.
- **La Musique**, the single by the students of the Star Academy, co-produced by Universal Music and Une Musique, headed the Top 50 (French chart).
- **TF6** blew out the candle on its first birthday with its top audience share for the 15-34 age group (MédiaCabSat's August study).
- The www.tf1.fr website exceeds its goal with 138 million pages viewed in the month and a total of more than 1,000 million for the whole year 2001³.



6



- ❶ Les Aventuriers de Koh-Lanta
- ❷ Une femme d'honneur
- ❸ Les petites Crapules

Group activity

Since 1987, when TF1 was privatised, the company has moved from being a single programme provider to an integrated communications group and a major French and European player in free and pay TV.

With a 32.7% audience share on individuals aged four and above in 2001¹, TF1 is the most popular channel in the heart of the French public. It broadcasts free-to-air over the whole of the French territory as well as via analogue and digital cable networks and the TPS digital satellite platform.

Centred on its prime channel, the Group's historical and traditional base, TF1 has developed five areas of diversification – natural extensions of its television know-how:

- **Thematic channels** such as Eurosport, Eurosport News, LCI, TF6, Série Club, Odyssée, TV Breizh and Shopping Avenue.
- **Publishing and distribution** of videocassettes, DVD and music CD, phone based services, home shopping and merchandising.
- **Production**, acquisition and sale of broadcasting rights.
- **Internet** activities (portal and content) through e-TF1, the eurosport.com site and its local versions.
- **Pay television** via a 50%² stake in the TPS satellite bundle, which develops and distributes digital programmes and interactive services.

As a result, the TF1 Group has access to outstanding content through its production, co-productions or its rights acquisition. It also possesses the necessary know-how to develop and distribute them over current and future platforms (analogue or digital) and to assure their reception on all types of terminal.

The TF1 Group now has close to 40 operational subsidiaries. They enable it to diversify its revenue sources, position itself across the broadcasting industry and create new value-added business. They also complement the Group's image with new, powerful and top of mind brands.

(1) Source: Médiamétrie, and 35.5% of women under 50.
(2) Effective in first half 2002.



8

Group activity
Activity report



Broadcasting

TF1 is France's leading general-interest channel in audience share¹. It has developed a programme offering aimed at satisfying the demands of a broad cross-section of the public at large: news, fiction, magazines and entertainment, cartoons, sports and cinema form the backbone of the channel's programming. TF1's offering is unifying, dynamic and entertaining, seeking constantly to meet viewers' expectations.

In a context of expansion and individualisation of the television offering, especially with the growth in number of thematic channels and the development of pay television, TF1 was able to maintain its leadership in terms of audience and

popularity. Its success is based on the same principles: powerful encounters and a broad range of exclusive and innovative brand products, as well as pride of place to events and live broadcasts.

And because it is above all a ceremonial medium, the TF1 channel builds social links.

News

News is the prime anchor of the TF1 brand and contributes to the channel's identity. Thanks to its editorial staff of over 400 journalists, its migration to full digital broadcasting in March 2001, and its know-how in news processing, TF1 always stays close to the news as it breaks. Its audience success is a natural consequence.

Moreover, TF1's coverage of the tragic events of September 11 showed its superior responsiveness to the news.

In 2001, daily news programmes continued to meet success, with an average of 7.0 million viewers for the 1.00 pm news (53%² of audience share), and 8.6 million viewers for the 8.00 pm news (41%² of audience share).

The TF1 news offering is complemented by investigative reporting in magazine formats such as *7 à 8* or *Reportages*, special editions and political debates such as *Répondez-nous*. They cover topical subjects and help viewers understand the issues of public debate.

(1) Source: Médiamétrie.

(2) Source: Médiamétrie - individuals aged 4 and above.





Fiction dramas

TF1 gives pride of place to French TV drama in its programmes, with a focus on diversity, richness and innovation. Since the arrival of *Navarro*, which revolutionised the genre back in 1989, over the years TF1 has developed fiction dramas spotlighting recurrent heroes with whom the public identifies, from *Julie Lescaut* to *Une femme d'honneur*, from *Un homme en colère* and *Joséphine ange gardien* to *Les Cordiers juge et flic*. With the more recent *Cazas*, *Sauveur Giordano* and *Commissariat Bastille*, TF1 offers numerous TV dramas to which the public responds enthusiastically: 46 of the highest rated 48 fiction dramas of the year 2001 were broadcast on TF1⁽²⁾.

On the strength of its recurrent heroes, TF1 has also demonstrated its sense of innovation by investing in a new genre – prestige TV dramas. *Le Comte de Monte Cristo*, *Les Misérables*, and *L'Aîné des Ferchaux*, are the kind of action-packed programmes that TF1 likes to offer its viewers.

Magazines and entertainment

2001 saw the emergence of a new genre on the TF1 channel: real TV. The TF1 programme grid met with the loyalty of its public with *Les Aventuriers de Kob-Lanta*, *Star Academy* or the game *Le Maillon faible*. In recognition of its responsibilities as a broadcaster, TF1 set itself some simple rules in an effort to maintain human dignity so that these new programmes stay in line with the channel's editorial approach – unifying and family-oriented, accessible to all segments of the public.

Complementing its existing offering (*Y'a pas photo*, *C'est quoi l'amour* or *Les Enfants de la télé*), TF1's entertainment programming has been enriched with innovative, sometimes slightly spicy, but always enjoyable programmes – with *Vis ma Vie*, *Rêve d'un jour* or *Rêve d'un soir*.

Children

In 1997, TF1 provided its children's programmes with the means to be genuinely innovative by creating TF! Jeunesse, a “channel within the channel”, targeting the 4 to 10 age group. They enjoy their own identity, recognised by the children and based on a specific branding, graphic creativity and self-promotion. By continuously refreshing its creative offering to better respond to the demands of young viewers, TF1's children's programmes boast outstanding success.

The children's programme grid is broadcast primarily on Wednesdays, Saturdays and Sundays and includes such hits as *Pokémon*, *Digimon*, *Hé Arnold*, or *Fifi Brindacier* and *Rocket Power*.

Sport

TF1 has always given special prominence to sport, be it through regular showing of football matches and Formula 1 racing, or through magazine formats such as *Téléfoot* or *Auto-Moto*, which are among the oldest television programmes.

TF1 has focused on the sports most demanded by viewers and on the most prestigious events: the Champions League, the French national team matches, the French Football Cup and Formula 1 are the channel's annual “musts” and their exclusive nature gives TF1's sports programming an exceptional quality.

In 2002, football will again be a highlight of TF1 with the exclusive broadcasting of the World Cup on the Group's channels. This major event will be the catalyst for synergies among the TF1 channels and for exploiting the cross-disciplinary nature of this content.

Cinema

TF1 continues to be the leading channel for exclusive, free to air movie broadcasts, devoting two “prime time” evenings a week to cinema. The channel is aware of the key place cinema holds in the hearts of viewers. It therefore makes every effort to offer a wide line-up of recent, general-interest films every year. Numerous French and international box office hits are broadcast on TF1 each year – comedies, detective films, westerns or adventure features – in short all the most popular film types are on offer.

The policy of broadcasting exclusive, event-based programmes, coupled with tight control of grid costs, will help sustain audience success and ensure TF1 an exceptional market position for the years to come.

- ① *Les Castors allumés*
- ② Miss France 2002 election
- ③ *Rêve d'un soir*
- ④ *20 heures* live from New York
- ⑤ *Sept à Huit*
- ⑥ Eurosport





DIMANCHE

TF1 Publicité

TF1 Publicité offers a wide range of advertising solutions, from classic advertising to relational marketing.

The TF1 channel is the support necessary for mass-market communications. It ensures maximum exposure to all segments of the public and enables the brands to quickly achieve the visibility they seek.

The other channels refine the communications strategies by targeting specific population categories. In this environment, TF1 Publicité offers a bundle of reference channels (whether or not they belong to the TF1 Group) focused on major centres of interest:

- **Eurosport France**, the general-interest sports channel with optimum coverage of the male population and A/B+ social class;
- **LCI**, the 100% news channel and reference for decision-makers;
- **TF6**, the small-scale general-interest channel launched end 2000, already boasts a good performance and is very attractive to young adults;
- **Télétoon** and **Cartoon Network**, two significant children's channels whose complementary positioning and distribution ensure a broad coverage of the target;
- **Odyssée**, the discovery channel;
- **TV Breizh**, the regional general-interest channel;
- **Libertytv.com**, the travel channel;
- **KTO**, the Catholic channel;
- **Shopping Avenue**, the home shopping channel.

On all the channels served by TF1 Publicité and broadcast on digital platforms, the advertisers also have the opportunity to implement interactive communications, creating a personalised link with the viewers.

Internet is now recognised by advertisers for its targeting capabilities and its flexibility. TF1 Publicité has firmed up its position in this market. This is due, on the one hand, to the strengthened position of the *tf1.fr* portal, hosting thematic reference sites: *les News*, *LCI* (news), *Bourse* (stock market), *Tfou* (children) and *Phurielles* (women); and on the other hand it is thanks to the inclusion in 2001 of new sites such as *Cario.fr* (initiated by Crédit Agricole) and *6^{ème} Sens.com* (Bouygues Télécom). At the end of the year, TF1 Publicité also established an original communications lever combining the power of TF1 with the advantages of the Internet as a relational marketing tool (the consumer site *TF1 conso.fr*).

2001 also meant for TF1 Publicité embracing Bouygues Télécom platforms, from new relational marketing products (spot refill card and SMS) to consumer magazines.

TF1 Publicité is customising its offering in the face of increasing demands from advertisers for global communications solutions. It offers innovative solutions that respond to its customers' expectations.

- ① Bigdil
- ② TF1 Vidéo
- ③ Julie Lescaut
- ④ Téléshopping





Publishing / Distribution

Complementing the TF1 channel, the publishing/distribution business brings together the distribution of DVD and videocassettes, merchandising, phone-based services (telematics), music publishing and home shopping. Historically and financially, it constitutes the TF1 Group's first major step into diversification. The publishing and distribution business represented 12% of 2001 operating income.

TF1 Entreprises

TF1 Entreprises encompasses the following activities:

- **Telematics**, which design, publish and distribute content and services linked to TF1 broadcast programmes and accessible via kiosks, Minitel and Audiotel services as well as mobile telephones;
- **TF1 Licences**, which markets brand licenses to manufacturers (*Ushuaia*, etc) and publishers of children's magazines (including *TF! Mag*);
- **TF1 Games**, which creates parlour games based on television programmes (*Who wants to be a millionaire?*, *Star Academy*) or based on the acquisition of rights, and exploits them on different media.

TF1 Vidéo

TF1 Vidéo continues to grow. Above and beyond its retail and rental business, TF1 Vidéo offers several ranges of video and multimedia products through kiosk outlets and in 1999 launched a dedicated website: www.tf1video.fr.

TF1's catalogue of over 3,000 items covers all types of product – films, sports and children's products. Among its most recent successes can be found the musical *Roméo et Juliette*, *Le Fabuleux destin d'Amélie Poulain*, *La Tour Montparnasse Infernale...*, plus the hits of previous years such as: *Seven*, *La Vie est Belle*, *Taxi* or the René Château Vidéo classical catalogue "la mémoire du cinéma français."

TF1 Vidéo also offers its products in DVD format, with more than 340 titles. This market is expanding strongly; sales of DVD on the French market reached 25 million copies sold for the year 2001 (source: SEV).

Une Musique

TF1's music publishing and production subsidiary, Une Musique, develops special operations together with the broadcasting channel or other subsidiaries of the TF1 Group. Its aim is to promote consumer music through major events and/or to cascade the channel's concepts in music form.

Téléshopping

Téléshopping is one of the leading operators in the home shopping sector in France. The activity of this subsidiary revolves around programmes broadcast on TF1 (mornings from Monday to Saturday – except Wednesday), the eight million catalogues dispatched each year to more than one million active customers, and a dedicated website. More than 60,000 orders were registered on the website in 2001, generating a positive net income over the past two years.

The TF1 Group has developed extensive know-how in home shopping through its Téléshopping and Shopping Avenue subsidiaries and through the dispatch of some two million packages per year. This includes catalogue management, logistics processes, product quality, after-sales service and others.



12 Group activity

Activity report

Production and management of audiovisual rights

In 2001, TF1 finalised the restructuring of its “cinema” and “broadcasting rights” businesses by establishing a business unit combining the following activities:

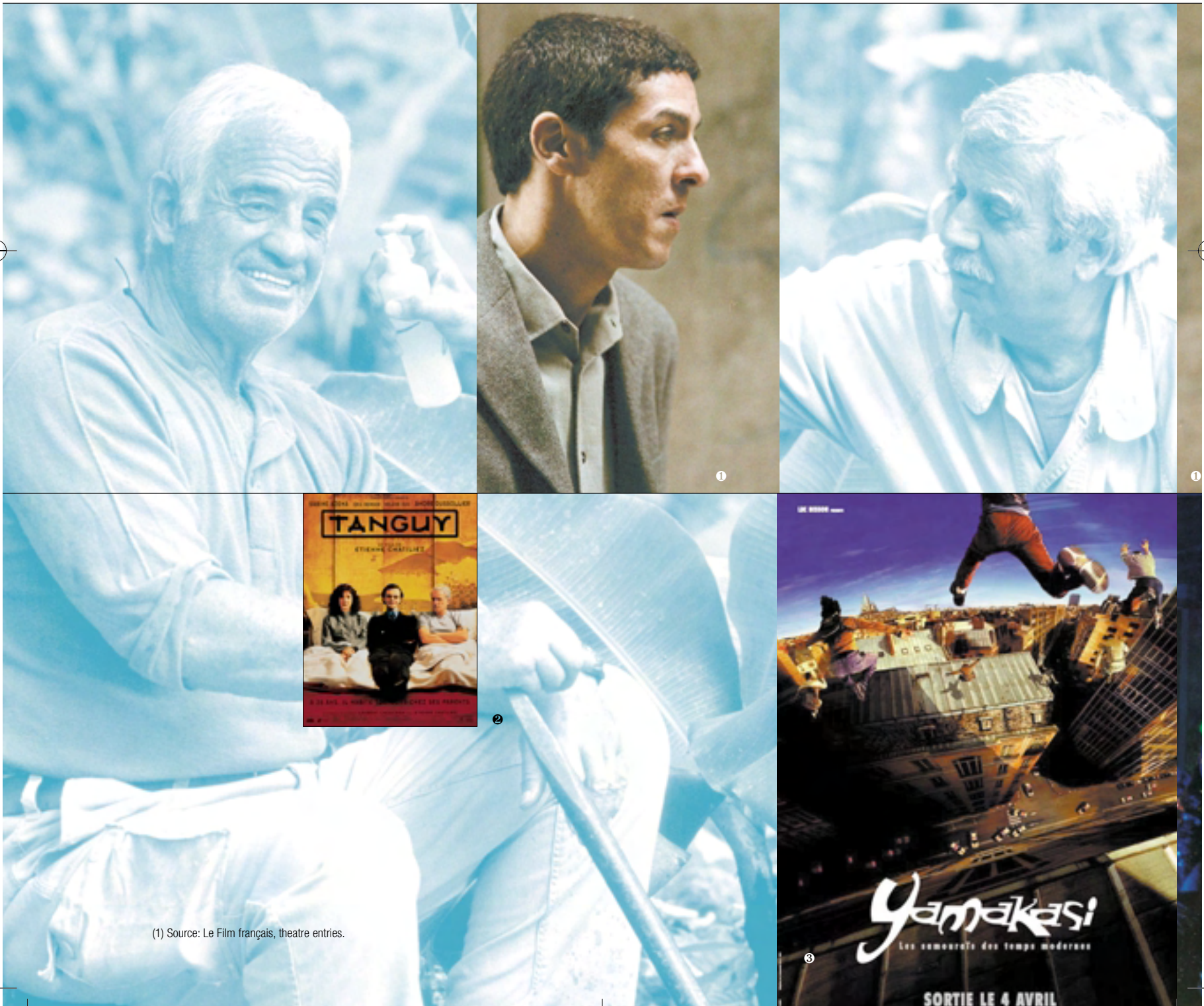
- production: **TF1 International Pictures**, **TF1 Cinéma** and stakes in **Film Par Film** and **Téléma**.
- rights management: **TF1 International**
- distribution: **TF1 Catalogue**, which brings together **Les Films Ariane** and **Ciby DA**, i.e., a catalogue of over 600 feature films.

Furthermore, under its licence TF1 is required to dedicate a percentage of its net advertising turnover to the co-production of French-language cinema and broadcasting products. Production quotas have been raised for the year 2002 and onwards to 3.2% (versus 3% previously) for the co-production of French-language films.

This investment is managed by **TF1 Films Production**, which co-produces some 20 feature films each year. Consequently, this TF1 subsidiary acquires the broadcasting rights for TF1 as well as the co-producer share of receipts generated by the films.

Since 1988, TF1 Films Production has invested €381 million in French cinema by co-producing 235 films, of which 70 exceeded one million entries in France. This year TF1 Films Production had a stake in 11 of these films¹: *La Vérité si je mens 2* (7.9 million entries), *Le Placard* (5.3 million entries), *Le Pacte des loups* (5.2 millions entries), *Yamakasi* (2.4 million entries), *Belpégor le fantôme du Louvre* (2 million entries), *Vidocq* (1.9 million entries), *Absolument fabuleux* (1.7 million entries), *15 août* (4.1 million entries), *Wasabi* (1.3 million entries), *Tanguy* (3.9 million entries) and *Les Rois mages* (2.2 million entries). The latter two films were still showing in cinemas in January 2002.

Among free-to-air channels, TF1 is the leading investor in French film production, making it one of the principal supporters of cinema.



(1) Source: Le Film français, theatre entries.

SORTIE LE 4 AVRIL

Through its 73% owned subsidiary, **Glem**, the TF1 group has also developed recognised know-how in the production of stage-performances and entertainment programmes for television. They include:

- evening specials such as *NRJ Music Awards*, *Les Mandrakes d'Or* and *Miss France*;
- numerous magazine formats such as *Succès*, *Sans Aucun Doute*, *7 Péchés Capitaux* and *Confessions Intimes*, produced by Quai Sud, which has been 60% owned by the Glem group since the end of 2001.

The musical *Roméo et Juliette* and the shows of Anthony Kavanagh, André Rieu and Maurice Béjart were the big events of the year 2001.

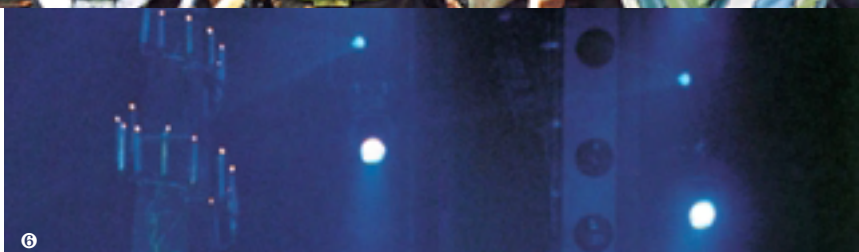
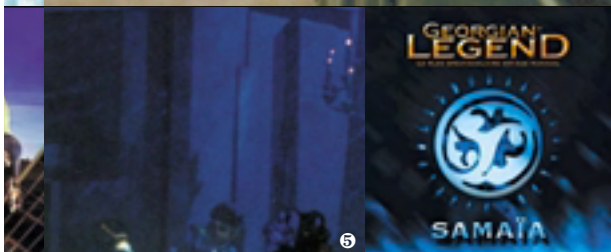
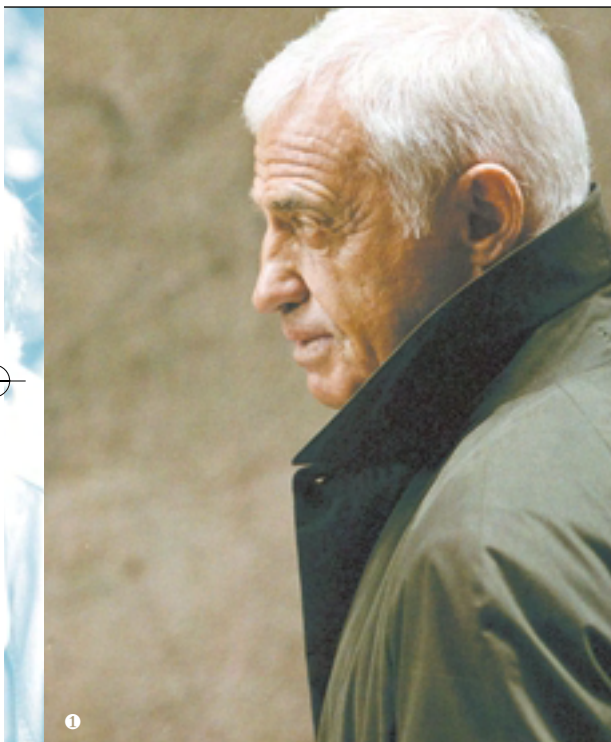
Through its disc production subsidiary, Baxter, Glem also produced the albums *Roméo et Juliette* and *Georgian Legend*.

Studios 107, based north of Paris in La Plaine Saint-Denis, markets its technical services to producers of entertainment programmes (variety, games, etc.) and home shopping. They have provided technical support to numerous TF1 programmes such as *Le Bigdil*, *Attention à la marche*, and *Ya pas photo*. They have also acted as executive producers for *Téléshopping* and *Shopping Avenue* programmes.

In co-operation with the TF1 Technical Division, Studios 107 have, since August 1999, also hosted sports programmes such as *Auto-Moto*, *Téléfoot* and *La Ligue des Champions*. Furthermore, Studios 107 produces *Ushuaïa Nature*, the discovery programme with anchorman Nicolas Hulot, and *52 sur la Une*, the major investigative reporting magazine.

Finally, **TF1 Publicité Production** executes and produces trailers, advertising or sponsorship clips, as well as mini programmes such as *Du côté de chez vous* or *Vivre com' ça*.

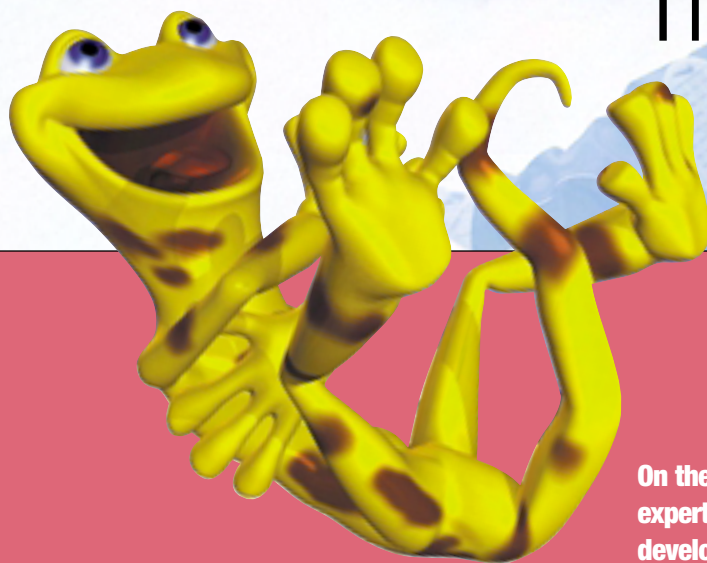
Since 1996, TF1 Publicité Production has been moving towards multimedia by offering production of interactive advertising and Internet advertising support. It also offers full website creation, positioning it in fact as an authentic web agency.



- ① *L'Ainé des Ferchaux*
- ② *Tanguy*
- ③ *Yamakasi*
- ④ *Astérix contre César*
- ⑤ *Georgian Legend*
- ⑥ *Roméo et Juliette*

14

Group activity
Activity report

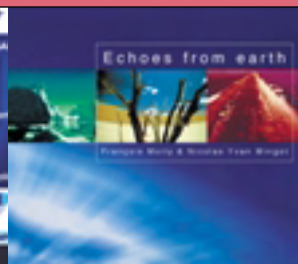
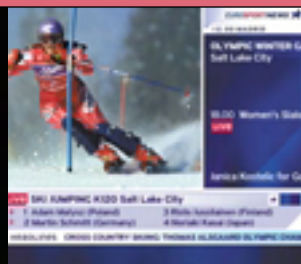


Thematic channels

On the strength of its television expertise, the TF1 Group has developed a broad offering of complementary channels. After the launch of Eurosport in 1991 and that of LCI in 1994, TF1 now has direct stakes in eight thematic channels and indirect stakes in the seven thematic channels developed by TPS.

Hence sports, news, cinema and entertainment, documentaries and home shopping are today being developed by our thematic channels. Their editorial quality is appreciated by viewers and they complement TF1 programming, taking their place as a relay of news and entertainment.

Thanks to the thematic channels, TF1 has set up a real network, a family of channels meeting the needs of all sectors of the population.



History of the Eurosport group

1989
The European Broadcasting Union (EBU) **founds Eurosport**. Its operation is entrusted to Rupert Murdoch's NewsCorp group.

May 21, 1991
After a 10-day interruption of the channel's programmes, **TF1 takes over operations**.

1992
Barcelona: Eurosport is the first sports channel to **broadcast the Olympic Games 24 hours a day**.

1993
Eurosport and The European Sport Network, operated by Canal+ and ESPN, are combined to produce and market a single **pan-European sports channel: Eurosport**.

1994
Eurosport acquires the European advertising services **Eurosales** with four subsidiaries in Europe.

1996
Eurosport reaches financial break-even point.

1999
Eurosport launches its first website, **eurosport.com**, which is today complemented by six local versions: .fr, .co.uk, .de, .it, .es, .se.

May 19, 2000
TF1 and Canal+ **buy out ESPN's stake** in Eurosport (33% of Eurosport International and 10% of Eurosport France) for \$155 million, split equally by the purchasing groups.

September 2000
Eurosport launches **Eurosportnews**, the first worldwide sports news channel to use Internet data feed. Over 90 million households receive Eurosport itself.

January 30, 2001
TF1 becomes the sole shareholder of Eurosport after acquiring the totality of the Canal+ and Havas Image stakes (49.5% of Eurosport International and 64% of Eurosport France) for €345 million.

November 2001
TF1 acquires the remaining **50% of SETS** held by the UER consortium and takes control of the Eurosport brand.



- ① Cathy Jacob
- ② Swimming
- ③ Ice skating
- ④ Eurosport matin
- ⑤ Moto Grand Prix 250
- ⑥ Les 24 heures du Mans

Eurosport

The sports channel Eurosport is broadcast in 18 different language versions and operates in 54 countries on all the European satellite platforms. At the end of 2001, it was reaching over 93 million households.

Like last year, Eurosport has confirmed its leadership position among pan-European channels in terms of audience. Among sports thematic channels, it takes n° 1 audience slot in Germany, Spain, France, Italy and Scandinavia¹.

Its success is based on the quality and diversity of its live or first broadcast programmes (4,000 "fresh" hours, of which 50% are live). Eurosport offers more than 6,300 hours of programmes covering 100 different sports such as football, athletics, motor sports, and the majority of winter and summer Olympic Games. It holds broadcasting rights for major international events (summer and winter

Olympics, US Open, etc.) and European events (Euro 2004, the Le Mans 24 hours race, etc).

With 44 million subscribers as of December 31, 2001, 70% of the Eurosport turnover comes from fees from cable and satellite operators. The advertising income, which varies by event broadcast, represents close to 30% of the channel's resources. Eurosport has been profitable since 1996.

Eurosport has diversified its business through the following:

- Eurosportnews, the 24-hour sports news channel, which is now broadcast in five languages (English, Greek, Italian, Polish and Turkish) and is received by 11 million digital households in 44 countries. Eurosportnews offers a news update every 15 minutes, followed by a magazine with different news sections updated in real time.

- The Internet offering comprising sports news (latest updates, events calendars and results) and entertainment (games, community, etc.) is available in six languages (English, French, German, Italian, Spanish and Swedish). This offering is in perfect harmony with Eurosport News since it is its direct source of content. It has doubled its average monthly audience with close to 30 million pages viewed².

By exploiting the synergies of Eurosport, Eurosportnews and the Internet, the TF1 Group can thus provide sports with a cross-disciplinary multimedia platform.

(1) Among those countries where audience measurements of thematic channels are carried out.
(2) Source: Open Ad Stream.



LCI

As of December 31, 2001, LCI was received by close to 4.2 million households. During the year, the channel increased its penetration by 600,000 new households, advancing on the satellite bundles and the cable networks and taking advantage of the expansion of its position in the French overseas territories.

For LCI, 2001 was a year of contrasts, difficult economically and demanding editorially. Subsequent to the September 11 events, LCI showed its know-how by maintaining complete, in-depth and real-time coverage around the clock, which was essential to keep the population informed. *Dire et expliquer* ("Tell and explain") was the LCI motto during this period, a time when the channel was able to respond to public expectations and create lasting links with public opinion.

According to the March 2002 MédiaCabSat study, LCI is the news channel most appreciated by the French, with 4.9 million viewers per week. In the cable and satellite landscape, LCI is the channel most watched by the A/B+ categories, with an audience share of 2%.

TF6 / Série Club

In partnership with M6, TF1 develops and produces two thematic channels in each of which it has a 50% shareholding.

TF6, the "Télé très Télé" launched in December 2000 is the group's latest thematic channel. It is a small-scale general-interest channel broadcast on TPS and cable networks.

Determined to serve the widest possible audience, TF6 offers rich and up-to-date programmes, with new concepts such as *Bandes à part* or *Sexe sans complexe*, and a cinema offering that focuses on such films as *La leçon de piano*, *Demolition Man*, and *Casino*, plus exclusive and original series (*Sheena*, *Gilmore Girls*, *Les Associés*, *Cold Feet*, etc).

TF6 also offers an updated version of the Top 50 and broadcasts a large number of music clips. In March 2002, TF6's MédiaCabSat results were very promising since it showed the channel as the audience leader on TPS on individuals aged 4 and above and women below 50 (excluding free-to-air channels).

TF6 has set itself the ambitious objective of unifying a population in search of innovative and original programmes and of becoming the reference channel for the new television wave.

Série Club, the "100% series" channel offers its two million subscribers the best series.

The Série Club grid is characterised by:

- rich and varied programming which alternates between original series (*Farscape*, *Homicide*, *Diagnosis murder*, *Oz*, *Millennium*), modern series (*Buffy*, *Roswell*), "gold" series (*Le Fugitif*) and some classics (*Code Quantum*, *Wonder Woman*, etc);
- a theme for each evening of the week with a specific look and a promise to viewers to offer them the best of a genre;
- a privileged relationship with the viewers thanks to full information before each series (episode, season, version, subsequent re-broadcasts) and screenings to help them select the original series they would like to see on the channel.





Odyssee

Odyssee, launched in 1996, is one of the first documentary channels available on cable and satellite. It offers 17 hours of varied topics per day covering nature, animals, science, history and more.

Odyssee has instituted thematic "meetings" each evening at 8.45 pm. Subjects covered include: *Pays de France*, *Itinéraires sauvages*, *Sans frontières*, *Aventure*, *L'Histoire du monde*, *Docs et Débats* conceived and presented by Gérard Carreyrou.

As of December 31, 2001, Odyssee had 1.7 million subscribers.

Odyssee has co-produced more than 250 hours of documentaries over five years. New to viewers this year were *L'opium des Talibans*, *Algérie*, *Paroles de tortionnaire* and *Les 100 jours de la Somme*.

In addition, viewers can find out what's on in the weeks to come by accessing www.odyssee.com.



TV Breizh

TV Breizh, France's first regional television channel, celebrated its first birthday in September 2001.

TV Breizh is broadcast on two satellite bundles, TPS and CanalSatellite, as well as on the main French cable networks. At December 31, 2001, it was accessible by 3.2 million households.

It is a small-scale general-interest channel that broadcasts every day from 9.00 am to 1.30 am. Programme types are the same as on the national channels: feature films, fiction dramas, series, cartoons, magazines, documentaries, news, sport, etc. Some of its programmes are accessible in Breton (especially children's programmes) thanks to a double sound channel.

The year 2001 was marked by a gradual inclusion of new programmes in the TV Breizh grid (*Actu Breizh*, regional football matches, *Défi Foot TV Breizh*, *Chapeau Melon et Bottes de cuir*, *Arabesque*, etc). However, a clear and systematic distinction has been made between national programmes broadcast during "prime time", and regional programmes broadcast during "access prime time" and "night time".

TV Breizh wishes to attract a broad audience throughout France yet maintain its regional roots and its Celtic and Breton themes.



Shopping Avenue

Shopping Avenue is a non-stop home shopping channel on TPS and the cable network. It offers a simple, modern vehicle for window-shopping.

Shopping Avenue offers the pleasure of shopping combined with the comfort and freedom of choice. Each day, new products are on offer, targeted at a younger and more affluent audience than traditional home shopping programmes.

The Shopping Avenue grid comprises some 12 themes. Starting in June 2002, it will be enhanced with eight hours live a day, so as to more closely resemble the international format of home shopping channels.

- ① Providence
- ② Prêsumé innocent
- ③ Michel Field
- ④ Sheena
- ⑤ Un vétérinaire pas comme les autres 2
- ⑥ TV Breizh



18 Group activity

Activity report



TPS - satellite television

TF1 is actively contributing to the digital revolution in France through its 50%⁽¹⁾ stake in TPS. At the end of 2001, just five years after it was founded, TPS reached 1.1 million households via Direct Broadcast Satellite. The figure rises to 1.34 when access via the cable networks is included.

Today TPS offers

Over 170 digital quality channels and services, including all the national channels, 5 cinema channels, 400 football matches per year (of which 242 Premiere League matches), and all the other sports. Plus, more than 30 thematic channels, a choice of 16 optional channels, 71 channels from across the globe, 7 pay-per-view channels, 51 non-stop interactive services, and 42 digital sound radio stations.

In 2001, new channels appeared on the bundle: TFJ, Cinéinfo, as well as events-based channels *Loft Story* and *Star Academy*.

TPS: producer and service provider

TPS is the only French digital television operator to combine production and service provision. TPS is also the leading cable and satellite producer in terms of investment in its programmes. Such know-how enables TPS to offer its subscribers consistently appealing programmes.

■ September 2001: introducing TPS Star

With the September 19 launch of the premium channel TPS Star, TPS has created a channel which allows viewers to experience both the emotion of cinema and the passion for football, on the TV screen.

The programme includes a wide choice of exclusive or recent films, coverage of the complete French Premiere League football championship, plus a big match live and exclusive each match day. Then there are daily magazines on cinema and football. TPS Star even includes an interactive service on the same subjects.

(1) Following the acquisition of the France Télévision and France Télécom stakes in the first half of 2002.





La Télévision Par Satellite



- ❶ L'Affaire Thomas Crown
- ❷ Lara Croft
- ❸ Infosport
- ❹ Hé Arnold !

■ **Cinema and football: the cream of the TPS offering**

On the basis of its agreements with a large number of US studios and of its policy of financing French cinema, TPS can offer the subscribers of TPS Star, Cinestar1, Cinestar2, Cinefaz, Cinétoile and Multivision more than 1,000 films a year, including exclusive first runs on television.

And the contract signed with the French National Football League enables subscribers to watch 242 Premiere League matches per season on TPS Star and Multivision.

■ **Infosport: non-stop sports news**

Infosport gives its subscribers the opportunity to keep abreast of sports news seven days a week with a news bulletin every 15 minutes from 7.00 am till 1.00 am.

■ **Teletoon: a channel just for children**

Teletoon continues its policy of investing in cartoon production. That translates into a unique level of cartoon programme diversity and the advent of new cartoon characters.

Interactive services on demand

Today, 91% of subscribers use the interactive features including electronic programming guides, weather forecast, home banking, networked video games, e-mail, classifieds and horoscopes. TPS Interactif, the subsidiary specialising in design, development, production and operation of TPS interactive services, has launched around 250 permanent or events-based services.

TPS facts and figures

Source: BVA - October 2001.

Our subscribers

A young customer base:

69% are under 50,
38% are under 35.



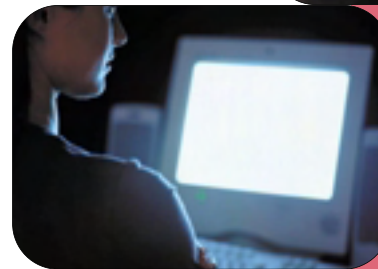
Small-town/rural subscribers:

75% live in towns of under 100,000 inhabitants.



Modern households:

62% have a PC
26% have Internet access at home



TELETOON
DES AMIS POUR LA VIE



Company profile

TPS employs 850 full-time staff at 4 sites.

20 Group activity

Activity report



- ① Sophie Rousseau
- ② Ushuaïa
- ③ Les Enfoirés
- ④ Opération Pièces Jaunes

Internet

e-TF1, a 100% subsidiary of TF1 SA, develops and produces multimedia content and services that are made available over the fixed (Internet) and mobile (WAP, PDA, etc.) networks. Today the offering is incorporated into the www.tf1.fr website, which is one of the most popular French websites with 7.6 French visitors and some 140 million pages viewed a month¹.

A general-interest site

www.tf1.fr is a general-interest, consumer website. Its full, rich offering combines the themes of the Group's channels and the specifics of the Internet medium. Among the prime topics can be found:

- **news**, which is handled in all its forms - non-stop general-interest news as well as national and international and also economic and financial news on the Les News and lci.fr sites;
- **sport**, with a multi-sport site produced in partnership with Eurosport;
- **games**, which enjoy significant success thanks to a full offering: games derived from their TV format but in interactive and multi-player form (*The weakest link*, *Who wants to be a millionaire?*, etc.); sports games (such as "playing the coach"); classic arcade games; quizzes, etc.;
- **entertainment** with content in harmony with the channel's programmes and events. In 2001, these products expanded with the success of the sites devoted to the programmes featuring *Kob Lanta*, the *Miss France* contest and *Star Academy*;
- **children**: the Tfo and Ptfou sites offer the children a wide choice of fun and educational content (with colouring workshop, games, etc.);
- www.tf1.fr also offers **Plurielles**, a site focused on the feminine world.

These major themes are complemented by cross-interest content:

- **video** - with a varied offering of more than 25,000 videos on-line and on-demand. Moving images on the Internet is a strategic thrust for e-TF1 with the advent of high-speed access and technological advances in video image compression and transmission. It is also a key editorial direction with the deployment of "rich media" content enabling videos to be indexed and supplemented with text, sound and images;
- **communities**, enabling surfers to respond, communicate and share ideas through forums, chats or photo album swapping, etc.;
- **mobility**, an area where e-TF1 was an early starter offering several mobile telephone services - downloading logos and ring tones, creating games and SMS services, etc.

The tf1.fr positioning aims at building up a wide-ranging audience and taking advantage of the marketing opportunities this provides. The site offers a palette of advertising tools with the possibility of reaching a broad yet targeted audience. e-TF1 also offers a trading mechanism that gives considerable visibility to e-commerce enterprises.

Creative and technical know-how

Since its launch, e-TF1 has initiated a number of technological projects enabling it to introduce a spectrum of value-added technical tools. These not only help manage numerous services and contents but also add value to that content, which can be adapted for major partners.

Indeed, by capitalising on its know-how and leveraging its audiences, e-TF1 has signed agreements with major industrial partners. This is the case in the area of mobile multimedia where e-TF1 creates and develops content for Bouygues Télécom. In fixed Internet, e-TF1 supplies the Crédit Agricole group with content and has developed the portal for its "Cario" Internet access (www.cario.fr), both in its national version and in its various regional sub-versions.

Similarly, e-TF1 is working on the development of Internet pay content and service with the aim of creating new sources of income for the business. The first tests of combining Internet with Audiotel/Minitel were successfully completed in 2001, notably for games. e-TF1 will pursue the roll-out of a range of pay-per-play games while piloting new forms of payment.



(1) Source: Cybermétrique and Nielsen Netratings - December 2001.

Group activity
Activity report



TF1, non-trading company

A responsible television company

As a major national media company, TF1 attaches great importance to the respect of viewers through a responsible and family-oriented editorial policy and programmes that are accessible and understandable by everyone. In agreement with the CSA, TF1 has adopted the use of information symbols for programme identification. Furthermore, programmes for children are vetted by psychologists.

In renewing TF1's licence on October 5, 2001, the CSA underscored the channel's efforts in subtitled programmes for the hearing-impaired. It fixed a minimum annual volume of 1,000 hours for this type of programme. In 2001, TF1 broadcast 1,816 subtitled hours.

A multi-ethnic channel

In co-operation with the CSA and the associations *Egalité* and *le Club Averroes*, TF1 has committed to significantly increase the presence of anchors, journalists and actors from "visible minorities" on the channel. While challenging the idea of quotas, TF1 has agreed to increase its efforts to discover talent in these communities and, all things being equal, to promote their access to the channel.

An informative channel

In 2001, TF1 broadcast over 1,610 hours of magazines and documentaries (that is, the equivalent of 67 full days of broadcasting). TF1 is aware that its leadership, in terms of audience, is an efficient vehicle for giving these programmes great visibility to a wide population.

On November 5, *Sophie Rousseau - La vie avant tout* won the Midas Prize, presented by the International Science Fiction Festival, which is awarded to the best fiction film broadcast in Europe, in which science or technology play a significant role.

The Goup's thematic channels also seek to inform, notably *Odyssée*, the channel devoted to documentaries.

TF1, the channel of solidarity

Above and beyond its vocation as a broadcaster, TF1 also takes an active part in the promotion of actions of general interest.

As in the past 12 years, TF1 continues to support the *Pièces Jaunes* (small change) operation, which in 2001 collected close to €10 million to finance projects aimed at improving the conditions and care of hospitalised children. This operation is organised by the foundation Hôpitaux de Paris - Hôpitaux de France and benefits from awareness advertising banners on the channel. The *Pièces Jaunes* high-speed train cross-country tour was highlighted in the TF1 and LCI news bulletins.

For the second year running, TF1 and the association *Ensemble contre le Sida* combined their efforts for 48 hours live in favour of the fight against AIDS, informing, mobilising and encouraging viewers. The two days focused on the need for prevention and the care of sufferers and collected over €3.5 million in committed donations. Faithful to its policy, the association donated 50% of the sum collected to research and 50% to prevention and support programmes.

Such ad-hoc operations add to an on-going policy of solidarity with a multitude of charitable organisations to which TF1 devotes advertising space to promote their activities. *Aides et Action*, the *Comité National Contre le Tabagisme*, the *Fondation de France*, *Reporters Sans Frontières*, *Unicef* and many others have benefited from the support of TF1 to obtain greater exposure.

Environment

TF1 plays an active role in making the public aware of environmental issues.

For two months in 2001, in partnership with the Ministry of the Environment, TF1 showed clips every day before the one o'clock news. Entitled "*Merci dit la planète*", their aim was to demonstrate that each individual can personally and with little effort contribute to the environment. In addition, regular programmes such as *Ushuaïa* or *Très chasse* are oriented towards the environment.

Furthermore, the TF1 Group makes every effort to respect simple rules for the protection of the environment. It has instituted a policy of recycling waste linked to its activity. This concerns paper, batteries, neon lights and printer toner, etc. With some 20 tons of paper recycled per year, TF1 is the leading enterprise in Boulogne-Billancourt in terms of paper recycling.

TF1 and sustainable development

TF1 is aware that its activity is not simply one of the present point in time and endeavours to ensure that its economic expansion brings advantages to everyone.

The efforts made by TF1 as part of its policy of sustainable development have led to its inclusion in two stock exchange indices: the DJSI¹ and the ASPI[®] of Arèse. TF1 has been honoured by being included in these indices based on the positions it has taken in such areas as respect for the environment, social policies, risk management, corporate governance, and relations with private shareholders.

(1) DJSI: Dow Jones Sustainability Indexes.

