



N.V. Holdingmaatschappij De Telegraaf

Development of information technology

The company is rapidly evolving into a broad-based supplier of information. This information is provided to consumers through a range of media. National and regional daily newspapers, consumer magazines, as well as door-to-door papers; all play their own particular role in this information supply. Developments in the area of electronic media and the degree of consumer acceptance (some 4.7 million Dutch people are currently active on the Internet) have led us to decide to make a great effort to expand our leading position as an information provider through electronic media as well, similar to the way printed media have developed.

The established position and brand names of daily newspapers and magazine titles published by our group give us an advantage on our competitors where it comes to the operation of the sites linked to these titles. To give an example: the up-to-the-minute topical site of De Financiële Telegraaf (www.dft.nl) will be introduced very shortly. The group's own brand of independent journalism clearly sets it apart from other sites providing financial information.

Other forms of electronic communication of information, for instance through teletext, are operated by Media Groep West, in which the group has a 90% interest. As well as providing domestic operation potential with the existing portfolio, data communication through WAP (Wireless Application Protocol) also opens new possibilities for Pan-European expansion with the development of special electronic information services through our majority stake in the recently established Mobillion B.V.

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Managing Board

L.G. van Aken	(1941)
F.Th.J. Arp	(1954)
W.O. Kok	(1961)
J. Olde Kalter	(1944)
H. Schor	(1940)
A.J. Swartjes	(1949)

Supervisory Board Members

A.J. van Puijenbroek, Chairman	<p><i>Age:</i> 52. <i>Nationality:</i> Dutch. <i>Position:</i> Director of N.V. Exploitiemaatschappij Van Puijenbroek. <i>Supervisory Board memberships:</i> a few subsidiaries of N.V. Holdingmaatschappij De Telegraaf. <i>Initial appointment:</i> 15-05-1975. <i>Current term:</i> 1999 - 2003.</p>
W. H. Charles, Vice-Chairman	<p><i>Age:</i> 66. <i>Nationality:</i> Dutch. <i>Position:</i> former member of the Managing Board of N.V. Holdingmaatschappij De Telegraaf. <i>Supervisory Board memberships:</i> a few subsidiaries of N.V. Holdingmaatschappij De Telegraaf. <i>Initial appointment:</i> 15-06-1994. <i>Current term:</i> 1998 - 2002.</p>
J. A. Brewer-de Koster, Secretary	<p><i>Age:</i> 62. <i>Nationality:</i> Dutch. <i>Initial appointment:</i> 17-06-1992. <i>Current term:</i> 1998 - 2002.</p>
W. Overmars	<p><i>Age:</i> 67. <i>Nationality:</i> Dutch. <i>Supervisory Board memberships:</i> Campina A.G., ABN Amro Holding N.V., Bavaria N.V., Pont Meyer B.V. <i>Initial appointment:</i> 05-06-1996. <i>Current term:</i> 1996 - 2000.</p>
W. van Voorden	<p><i>Age:</i> 57. <i>Nationality:</i> Dutch. <i>Position:</i> Chairman of CTU, Toezicht Zorgverzekeringen, Professor of economics, Sociaal-Economisch Beheer (EUR and KUB). <i>Supervisory Board memberships:</i> Batenburg Beheer N.V., Instituut voor Onderzoek van Overheidsuitgaven (IOO B.V.). <i>Initial appointment:</i> 04-06-1997. <i>Current term:</i> 1997 - 2001.</p>
H.L. Weenen	<p><i>Age:</i> 55. <i>Nationality:</i> Dutch. <i>Position:</i> General director of Informix Software B.V. <i>Initial appointment:</i> 26-06-1980. <i>Current term:</i> 1996 - 2000.</p>

Report of the Supervisory Board to the shareholders

We are pleased to present you with the report, the balance sheet as at 31 December 1999, and the profit and loss account for 1999 with the notes thereto, as drawn up by the Managing Board.

The annual accounts have been audited and approved by Deloitte & Touche Accountants, Leiden, as shown by the auditor's report included in this report.

The annual accounts were reviewed with the auditor at the yearly meeting between the auditor and the Supervisory Board. They were subsequently adopted by the Board.

In accordance with the proposal, Mr A.J. van Puijenbroek was re-appointed to the Supervisory Board with the approval of the General Meeting of Shareholders of 27 May 1999.

We intend to reappoint Mr H.L. Weenen and Mr W. Overmars to the Supervisory Board if the General Meeting of Shareholders does not object to the proposed appointment and if the General Meeting does not nominate anyone else for a position on the Supervisory Board. The Works Councils of our company have given a positive advice in respect of the proposed reappointment.

During the past year, the Supervisory Board met nine times with the Managing Board and, besides reviewing a range of general issues, focused its attention on personnel and organisation, strategy, business risks, as well as the development of new activities. Much attention was given to acquisitions, including the proposed takeover of Dagblad De Limburger, an indirect interest in Mobillion B.V., the introduction of the free newspaper 'Splits', and investments at subsidiaries.

During a single meeting not attended by the Managing Board, the Supervisory Board discussed its own performance, its relations with the Managing Board and the Managing Board's composition and performance.

During the year under review, members of the Supervisory Board attended a few consultative meetings of the Works Council of the Amsterdam businesses.

We would like to express our appreciation to the Managing Board and the staff for the way in which they performed their tasks in 1999.

We recommend:

1. That the annual accounts for 1999 be approved in accordance with the documents presented to you.
2. That the dividend per share of NLG 0.50 par value for the financial year 1999 be fixed at NLG 0.00 in cash (1998: NLG 0.98 in cash per share of NLG 0.50 par value).
3. That the dividend be made payable on 6 June 2000 at ABN Amro Bank N.V., Amsterdam.

On behalf of the Supervisory Board
A.J. van Puijenbroek

Amsterdam, 27 April 2000.

N.V. Holdingmaatschappij De Telegraaf

Consolidated key figures

(In thousands of guilders, unless otherwise stated.)

1998		1999
1,520,374	Net turnover	1,589,614
195,061	Operating profit	195,261
25,179	Financial revenue and charges	24,508
220,240	Pre-tax result from ordinary trading	219,769
75,671	Company tax	76,960
604	Extraordinary result after tax	– 22
145,173	Result after tax	142,787
	Profit appropriation:	
93,724	Other reserves	91,338
51,449	Profit distribution	51,449
35.4%	Pay-out ratio	36.0%
263,069	Cash flow	266,204
	Per share of NLG 0.50:	
NLG 2.77	Profit	NLG 2.72
NLG 5.01	Cash flow	NLG 5.07
NLG 0.98	Dividend	NLG 0.00
5,180	Number of employees at year-end	5,337

Report for the year 1999 of Stichting Administratiekantoor van aandelen N.V. Holdingmaatschappij De Telegraaf

In the year 1999, the total number of convertible depositary receipts in N.V. Holdingmaatschappij De Telegraaf issued by our foundation decreased by 319,238 to 24,164,306 (of NLG 0.50 par value) as at 31 December 1999, and representing a nominal amount of NLG 12,082,153. These depositary receipts were matched by an equal number of shares held at the trust office.

At the Board Meeting of 28 April 1999, Mrs J.A. Brewer-de Koster was reappointed as Board Member B and Mr J.S. Dienske was reappointed to Board Member A.

The General Meeting of Shareholders of N.V. Holdingmaatschappij De Telegraaf was held in Amsterdam on 27 May 1999. Our foundation, represented by its Chairman Mr G.A. van Hasselt, cast its vote in respect of the recommendations made by the Supervisory Board to adopt the balance sheet as at 31 December 1998, the 1998 profit and loss account and the profit appropriation.

Our foundation supported the proposal to authorise the Managing Board to repurchase shares and to reappoint Mr A. J. van Puijenbroek to the Supervisory Board in accordance with the Board's recommendation. Our foundation also supported the reappointment of Deloitte & Touche as auditor of N.V. Holdingmaatschappij De Telegraaf.

Stichting Administratiekantoor van aandelen N.V. Holdingmaatschappij De Telegraaf

G.A. van Hasselt, Chairman

Mrs J.A. Brewer-de Koster, Secretary

J.S. Dienske

A. Harms

E.H. van Puijenbroek

Amsterdam, April 2000.

Declaration of independence

The Managing Board of N.V. Holdingmaatschappij De Telegraaf and the Board of Stichting Administratiekantoor van aandelen N.V. Holdingmaatschappij De Telegraaf hereby declare that, in their joint opinion, the requirements in respect of the independence of the Board of Stichting Administratiekantoor van aandelen N.V. Holdingmaatschappij De Telegraaf, set out in Annex X to the Listing and Issuing Rules of Amsterdam Exchanges N.V., Amsterdam, have been fully satisfied.

Managing Board of N.V. Holdingmaatschappij De Telegraaf

Board of Stichting Administratiekantoor van aandelen N.V. Holdingmaatschappij De Telegraaf

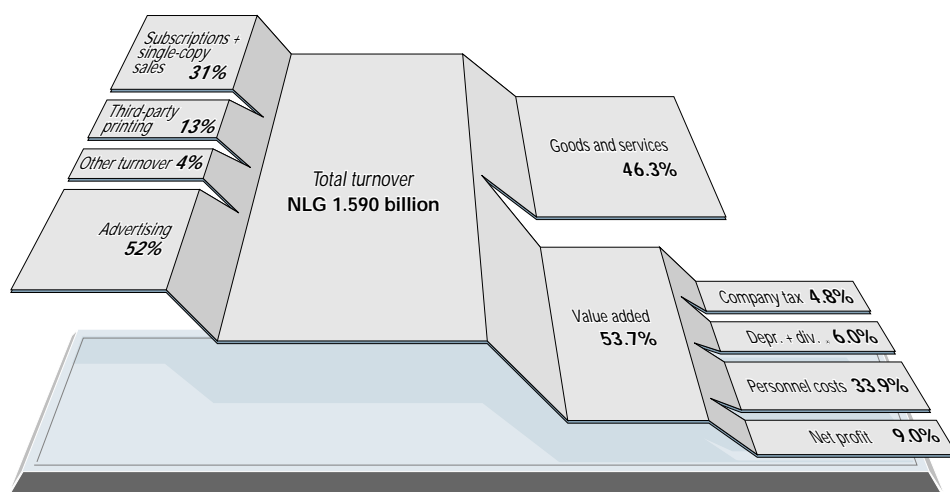
Amsterdam, April 2000.

THE COMPANY

In 1999, the company realised a net profit of NLG 142.8 million as compared to NLG 145.2 million in 1998. In 1997, the company made a net profit of NLG 124.7 million.

Earnings before interest, taxation and depreciation (EBITDA) rose from NLG 322.1 million in 1998 to NLG 328.6 million in 1999. The cash flow increased from NLG 263.1 million in 1998 to NLG 266.2 million in 1999.

The result for the first six months of 1999 was marginally higher than that for the corresponding period in 1998. Due to initial losses of the free morning newspaper 'Sp!ts', introduced in mid-1999 for commuters travelling by public transport, and the provision for reorganisations formed at Limburgs Dagblad in the second half of the financial year, the 1998 record profit could not be equalled. The result of Uitgeversmaatschappij De Limburger B.V., the operation of which has been, in principle, for the account and at the risk of De Telegraaf from 1 October 1999 on, has not been consolidated into the 1999 profit; consolidation will not take place until the Netherlands Competition Authority (NMa) has approved the transfer of ownership of the shares. Interest expenditure from 1 October to 31 December 1999 in respect of the purchase price of the takeover has been charged to the 1999 result.



TURNOVER, GOODS AND SERVICES AND VALUE ADDED 1999

Operating profit after amortisation of goodwill for 1999 remained virtually static: NLG 195.3 million as compared to the 1998 figure of NLG 195.1 million.

The initial losses relating to 'Sp!ts', the earlier-mentioned provision for reorganisations, and sharply increased expenditure as a result of the growth in Internet activities were offset by higher advertising income at both the daily newspapers and door-to-door papers; third-party printing turnover was slightly lower in 1999. The expansion of Internet activities and the acquisitions made in

1999, plus the increase in wage costs per employee, resulted in higher personnel costs. On the other hand, prices of newsprint, an important raw material, fell slightly vis-à-vis the 1998 level notwithstanding the levy imposed under the paper fibre covenant during the second quarter of 1999.

In 1999, depreciation of tangible fixed assets increased by NLG 4.0 million after the investments in Amsterdam, Heerlen and Schagen were commissioned. Realised gains on the disposal of presses at Heerlen and Schagen have been deducted from this.

Depreciation of intangible fixed assets increased slightly as a result of the takeover of Swedish publisher Svensk Specialpress AB, based in Stockholm. Revenue generated by the disposal of 'Surf Magazine' and 'Deep' has been deducted from that.

The amortisation of intangible fixed assets (goodwill) amounted to NLG 32.8 million in 1999 as compared to NLG 31.3 million in 1998.

Contributions to the 1999 group result varied from division to division. Daily newspaper 'De Telegraaf' made the greatest contribution with yet another higher profit compared to the year before. Hollandse Dagbladcombinatie B.V. contributed significantly less compared to 1998 as a result of increased delivery costs, higher depreciation, and non-recurring pension charges at Dagblad De Gooi- en Eemlander B.V.

In contrast, Hollandse Huis-aan-huisbladen Combinatie B.V. achieved excellent progress owing to higher advertising turnover at both mid-week and Sunday newspapers.

Biegelaar Groep B.V. also performed significantly better than last year owing to both higher turnover and added value and to the integration of the activities of Eldee Offset B.V. into Nederlandse Drukkerij Bedrijf B.V.; in addition, a few non-recurring items of income were realised.

B.V. Gemeenschappelijk Bezit van Aandelen Uitgeversmaatschappij Limburgs Dagblad recorded a loss for the second year running, with the allocation to the provision for reorganisations and the start-up costs of the press commissioned at the end of 1998 adding to the negative figure.

De Telegraaf Tijdschriften Groep B.V. realised a considerably higher result owing to increased advertising turnover and cost savings, and despite the amortisation of goodwill relating to the Swedish publisher acquired in 1999 and the initial losses in respect of Residence, a magazine title launched on the Swedish market in early 2000.

The 1998 cash dividend from Wegener N.V., the share in the profit of the 30% interest in SBS Broadcasting B.V., and the 50% share in the profit of v.o.f. SBS 6 Text are shown under income from participating interests. Like last year, interest income was higher as a result of the net increase in liquid assets, with interest rates remaining at a more or less constantly low level.

Interest on the purchase price of shares in Uitgeversmaatschappij De Limburger B.V., payable from 1 October 1999, is shown under interest charges. On balance, financial income declined by NLG 0.7 million to NLG 24.5 million.

The profit on ordinary activities before taxation remained virtually at level, namely NLG 219.8 million in 1999 against NLG 220.2 million in 1998.

The tax burden increased as a result of higher depreciation of non-tax deductible goodwill and lower income from participating interests to which the substantial holding exemption applies.

This year the tax authorities are expected to state their position following their industry-wide survey on the application of the base stock system in respect of raw materials. As in previous years, the annual accounts are based on the expectation that the base stock system will be left intact.

The profit on ordinary activities after taxation decreased by 1.2% from NLG 144.6 million in 1998 to NLG 142.8 million in 1999.

Extraordinary items include among other things the minority share of third parties in the result of Media Groep West B.V.

After allowing for the extraordinary profit, the net profit decreased by 1.6% from NLG 145.2 million in 1998 to NLG 142.8 million in 1999. Net earnings per share of NLG 0.50 par value decreased from NLG 2.77 in 1998 to NLG 2.72 in 1999.

Company Strategy

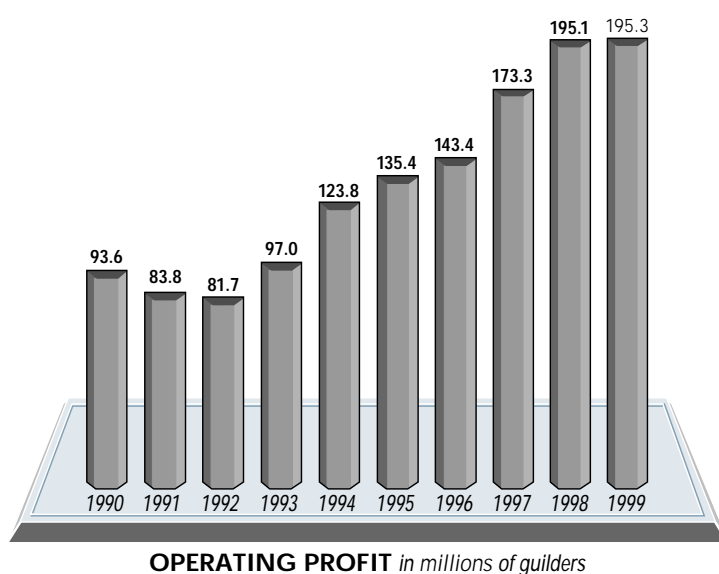
The Telegraaf company aims to gather, order, edit, distribute and sell information. Accordingly, the group's core activities involve the publication of national and regional newspapers, door-to-door papers, magazines and sponsored magazines in both printed and electronic form, participation in commercial radio and television and the provision of services in the area of printed and electronic communication to third parties.

The company's strategy in the years ahead will focus on the realisation of sustainable growth in the following areas, whether or not in collaboration with third parties:

- developing the Internet activities of De Telegraaf-*i* (the electronic version of the newspaper) and the other Internet activities organised in De Telegraaf Elektronische Media. In 2000, a budget of NLG 30 million will be allocated for this purpose;
- reinforcing the group's radio and television activities, where possible in combination with Internet and other activities;
- reinforcing the magazine activities including sponsored media at home and abroad. This includes not only the launch of new magazines but also new acquisitions. The first step on this road was taken in 1999 with the takeover of a Swedish publisher. Here, too, an additional boost will be given to the possibilities offered by the Internet to strengthen the relationship with our magazines' readers and to develop E-commerce activities;
- reinforcing the competitive position of the printing activities, collaboration with another major (possibly European) printing company being a real possibility, in response to the development of a European market for, in particular, rotogravure activities and the trend towards an increase in scale;
- seeking to broaden activities that are close to our core activities and are liable to create synergy and a further spread in risk exposure. A possibility in this regard would be business-to-business concepts.

Of course, company policy also targets profit growth through optimisation of the existing activities.

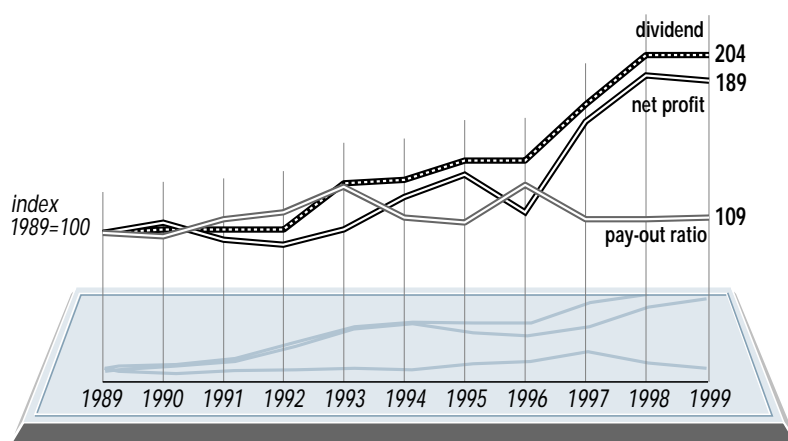
For instance, particularly in the area of delivery and distribution, much energy has been put into collaboration within the group. In this connection, it was decided at the end of 1999 to establish Logistiek B.V.



Financial Policy

The company primarily aims to finance its investments from self-generated funds. For 2000 and following years, financing with borrowed capital may be a possibility in view of the present investments in, *inter alia*, printing presses for De Telegraaf and Biegelaar Groep, the purchase of Uitgeversmaatschappij De Limburger B.V., and the proposed investments in Internet activities.

The company has no intention of increasing its share capital, or repurchasing group shares.



MOVEMENTS IN PAY-OUT RATIO INDEX, NET PROFIT AND DIVIDEND

Dividend Policy

The dividend policy is aimed at payment in cash and a gradual increase in the amount of dividend. The new tax proposals for the year 2001 will be carefully studied and could affect future dividend policy. The company seeks to maintain the profit distribution level of approximately 35% of the profit available for distribution, provided that a temporary drop in the profit level would not directly affect the dividend payable.

Corporate Governance

The 1997 annual report paid ample attention to the recommendations made by the Netherlands Corporate Governance Commission, the 'commissie-Peters'. In 1999, as in 1998, the principles previously adopted in this regard were left unchanged. For an exposition of these principles please check our Internet website (www.telegraaf.nl) under the heading 'jaarverslag'.

Increase in scale

In 1999 and at the beginning of 2000, the group's core activities were expanded by:

- The takeover of Swedish publisher Svensk Specialpress AB, Stockholm, on 1 January 1999 by De Telegraaf Tijdschriften Groep B.V. This (as yet) small publishing firm publishes two boat magazines and (also under licence) the 'Golf Digest' magazine. The takeover is designed to expand the group's position on the Swedish magazine market, among other things by adapting Dutch titles for publication in Sweden. In February 2000, 'Residence' was introduced in Sweden.
- At year-end 1999, De Kempen Pers B.V. acquired the publishing rights of De Hilverbode in Hilvarenbeek.
- Reclameverspreidbureau Spiral B.V. reinforced its position in North Brabant by taking over Dick Willems Verspreidingen in Best.
- In 1999, the group's interest in Media Groep West B.V. (MGW) was increased from 75% to 90%; in January 2000, MGW also acquired a 70% interest in Mobillion B.V. This company will amongst other things engage in mobile telecommunications activities.
- At year-end 1999, B.V. Dagblad De Telegraaf reached agreement on taking a 37.5% interest in Autobytel Nederland v.o.f., together with *inter alia* Pon Holdings B.V. This participating interest will be incorporated into Franken Beleggingsmaatschappij B.V. This will strengthen the group's position in the car sector on the Internet.

Disposals included the 'Surf Magazine' and 'Deep', which were sold on 1 January 1999.

Finally, in March 2000 an agreement was reached with Wegener N.V. on the acquisition by N.V. Holdingmaatschappij De Telegraaf of all Uitgeversmaatschappij De Limburger B.V. shares. For further details regarding this deal, please refer to page 28.

The newly acquired companies, excluding Uitgeversmaatschappij De Limburger B.V., were consolidated with effect from the takeover date.

Shareholders' equity

Shareholders' equity increased by NLG 91.3 million from NLG 947.8 million as at year-end 1998 to NLG 1,039.1 million as at 31 December 1999. The increase resulted from the addition to the other reserves as proposed in the 1999 profit appropriation.

Shareholders' equity per share of NLG 0.50 par value rose from NLG 18.05 as at year-end 1998 to NLG 19.79 as at year-end 1999.

The share capital amounts to 52,499,200 ordinary shares and 960 priority shares of NLG 0.50 par value. As at 31 December 1999, 24,164,306 ordinary shares (or 46.0%) were exchanged into depositary receipts. As at year-end 1998, 46.6% of the share capital was converted into depositary receipts.

Dividend proposal

We propose to declare a dividend for 1999 of NLG 0.00 per share of NLG 0.50 par value, representing a pay-out ratio of 36.0%. The 1998 dividend amounted to NLG 0.98 per share of NLG 0.50 par value, representing a pay-out ratio of 35.4%.

Investments

Amsterdam

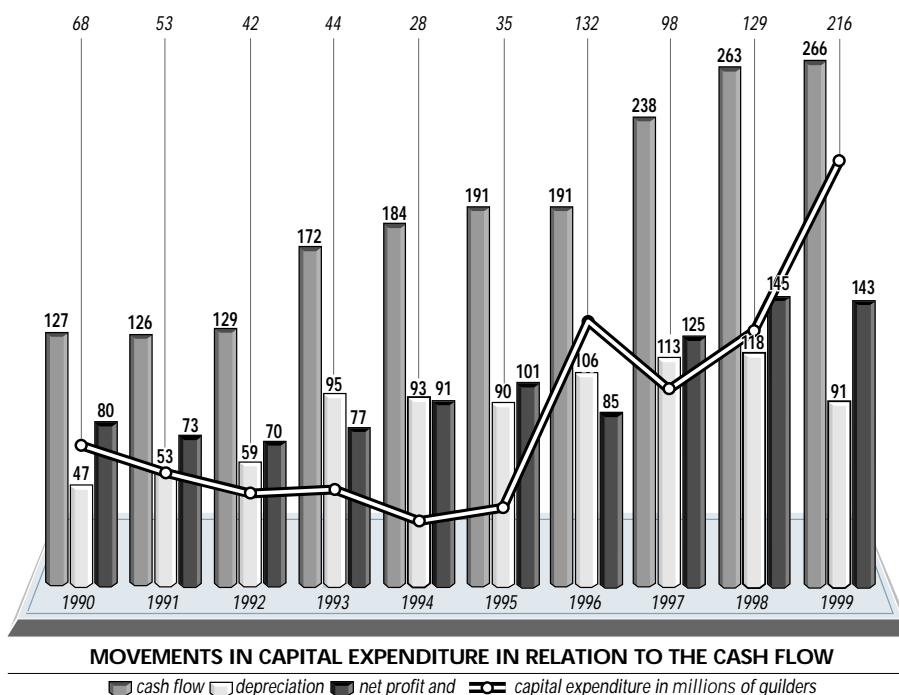
Following the investments in Amsterdam relating to the expansion of the colour and press capacity, as announced in 1998, contracts with the press supplier were signed in August 1999.

A start has since been made with constructional adjustments to accommodate a tenth press. The

whole programme, including the proposed extension of all nine existing presses with two four-colour printing units and the expansion at Limburgs Dagblad to create enough capacity for printing part of De Telegraaf newspaper circulation, will take an investment of NLG 170 million. This project is expected to be completed somewhere in the second half of 2002.

The additional colour capacity enables a doubling of the number of full-colour pages to 50% of the total number of pages, to meet growing demand for full-colour advertisements.

In February 1999, the page transmission system (PTS) was fully commissioned.



Heerlen

After the supplier had repaired some imperfections in the control system of the new press of Limburgs Dagblad, the sixth printing unit of this press was commissioned in the second half of 1999. Subsequently, a beginning was made with the extension with another two printing units, creating a daily printing capacity at Heerlen of 100,000 'De Telegraaf' copies. This part of the circulation is mainly earmarked for distribution outside the Netherlands and in the south of the country.

Alkmaar

The extension of the newspaper press and the installation of a commercial press at Alkmaar in connection with the relocation of B.V. Drukkerij Noordholland from Hoorn to Alkmaar was completed in April 2000 and involved a total outlay of NLG 50 million. Both the building and a press of B.V. Drukkerij Noordholland were sold in 2000.

Maarssen

Biegelaar Groep B.V. entered into capital expenditure commitments totalling about NLG 100 million to renew a rotogravure press, peripherals and finishing equipment and to improve the production routing and infrastructure. This major project was started in 1999 and is expected to be completed in 2001.

Schagen

The new construction and alteration projects at Drukkerij Van Ketel B.V. at Schagen were completed in early 1999. In the course of 1999, the rotary press activities were transferred to Alkmaar; the rotary press has been sold.

Commitments

In 1999, capital expenditure commitments involving tangible fixed assets totalled NLG 216 million (excluded VAT). Of this amount, NLG 126 million is due and payable in 2000 and following years. In 1999, payments in respect of commitments entered into in 1999 and previous years amounted to NLG 143 million (excluded VAT).

Turnover

Consolidated group turnover rose by 4.6% from NLG 1,520.4 million in 1998 to NLG 1,589.6 million in 1999, including NLG 8.7 million in turnover relating to newly acquired activities.

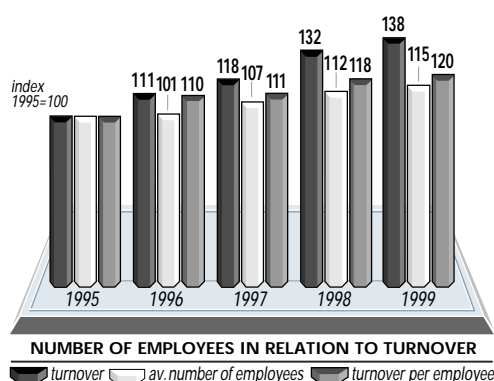
Of the rise in turnover, NLG 56.5 million related to advertising income, NLG 13.0 million to circulation income and NLG 3.0 million to other income, including third-party distribution and book publishing. Turnover contributed by third-party printing declined by NLG 3.3 million, solely as a result of a decrease in turnover outside the European Union. Income from Internet activities, included in 'other income' virtually doubled compared to 1998.

Of total 1999 group turnover, NLG 826.3 million (52%) related to advertising income, NLG 488.8 million (31%) to circulation income. Third-party printing contributed NLG 212.7 million (13%) and other income NLG 61.8 million (4%).

In 1998, the corresponding figures were NLG 769.8 million (51%), NLG 475.7 million (31%), NLG 216.0 million (14%) and NLG 58.9 million (4%), respectively.

Sources of turnover (x NLG 1 million):

	1998		1999	
Newspapers	992.0	(65%)	1,042.0	(66%)
Door-to-door papers	148.3	(10%)	159.0	(10%)
Magazines	102.5	(7%)	110.5	(7%)
Third-party printing	216.0	(14%)	212.7	(13%)
Other activities	61.6	(4%)	65.4	(4%)
	1,520.4	(100%)	1,589.6	(100%)



Turnover from newspapers rose by 5%, from door-to-door papers by 7%, from magazines by 8%, and from other activities by 6%. Third-party printing turnover declined slightly by just over 1%.

In 1999, 2.5% of group turnover related to exports to EU countries as compared to 1.8% in 1998. In 1999, the group also exported products worth NLG 6.0 million to European countries not belonging to the EU. In 1998, this figure stood at NLG 13.8 million.

The average turnover per employee rose by 1.8% from NLG 333,800 in 1998 to NLG 339,200 in 1999.

Movements in turnover, average amount of FTEs, and average turnover per employee during the last five years were as follows:

	1995	1996	1997	1998	1999
Group turnover (x NLG 1 million)	1,152	1,283	1,358	1,520	1,590
Average FTEs	4,083	4,129	4,350	4,568	4,686
Average turnover per employee (x NLG 1,000)	282	311	312	333	339

Added value

Movements in the group's total added value and the average added value per employee during the last five years were as follows:

	1995	1996	1997	1998	1999
Added value (x NLG 1 million)	631	665	749	819	854
Per employee (x NLG 1,000)	154	161	172	179	182

Personnel and organisation

Employment

In 1999, the number of employees, translated into full-time equivalents, averaged 4,686. In 1998, the corresponding figure was 4,568. In addition to the takeover-related inflow of personnel, growth was also attributable to the increase in IT personnel, the launch of the free morning newspaper 'Sp!ts' in mid-1999, and the sharp increase in Internet activities.

As at 31 December 1999, the number of employees amounted to 5,337. Translated into full-time equivalents, group employment amounted to 4,756. As at the end of 1998, the work force totalled 5,180, or 4,619 FTEs.

The above figures do not include employees of Uitgeversmaatschappij De Limburger B.V.

Collective Labour Agreements

The 'Reclassification of Jobs' under the 'Grafimedia' Collective Labour Agreement of 1 February 1997 was completed except for the Amsterdam operations, which will complete their job descriptions in 2000.

As at 1 March 1999, the 'Grafimedia' Collective Labour Agreement provided for a 3% pay increase followed by another 0.3% pay increase on 1 December of that year. The Collective Labour Agreement for newspaper journalists was increased by 3.5% with effect from 1 April 1999. The Collective Labour Agreement for door-to-door journalists provided for a 2% pay increase with effect from 1 July 1999. Under the three-year agreement which expires at year-end 2000, newspaper journalists in permanent employment receive an allowance of 0.5% of twelve times their December pay for the generic re-use of copy.

On 1 February 2000, a new 'Grafimedia' Collective Labour Agreement was negotiated, which will be effective until 1 February 2002. The agreement provides for a 3% pay increase with effect from 1 February 2000, 1% with effect from 1 December 2000, 2% with effect from 1 February 2001, and 2% with effect from 1 October 2001.

Within the framework of the Invalidity Insurance Differentiation Contribution and Market Forces Act ('Wet PEMBA'), it was decided in 1999 to stay in the legal collective invalidity insurance scheme. This will be considered again in 2000. In 1999, too, an allocation was made to the 'PEMBA' provision to provide for the possibility that the group decides to withdraw from the collective scheme after all.

Euro

On pages 54 and 55 of this report the consolidated balance sheet and profit and loss account have been translated into euros. The rounding off of the nominal value of group shares to EUR 0.23 has created a negative euro reserve. Pages 66 and 67 also show the translation of the ten-year key figures into euros.

In line with the CEBUCO (central marketing organisation of the newspapers) advice, integral introduction of the euro in the publishers' management will not take place until 1 January 2002.

Year 2000 issue

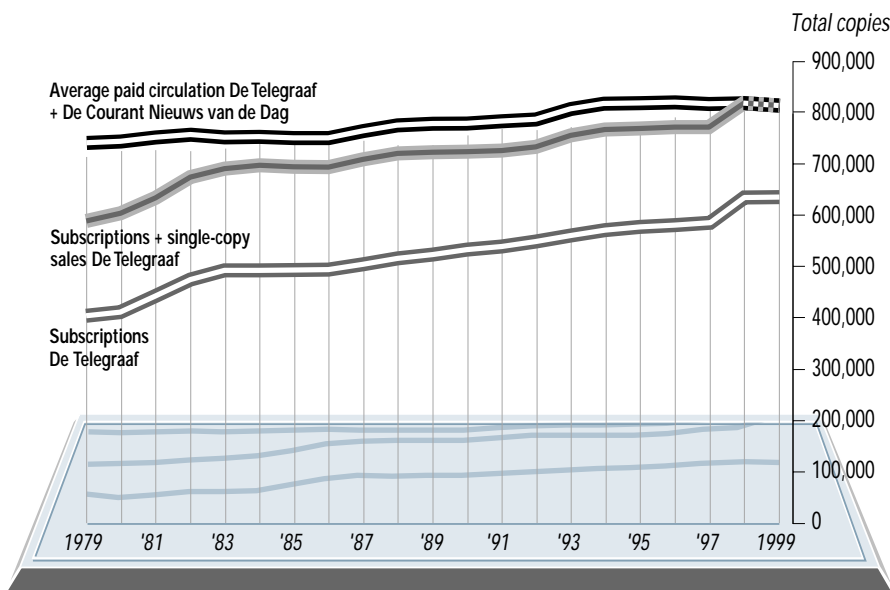
Led by a company-wide project group, the year 2000 issue was further localised and tackled in close collaboration with, *inter alia*, the Information and Communication Technology department and external experts. Solutions partly consisted of programme adjustments and partly of the early replacement of software. Saturday 1 January 2000 was used by the company to test those components that were considered millennium-critical. On 3 January 2000, it was concluded that the operation had been successful. The theoretical hurdle of 29 February 2000 was also cleared without a problem.

AMSTERDAM OPERATIONS

De Telegraaf

Circulation

In 1999, the daily newspapers joined the 'Het Oplage Instituut' (The Circulation Institute, HOI) for the publication of circulation figures. Circulation disclosure and publication goes as follows: a quarterly average of the circulation figures is published four times a year, starting with the fourth quarter of 1999. Aggregation of four quarters then permits calculation of the yearly average to be published.



MOVEMENTS IN PAID CIRCULATION

Based on the method of determining newspaper circulation figures agreed upon between publishers and advertisers in 1998, average circulation of 'De Telegraaf' for the period from 1 July 1998 to 30 June 1999 has been calculated at 808,300, as compared to 802,500 for the corresponding period in 1997/1998. 'De Telegraaf' thus was able to report circulation growth. The increase is attributable to growth in the number of subscriptions and single copy sales abroad. The downtrend in single copy sales on the domestic market, evident during the last few years, also persisted in 1999.

Total paid circulation of the combined Dutch newspapers declined from

4,522,953 for the period from 1 July 1997 to 30 June 1998 to 4,482,758 for the period from 1 July 1998 to 30 June 1999. At the end of 1999, paid circulation of 'De Telegraaf' was marginally lower than the figure recorded in 1998, though still well above the published average.

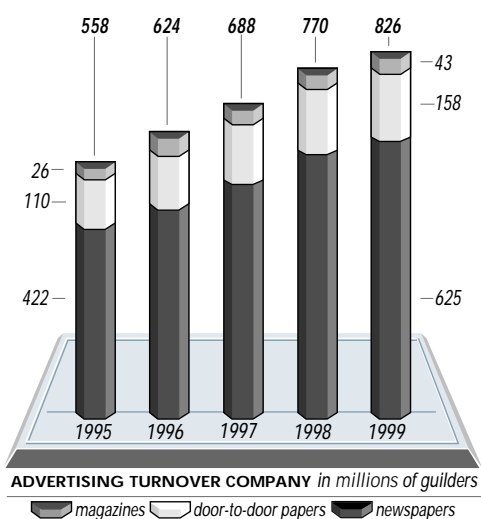
Including the regional newspapers published by subsidiaries, the group's share in total circulation in the Netherlands amounted to 26.1% as at year-end 1999. As at 30 September 1998, this figure was at 26.1% also.

Advertisements

Advertising turnover of 'De Telegraaf' rose by 5.4% compared to the year-earlier figure, totalling NLG 473.8 million. This figure includes the turnover of the millennium publication and the Big Brother special (published in collaboration with Endemol Entertainment B.V.).

Advertising volume declined by 1.5% compared to the 1998 figure. An increase of over 1% in the category of local brands and services was neutralised by a 3% decrease at national brands and services, which had risen by 16% in 1998, and a decline of over 2% in staff advertising.

The volume of classified 'Speurder' pages was down by 0.5% as compared to a 0.7% decline registered by all national newspapers combined. The number of classified 'Speurder' ads decreased by 2% to 834,016. The average size of classified 'Speurder' ads increased by about 2%. Classified 'Speurder' ad turnover was up 1.7%.



In collaboration with the Netherlands National Housing Institute 'Nationale Woning Instituut', and European Estate Publishers B.V., 'De Officiële Huizenkrant' comes as a separate section of 'De Telegraaf' on Wednesdays since 13 October 1999. Besides collaboration relating to the newspaper, details regarding the operation of a joint Internet site for the private property market will also be filled in.

In 1999, the combined advertising volume of the national newspapers increased by 1.7%, mainly attributable to the increase in local brands and services and staff advertising. According to the 1999 estimate, the Telegraaf group's share in overall advertising turnover amounted to 28.6% in 1999 as compared to 28.5% in 1998.

Pursuant to the ban on horizontal price-fixing, as imposed by the Minister for Economic Affairs, newspaper publishers set their price increases individually with effect from 1 January 2000. De Telegraaf decided on an average price rise of 4.7% with effect from 1 January 2000.

The advertising volume of all Dutch national and regional newspapers combined rose by 2.1%. According to an estimate by the Netherlands Newspaper Group, 'Groep Nederlandse Dagbladpers' of the Netherlands Publishers' Association, 'Nederlands Uitgeversbond', the combined gross advertising turnover of Dutch newspapers rose by approximately 4% to NLG 2,432 million.

Pricing policy

In 1997, the Minister for Economic Affairs granted a temporary exemption (until 1 July 1999) from the ban on horizontal price-fixing in respect of newspaper subscriptions. Exemption from the ban on vertical price-fixing for newspapers was granted until 2003.

On 12 January 2000, the Regulatory Industrial Organisation Appeals Court rendered a decision regarding an objection and appeal procedure started by the Netherlands Publishers' Association to the effect that horizontal price regulations observed by the newspaper press are declared null and void. This also implies that the binding decision of a 15% agency commission for registered advertising agencies, as provided for in the Rules for the Advertising Industry, has been declared null and void.

Editorial developments

In the course of 1999, the group entered into editorial collaboration with the American business paper The Wall Street Journal. Under this arrangement, half a page or a full page of international business news from this newspaper is daily included in 'De Financiële Telegraaf'. Talks on expanding this collaboration to include the Internet are currently in progress.

In mid-December 1999, De Telegraaf published a special Big Brother edition, which was distributed among the residents of the house that was totally shielded from the outside world. Interest in this edition was very strong both in and outside the house.

The millennium paper, a special edition of 'De Telegraaf' highlighting all kinds of facets of Dutch life during the last century, took all year to prepare. Amongst other things, the paper included an exclusive interview with HRM Prince Willem-Alexander.

In consultation with Johan Crujff, the Dutch football team of the century was selected. Readers could also take part in the selection process by participating in a contest.

De Telegraaf is still embroiled in a legal battle with NOS and HMG about making their TV listings available. In September 1998, the NMa ordered NOS and HMG to enter into negotiations with De Telegraaf about making their TV listings available at prices reflecting market conditions. NMa has stipulated 15 January 1999 as a deadline.

As negotiations have broken down, De Telegraaf has asked the NMa to impose an order carrying the sanction of a penalty payment. Ahead of its final decision, NMa stated the guiding principles for setting a reasonable price for the supply of the listings. NOS and HMG failed to appear at the hearing about the issue on 29 September 1999. On 16 February 2000, NMa decided to order NOS and HMG under pain of a penalty to supply the listings to De Telegraaf. NOS and HMG were given four months' time to organise this. NOS and HMG have since announced that they will appeal the decision.

In 1999, it was decided that the editorial publishing system, bought in 1991, was to be replaced. An agreement was entered into with CCI for the supply of a total database-oriented text-editing system, suitable for both textual input and editorial publishing. This makes it possible to publish in both the newspaper and on the Internet more promptly and decisively. The system will be operational by early 2001.

Finally, at the beginning of 1999, De Telegraaf, in collaboration with the Spoken Literature Centre (Centrum voor Gesproken Lector) started the experiment of a 'spoken newspaper for the blind'. This paper is recorded every night and distributed among a number of participants in this project through the Amsterdam cable network. Participants record the spoken De Telegraaf on a rewritable cd-rom.

De Telegraaf Elektronische Media

In 1999, 'De Telegraaf Elektronische Media' (TEM) was incorporated into B.V. Dagblad De Telegraaf. TEM is primarily engaged in developing and operating TelegraafNet and De Telegraaf-*i*; other subsidiaries can also use this facility. In 1999, a number of sites were incorporated into TelegraafNet, including veilinghal.nl, sishopper.nl, chatweb.nl, elcheapo.nl, quickalert.nl, netmail.nl and cybercard.nl. All sites that meet consumer needs.

The aggregated number of page views of De Telegraaf-*i* and TelegraafNet doubled compared to 1998.

In the years ahead, TelegraafNet will increasingly focus on the supply of leads to third parties. A powerful advertising campaign in 2000 in De Telegraaf, among other media, must help increase the operation's name familiarity among consumers.

De Telegraaf-*i*

At the beginning of 1999, the Internet editorial board was extended to give further shape to Nieuwslink - topical news items. Preparations were also made to provide topical sports news under the name of Sportlink.

In the course of the year, a start was made with the construction of a financial Internet portal bearing the same name as its newspaper counterpart: dft (De Financiële Telegraaf).

DFT supplements 'De Financiële Telegraaf' by using the specific possibilities offered by the Internet. In the course of the year 2000, the site will be operational under the name of www.dft.nl. On this site both active and less active investors, as well as the general public, will be able to find all the financial information they need. In order to gain a substantial market share in the not too distant future, the company will spend a considerable amount of money on a promotion campaign.

De Telegraaf Elektronische Media department is responsible for building and managing the site and for the commercial route.

It was also decided to combine the archives of all daily newspapers and magazines belonging to the Telegraaf company into one joint electronic archive data bank. This data bank system will be completed in stages, the first one being ready mid 2000.

To give readers insight into the changes introduced by the new tax system, the Tax Calculator was introduced on the Internet, which enables users to calculate their personal advantages or disadvantages brought by the new tax plan. In the short time after its introduction, the site was already visited 100,000 times.

As at year-end 1999, De Telegraaf Elektronische Media and De Telegraaf-*i* had a staff of approximately fifty.

Sp!ts

On 21 June 1999 the introduction of 'Sp!ts' took place, the free morning newspaper targeting commuters travelling by public transport. From Monday to Friday, 'Sp!ts' provides readers with a compact news supply geared to average travelling time. Circulation has now reached a level of over 250,000 copies a day.

The development of advertising turnover surpassed all expectations, fierce competition notwithstanding. As a result, initial losses were not as high as predicted. In view of the success of the paper on the readers market, expectations for the advertising market are positive.

For the time being, 'Sp!ts' will be printed on the presses of Noordelijke Dagblad Combinatie B.V. due to a lack of sufficient in-house printing capacity at the Telegraaf company.

A prerequisite for an efficient business management is distribution via the train stations of the Netherlands Railways (NS). Due to NS' exclusive contract with another publisher, this is currently impossible. Following the request of NS and its contract partner to NMa to grant exemption from a prohibition laid down in the Competition Act on the one hand and our complaint against violation of this prohibition on the other, NMa is currently considering the legitimacy of the contracts concluded by NS. As soon as NS allows distribution via the train stations, it would be possible to implement cost-reducing measures.

Initially, three quarters of the circulation was handed out by promotion staff employed through temp agencies. Currently over half of these staff members operate through our own logistic network and the aim is to make the whole distribution effort an in-house operation as soon as possible.

Circulation of 'Sp!ts' will register further growth in the year ahead. Agreements have been made or are being made with various companies that will increase the number of commuters reached during the morning rush hour. For instance, 'Sp!ts' is now also distributed in buses. A major proportion of 'Sp!ts' readers has been found to be new young newspaper readers.

The (initial) loss budgeted for 2000 is considerably higher than that budgeted for 1999. In that year 'Sp!ts' was not published until the second half of the year.

De Telegraaf Tijdschriften Groep

Profit of De Telegraaf Tijdschriften Groep B.V. (TTG), where it relates to the Dutch activities, rose sharply compared to 1998. 'Privé', as well as 'Elegance', 'Residence', 'Autovisie', 'MAN' and 'OOR' realised a higher result, mainly attributable to cost savings realised on technical production and marketing. Introduced to the market in 1997 and 1998, respectively, 'Buitengewoon' and 'Personal Finance' were loss-making. The 'Surf Magazine' and 'Deep' titles were disposed of in 1999.

In early 1999, the Stockholm-based publishing company of Svensk Specialpress AB, which publishes the 'Vi Båtagare' and 'Båtnytt' water sports magazines, as well as the 'Golf Digest' sports magazine (a licence title) was taken over. This acquisition has laid the foundation for further expansion on the Swedish magazine market through the purchase of local titles and the introduction of existing TTG titles.

For instance, in 1999, after thorough market research, the group resolved to publish the 'Residence' title in Sweden. The result realised in 1999 with the existing portfolio came out lower than budgeted due to budget overruns. The Swedish activities showed a loss for the year 1999, which was mainly attributable to the initial costs of 'Residence', the depreciation of goodwill and interest charges relating to the financing of the takeover. Apart from the initial losses of the Swedish 'Residence', the result is expected to recover in 2000. We can now report that the introduction of 'Residence' in Sweden went off very well: after publication of the first issue the magazine already has 15,000 subscribers, while single-copy sales totalled 25,000.

'Privé' comfortably retained its ample edge as market leader of the entertainment magazines segment, which, as in 1998, came under further pressure. Notwithstanding a slight drop in paid circulation, the magazine managed to achieve a better result owing to cost savings. The magazine's internet site (www.prive.nl) was visited approximately 180,000 times in December 1999.

The turnover and result of 'Elegance' also improved owing to higher advertising turnover in 1999. Paid circulation of 'Elegance' was slightly lower.

In 1999, the publication frequency of 'Residence' was stepped up from ten to eleven issues owing to the success on the advertising market, which resulted in a considerable rise in turnover. With the number of subscribers remaining virtually static, average single-copy sales declined slightly. Published for the second year in 1999 as special supplement to 'Residence' and 'Elegance', the 'Trips & Travels' special made a positive contribution to the result.

Single-copy sales of the 'Autovisie' magazine surpassed the 1998 figure by more than 8%; in contrast, the number of subscriptions fell by 6%. Advertising volume remained virtually level. The result of the 'Autovisie' yearbook rose sharply compared to the 1998 figure owing to increased circulation and costs savings. The number of page views on the www.autovisie.nl Internet site increased to over 325,000 in the month of December, 1999.

After the restyling operation, 'MAN' was unable to sustain the growth in circulation recorded in 1998; still, the advertising volume remained as high as ever. As a result of the introduction of a few new titles in this segment, competition on both the circulation and advertising market is expected to increase.

Also 'OOR' was unable to hold on to the success of the restyling operation carried out in 1998: the number of subscriptions fell by approximately 6%, with single-copy sales virtually static. The advertising volume rose by 4%. Initially issued on cd-rom in 1999, the 'OOR' pop encyclopedia was quite successful.

The success of 'Hitkrant' mainly depends on hypes, hardly any of which occurred in this segment during the past year. Circulation was down by about 15%, wiping out the rise recorded in 1998. Advertising volume rose slightly.

Following rapid circulation growth in 1998, 'Buitengewoon' magazine, launched in 1997, lost ground in 1999 as a result of fierce competition. Although advertising volume was up by over 50%, the number of advertisement pages is still not enough to break even.

The beginning of 1998 saw the launch of another new title: 'Personal Finance'. Circulation and advertising volume stabilised at the 1998 level. It has since been decided to dispose of this title.

Further reorganisation took place in 1999 in respect of the magazines published for or in collaboration with various sports associations, the return of which was structurally too low. In this connection, the contract with KNVB (Netherlands Football Association) in respect of 'Voetbal Totaal' was terminated with effect from the start of the 1999-2000 football season.

'Voetbal Magazine' realised a better result, notably through cost savings, with advertising turnover remaining virtually static. Furthermore, 'Tennis', a KNLTB (Royal Netherlands Lawn Tennis Association) publication, underwent a restyling.

In collaboration with ANWB (Netherlands Touring Association), 'Schaatsen' (a speed-skating magazine) was published for the third consecutive year.

In March 1998, exemption from the ban on vertical price-fixing for magazines was applied for within the framework of the new Competition Act. This application was turned down by the NMa on 14 October 1999. In order to enable the publishers to adjust their contracts and terms of delivery to the new situation, the ministerial order will not come into effect until 1 July 2000.

De Telegraaf Sponsored Media

Rising costs against a background of virtually static turnover resulted in a lower result for 1999. There is growing market interest in sponsored media. In view of this, the turnover figure for 2000 is expected to be substantially higher. Collaboration with other parties in this market may be a possibility.

MISCELLANEOUS

Arbo (Health and Safety at Work)

In collaboration with KLM Arbo Services B.V., several risk surveys and evaluations (RI&E) were carried out at, *inter alia*, B.V. Rotatiedrukkerij Voorburgwal, De Telegraaf Transport B.V. and a number of branch offices. Two action plans were drafted to solve the problem areas that have been identified. Furthermore, a Health and Safety at Work manual was prepared which was presented to the managing staff at the beginning of 2000. In 1999, the absenteeism rate rose from 6.0% to 6.7%, a figure which is in line with the national trend. On 1 September 1999, a new absenteeism policy came into effect aimed at taking early action to reduce the total time an employee is absent from work. The new policy also makes it possible to analyse absenteeism figures, on the basis of which the health and safety at work policy can be adjusted.

Finally, a memorandum has been drafted in respect of security regulations to be observed by sub-contractors performing work commissioned by the Amsterdam operations.

The Arbo department was expanded in 1999 to cope with a constantly growing body of regulations.

Books

Collaboration with Uitgeverij Bzztöh in The Hague again proved highly successful. The joint book productions were mainly from authors contributing to other group publications.

For the second consecutive year, 'De Telegraaf' newspaper published a yearbook summarising the main events and photographs of the past year. Sales were higher partly owing to the earlier time of introduction.

Logistics

In September 1999, a start was made with incorporating the distribution (transport and delivery) of all daily newspapers, door-to-door papers, flyers and magazines for single-copy sales of all group businesses into Logistiek B.V. Overseen by external consultants, this major long-term project is expected to be completed in 2001.

Third-party orders can also be referred to this enterprise. From September 2000 on, 'Het Financieele Dagblad' will be distributed by Logistiek B.V.

The environment

During the past year, the description of all environmentally harmful substances was completed. Commissioning of the page transmission system resulted in a reduction of approximately 10% in photographic chemicals. Within the framework of the energy policy, the 'energy monitoring system' was set up. This system will facilitate better control of electricity, gas and water consumption. In the year 1999, an internal campaign was carried out relating to the more strictly separated collection of office waste.

Within the framework of the Packaging Covenant Section 2 (Covenant Verpakkingen, 2) an initial report was prepared for the Royal Printing Companies Association (Koninklijke Verbond van Grafische Ondernemingen, KVGGO). A second report will be prepared in 2000 and an additional focus will be placed on development of the policy to meet the objectives formulated in the Packaging Covenant Section 2. In the months of April to July of this year, the company paid the first removal charge linked to the purchase of paper.

Works Council

This year, too, many issues were considered by the Works Council. Consultations between the Board and the Works Council continued to be characterised by a positive and constructive atmosphere; the Works Council issued a positive advice on the proposed investments, including the extension of printing capacity, the proposed acquisition of Uitgeversmaatschappij De Limburger B.V., and the proposed participation in Autobytel Nederland v.o.f.

At the end of 1999, Works Council elections were held, on the basis of which a new Works Council was installed for a three-year term at the beginning of 2000.

Pension fund

In 1999, the invested capital of Stichting-Telegraafpensioenfonds 1959 for employees not belonging to the printing sector rose by NLG 52 million to NLG 775 million. Pensions and pension rights were increased by 1.7% to adjust for the 1998 inflation rate.

The Managing Board decided to maintain pension contributions at 4.5% of pensionable salary. Retired employees will receive a special allowance of 7% of their annual pension for the year 1999.

With effect from 1 January 2000, the internal regulations include the option of changing the surviving dependant's pension to a higher old-age pension.

ACTIVITIES OUTSIDE AMSTERDAM

Hollandse Huis-aan-huisbladen Combinatie

Hollandse Huis-aan-huisbladen Combinatie B.V. (HHC) publishes 65 editions of mid-week door-to-door papers with a combined circulation of 1,964,200 copies a week in the distribution areas of North Holland, part of South Holland and part of Flevoland.

Owing to a marked increase in turnover, the year 1999 was closed with a significantly higher result. Partly owing to higher staff advertising turnover, publishers (i.e. B.V. Noorderpers, B.V. Uitgeverij De Echo and Uitgeverij Van Groenigen B.V.) made a major contribution to the better result. The result of B.V. Reclame 't Gooi improved slightly in 1999.

HHC now also publishes fourteen Sunday papers with a combined circulation of over 635,000 copies. Further growth in this segment is being pursued, though will depend, of course, on the growth of the 'Sunday economy'. In 2000, B.V. Noorderpers will issue an extra edition of the Sunday morning paper in the northern-most part of the province of North Holland ('Amstelmeer') along with the existing Den Helder and Schagen editions.

In mid-1999, HHC and Uitgeverij De Echo were relocated to a building of their own situated at the site of the Amsterdam operations. In-house page production and page transmission were realised at the same time.

The alteration of the former office and distribution centre of InterHolland Verspreiders B.V. at Alkmaar (a subsidiary of Hollandse Dagbladcombinatie B.V.) into a new place of business for B.V. Noorderpers, which had been started in September 1999, was completed at the end of March 2000.

The prepress employees taken over from B.V. Drukkerij Noordholland on 1 January 2000 are now also accommodated in this building.

Plans are being developed to build new accommodation for Uitgeverij Van Groenigen B.V. at Nieuw-Vennep. The building is expected to be completed by early 2001.

In October 1999, a new order and invoicing system was commissioned to which all HHC publishers are connected. In 2000, after the usual start-up problems, this system will result in more efficient order processing. Replacement of the old editorial systems, too, was completed in the course of 1999.

Hollandse Dagbladcombinatie

Notwithstanding an increase of more than 9% in combined advertising turnover (in the daily and weekly newspapers) and printing orders, the 1999 operating result declined significantly vis-à-vis the 1998 figure. Still, the decrease was less sharp than anticipated as a result of the consistently large volume of staff advertising in the first half of 1999.

The considerable rise in costs is attributable to distribution, wages and depreciation of investments that were put into use. Sales costs increased as a result of the collaboration within Nationale Regiopers (NRp). Also, HDC's contribution to the harmonisation of the pension charges of De Gooi- en Eemlander B.V. was charged to the result.

The combined circulation of the regional daily newspapers published by Hollandse Dagbladcombinatie B.V. (HDC) averaged 295,000 copies in 1999. Circulation of 'Noordhollands Dagblad' remained stable, while that of 'Haarlems Dagblad', 'Leidsch Dagblad' and 'De Gooi- en Eemlander' declined less sharply than in the previous years.

The company invested heavily in the replacement of computerised editorial and administrative systems. The renewal of editorial publishing systems of the editorial pages at Verenigde Noordhollandse Dagbladen B.V. (VND) and Dagbladuitgeverij Damiate B.V. was completed and a start was made with the implementation of a new advertisement administration system for all HDC publishers. Furthermore, the printing establishment at Alkmaar was extended to enable B.V. Drukkerij Noordholland (DNH) to move from Hoorn to Alkmaar in 2000. The construction work and installation of the new presses went according to schedule. The preparations for this relocation operation required a great deal of time and attention, which was one of the reasons why DNH had to contract out printing orders to third parties.

The adjacent buildings at the Alkmaar site were occupied by InterHolland Verspreiders (IHV) and several departments of VND and HDC.

In contrast to 1998, IHV's activities were loss-making as a result of falling leaflet turnover and sharply increased delivery costs. 2000 is expected to see another sharp rise in costs. IHV will be incorporated into Logistiek B.V.

In the course of 2000, it was decided that Dagblad De Gooi- en Eemlander, Hilversum and Dagbladuitgeverij Damiate, Haarlem were to enter into intensive collaboration to strengthen the basis guaranteeing the newspapers' economic development in the future. The intention is to combine both publishers to form one new publisher with a joint newspaper circulation of 140,000 copies, while retaining existing titles.

Limburgs Dagblad

The result of B.V. Gemeenschappelijk Bezit van Aandelen Uitgeversmaatschappij Limburgs Dagblad came under further pressure.

In the newspaper publishing business advertising volume and circulation declined by about 2%. Part of the advertising volume was lost as a result of competition from a free door-to-door paper published in Limburg by estate agencies. The integration of the regional newspapers in the Nationale Regiopers (NRp) did not (yet) bring the expected success for this region.

In the newspaper printing business, initial problems of the new press required a temporary doubling of press-operating personnel. The old press was decommissioned and sold at the end of 1999. A better gross margin did not make up for rising staff costs and higher depreciation.

The printing order from Axel Springer Verlag AG in respect of daily newspaper 'Bild' was prolonged for a reduced number of copies. On 1 April 2000, a start was made with the printing of 40,000 copies of 'De Telegraaf' in Limburg. After completion of the extension with two new printing units of the press at Heerlen in the course of 2000, production of 'De Telegraaf' will be stepped up to total approximately 100,000 copies a day.

The printing contract in respect of the foreign newspaper 'Asahi Shimbun' was cancelled in 2000. The contracts relating to the printing orders from the Japanese newspaper 'Nihon Keizai Shimbun' and the Spanish newspaper 'El Pais' continued to be in force. From 1 January 2000 on, three Sunday papers are printed for Hollandse Huis-aan-huisbladen Combinatie B.V.

The result of the door-to-door papers published by Uitgeversmaatschappij De Trompetter B.V. improved. The result of De Kempen Pers B.V. declined slightly as a result of the start-up of a new edition at Helmond in October 1999. Shortly before the turn of the year, an agreement in principle was reached in respect of the takeover of the publishing rights of De Hilverbode at Hilvarenbeek.

Reclameverspreidbureau Spiral B.V. also realised a better result on higher turnover. In view of the worsening delivery problems, a few measures have been taken including the set-up of depots and the installation of a call centre; the costs connected with this were charged to the 1999 result. The takeover of Dick Willems Verspreidingen at Best reinforced the position in North Brabant.

To turn the (on balance) negative results of the newspaper publisher around to (possibly) a break-even situation in the not too distant future, it was decided, with the approval of the Works Council, to carry out a major reorganisation. A social plan providing for a staff reduction involving about fifty employees, partly through natural wastage and partly through outplacement, was agreed to with the trade union. A provision for the resulting costs was formed and charged to the 1999 result.

It should be noted that this reorganisation has nothing to do with the proposed takeover of Uitgeversmaatschappij De Limburger B.V. Only with the takeover of Dagblad De Limburger the synergy vital to Limburgs Dagblad can be generated that will lay the foundation for this newspaper's continued existence.

Uitgeversmaatschappij De Limburger

In September 1999, a declaration of intent was signed between Wegener Arcade N.V. and N.V. Holdingmaatschappij De Telegraaf in respect of De Telegraaf's takeover of Uitgeversmaatschappij De Limburger B.V. shares, a transaction forming a part of Wegener's proposed takeover of all VNU Dagbladen B.V. shares. It was also agreed that De Telegraaf would keep its interest in Wegener at least at the same level by arranging a preplacement of depositary receipts for ordinary and cumulative preference shares to be issued by Wegener within the framework of the acquisition.

Uitgeversmaatschappij De Limburger B.V. (UDL) publishes 'Dagblad De Limburger', a regional daily newspaper with an average paid subscription of over 175,000 copies in 1999. The company also publishes a large number of door-to-door papers in the province of Limburg, operates a cable TV information service (TV Gazet) and holds a stake in Limburg1, a regional TV station.

De Telegraaf's interest in this takeover is to ensure the continuity of Limburgs Dagblad, which has been part of the group since 1972. Due to its geographical isolated location, Limburgs Dagblad is unable to enter into other collaborative agreements. The Limburgs Dagblad company has been loss-making since 1998.

This operating loss makes it necessary that a reorganisation is carried out in 2000, which will involve the loss of about fifty jobs (not related to the proposed takeover), and, in a few years' time, may enable the paper to reach the break-even point. The takeover of Dagblad De Limburger, a move the group had been intending for a long time, may generate the synergy considered essential, which can help lay a strong foundation for Limburgs Dagblad continued existence. Furthermore, with a publisher boasting a combined circulation of approximately 230,000 copies, it would be possible to realise an increase in scale needed not only to maintain the capability to make high-quality papers, but also to fight increased competition from other emerging media.

In accordance with legal regulations, the proposed transaction was registered with the NMa, which, on 2 November 1999, stated that a permit procedure was considered necessary. The application in question was submitted on 15 December 1999. The legal term of thirteen weeks after the application, during which NMa must pronounce a decision was prolonged several times as a result of additional questions and inquiries relating to, *inter alia*, the readers and advertising markets.

At the time of the text contribution deadlines for this annual report, NMa still had not stated a definite position. In connection with this it has been decided to leave the UDL figures out of the 1999 consolidated annual accounts. The interest charge relating to the purchase sum for the period from 1 October 1999 to 31 December 1999 has been debited against the 1999 result and added to the reserves. The goodwill included in the acquisition sum will be charged to the result over a period of twenty years.

In April 2000, Wegener was given conditional permission by NMa to acquire the VNU Dagbladen B.V. shares, which include the UDL shares. One of the conditions stipulated by NMa was that Wegener was to sell the UDL shares. In connection with this acquisition, De Telegraaf granted Wegener a loan of over NLG 352 million secured by the UDL shares.

The risk of the NMa decision will be borne by De Telegraaf.

Biegelaar Groep

Since 1 January 1998, Biegelaar Groep B.V. incorporates the printing companies, which also engage in third-party printing. In 1999, turnover rose by 6.5% to approximately NLG 240 million. Of this sum, NLG 70 million related to group turnover.

The year under review was dominated by the coordination of the various activities, as well as the creation of synergy and improvement of the return. For instance, the printing establishment of Eldee Offset B.V. at Heerlen was closed down in the course of 1999 and the printing orders were transferred to Nederlands Drukkerij Bedrijf B.V. (NDB) at Zoeterwoude, resulting in full capacity utilisation of the 32 page heatset press bought in 1998.

Commercially, Biegelaar Groep also presented itself more clearly on the market, which gave rise to a considerable improvement of the operating result.

Further concentration of printing companies is expected to take place in Europe, the introduction of the euro being a catalyst in the development of an international market. Some form of collaboration or association with an foreign partner may be a real prospect.

Biegelaar en Jansen

In 1999, too, the turnover of rotogravure printers Biegelaar en Jansen B.V. at Maarssen continued to increase, mainly as a result of new orders. The second quarter saw the switch from a three-shift to a four-shift system in the printing and forwarding business, resulting in a higher press capacity utilisation rate and greater efficiency.

A start was made with the plan (announced last year) to replace one press and extend the afterpress equipment, and to improve the infrastructure. The overall project, which is expected to be completed in 2001, will require an outlay of around NLG 100 million. The internal financing charges will put the result for 2000 slightly under pressure.

Eldee Offset

The turnover of Eldee Offset B.V. was transferred to Nederlands Drukkerij Bedrijf B.V. in the first half of 1999. Insofar as the staff involved could not be redeployed at the newspaper press extension at Limburgs Dagblad, new employment was found for them elsewhere. The printing press was sold in 1999.

Nederlands Drukkerij Bedrijf

The result rose considerably in the first year after takeover owing to the orders taken over from Eldee Offset B.V. and better capacity utilisation of the new 32 page heatset press. In 1998, this press still gave rise to start-up costs. In mid-1999, the company invested in prepress equipment to accommodate the rise in production.

The year 2000 is expected to see a further increase in turnover, while the afterpress activities will be transferred to Franken B.V. as much as possible during the year.

In early 2000, the company bought 22,000 m² land at Zoetermeer in connection with the construction project planned in respect of Nederlands Drukkerij Bedrijf B.V. The decision-making process relating to the construction project is still going on.

Drukkerij Van Ketel

A new construction project and a major alteration of Drukkerij Van Ketel at Schagen gave the company's image and logistics a new impetus. The new printing press was utilised all year long. Within the framework of a restructuring project, rotary printing activities were largely transferred to Drukkerij Noordholland at Hoorn (a HDC company) in the course of 1999, which enabled Drukkerij Van Ketel to fully concentrate on sheet press activities. The turnover and result declined, reflecting the transfer of the rotary printing activities. In view of the prospective order portfolio, which has led the company to reinforce the commercial department, the result is expected to recover in 2000.

Franken

Owing to a critical selection of orders, the improvement of the existing order portfolio and further cost reductions, Deventer-based Franken B.V. managed to turn the losses sustained in the previous two years around in a positive result for 1999. Besides the traditional stapling and finishing of high-volume printed matter, the company has started to acquire orders in new market segments. The commercial department was reinforced for this purpose.

PARTICIPATING INTERESTS

Media Groep West

In 1999, the interest of the Telegraaf company in Media Groep West B.V. (MGW) was increased from 75% to 90%; UPC Nederland B.V. holds 10% of the shares.

The year 1999 turned out successful for MGW in several respects. With turnover doubling, the result increased enormous. This spectacular growth is expected to continue in 2000 in respect of the activities mentioned below.

Cable TV information services

The MGW cable TV information services were profitable for the first time.

Collaboration will be sought in the integration of other cable TV information service activities within the group.

SBS Text

MGW activities include the operation of the teletext services of SBS 6 and Net 5, which have been incorporated into a joint venture with SBS Broadcasting B.V.

In the second year of its existence, SBS Text v.o.f. became national market leader with a strong position in the travel sector, the financial world, and telephone entertainment services.

The introduction of an extensive financial section under the name of BeursNet 5 has been planned for the year 2000 as part of the teletext service of Net 5. BeursNet 5 will be produced in close collaboration with B.V. Dagblad De Telegraaf. This year, the popular classified car ads 'Autospeurders' of 'De Telegraaf' will be integrally transferred to the SBS 6 teletext service.

Mobile telecommunication and Internet services

A promising venture is the mobile telecommunication activities started up at the end of 1999. This concerns the development and operation of services based on interactive voice response, SMS data traffic and the new mobile Internet technology WAP (Wireless Application Protocol).

Several successful GSM services are already being operated in collaboration with parties such as SBS Broadcasting, KPN Mobiel, Libertel and Dutchtone.

As at 1 January 2000 these activities were hived off to a new subsidiary, Mobillion B.V., the shares of which are held by MGW (70%) and the management. In view of the cross-border mergers and takeovers seen in the mobile telecommunication market, Mobillion B.V. will expand its activities to include other European countries as well.

Radio

Owing to structurally disappointing results and the absence of financial support from the government, it was decided in 2000 to hand the public tasks of Radio Amsterdam back to local broadcasting-licence holder Salto.

Regional television

Both the interests of Hollandse Dagbladcombinatie B.V. in TV West and those of Limburgs Dagblad in TV8, a commercial station in Limburg, were disposed of in the course of 1999 as prospects of better results continue to be dim.

SBS Broadcasting

Since May 1996, the group has a 30% interest in SBS 6 B.V., a Dutch commercial station, the name of which was changed to SBS Broadcasting B.V. in 1999.

In 1999, SBS Broadcasting B.V. made a profit of NLG 11.8 million as compared to NLG 13.7 million in 1998. Our 30% share in this (NLG 3.5 million) has been stated under 'income from participating interests'. The fall in profit is mainly attributable to initial losses incurred by the second station, Net 5, which was started on 1 March 1999.

In view of the availability of (tax) loss carry-forwards, no account has been taken of corporation tax in the determination of the result. No dividend was distributed for 1999.

In 1999, the combined market share of the SBS 6 and Net 5 stations stood at 13.1% (13 years and older) and 15.4% (20-49 years). In 1998, the corresponding figures were 10.0% and 11.7% (SBS 6 alone), respectively.

Wegener

As at 31 December 1999, the interest in Wegener N.V. amounted to 7,295,570 depository receipts of NLG 0.50 par value. In 1999, the holding of depository receipts did not change. As in 1998, the optional dividend was distributed in cash only. As a result, the interest in Wegener declined from 20.8% at year-end 1998 to 20.6% at year-end 1999.

As explained above, N.V. Holdingmaatschappij De Telegraaf will buy NLG 100 million worth of additional Wegener shares, consisting of NLG 60 million in depository receipts of ordinary shares and NLG 40 million depository receipts of cumulative preference shares of the issue to be floated by Wegener as part of the acquisition of VNU Dagbladengroep. This will keep our interest in Wegener at least at the same level.

With effect from 1999, the interest in Wegener is stated at cost. In accordance with the applicable regulations, the acquisition price is stated at book value (including book value goodwill) as at 1 January 1999.

This change in valuation principles is due to the increasingly complex recalculation based on De Telegraaf accounting principles coupled with the impossibility of exercising any significant influence due to the conversion of Wegener shares into depository receipts.

PROSPECTS

In the first periods of 2000 the result, excluding the initial losses relating to 'Sp!ts' and the Swedish edition of 'Residence', plus the additional costs arising from Internet activities, remained virtually equal to the result achieved in the corresponding period of 1999.

The advertising volume of daily newspaper 'De Telegraaf' was maintained during the first quarter of 2000. The advertising turnover of door-to-door papers recorded a marked increase, while regional newspapers experienced fluctuating developments resulting in a slight net decline in volume.

In 2000, the daily 'De Telegraaf' could well realise an advertising volume equal to the 1999 figure, partly in view of the expectation of sustained economic growth and the stimulus provided by the European football championship.

Average paid circulation of newspaper 'De Telegraaf' declined marginally, mainly as a result of a drop in single-copy sales both during the week and on Saturdays. In line with the trend seen in the last few years, paid circulation of the regional newspapers also contracted slightly.

In 2000, wage costs will continue to rise as a result of ample collective pay increases and the expected further growth of the work force, partly in connection with the Internet activities. This year's newsprint prices will slightly exceed the 1999 price level while delivery costs are also likely to increase.

The profit expectation for 2000, compared to 1999, will be adversely affected by:

- investments totalling NLG 30 million as already announced in January of this year in connection with the impetus to be given to the Internet activities;
- the initial losses resulting from the launch of new magazines in the course of 2000, including that of the 'Residence' title in Sweden;
- the initial loss sustained by the proposed TV magazine that will come out as a supplement to the Saturday issue of 'De Telegraaf' as soon the TV programme listings are made available;
- the failure so far to realise synergy in Limburg pending the outcome of the Netherlands Competition Authority's (NMa) decision-making process in respect of the acquisition of Uitgeversmaatschappij De Limburger B.V.

In contrast, the advertising turnover recorded by 'Sp!ts' during the first periods of 2000 surpassed the group's expectations; if this trend persists, the initial loss for the whole of 2000 will be lower than the loss incurred for the second half-year of 1999. Furthermore, income from the 30% stake in SBS Broadcasting B.V. will increase, partly as a result of the initial loss of Net 5, which has been charged to the 1999 result.

Given the above-mentioned circumstances, the result for the year 2000 could be significantly lower, mainly as a result of investments in the Internet and in new activities that will lay a firm foundation for the group's continued stable growth.

Managing Board

L.G. van Aken
F.Th.J. Arp
W.O. Kok
J. Olde Kalter
H. Schor
A.J. Swartjes

Amsterdam, 27 April 2000

CONSOLIDATED BALANCE SHEET (after distribution of profit)

(In thousands of guilders.)

31 December 1998		31 December 1999
	Fixed assets	
146,495	Intangible fixed assets	119,809
530,272	Tangible fixed assets	654,335
78,258	Financial fixed assets	83,997
	Total fixed assets	858,141
	Current assets	
31,117	Inventories	33,293
172,230	Receivables	231,608
34,275	Securities	33,586
458,643	Liquid assets	486,828
	Total current assets	785,315
	Current liabilities	544,093
	Current assets net of current liabilities	241,222
245,792		
1,000,817		1,099,363
	Long-term liabilities	
260	Provisions	360
52,787	Shareholders' equity	59,890
947,770		1,039,113
	Total	1,099,363
1,000,817		

CONSOLIDATED PROFIT AND LOSS ACCOUNT

(In thousands of guilders.)

1998		1999
1,519,266	Turnover	1,589,528
1,108	Changes in work-in-progress	86
1,520,374	Net turnover	1,589,614
278,475	Raw and auxiliary materials	283,878
415,374	Wages and salaries	435,982
92,826	Social security charges	102,174
115,505	Depreciation of intangible and tangible fixed assets	120,859
423,133	Other operating costs	451,460
1,325,313	Total operating expenditure	1,394,353
195,061	Operating profit	195,261
10,535	Income from participating interests	12,498
13,668	Interest income	14,850
1,677	Income from securities	1,438
—	Decrease in value from securities	— 658
— 701	Interest charges	— 3,620
25,179	Balance of financial revenues and charges	24,508
220,240	Pre-tax result from ordinary trading	219,769
75,671	Tax on the result from ordinary trading	76,960
144,569	After-tax result from ordinary trading	142,809
1,023	Extraordinary revenue	410
— 61	Extraordinary expenditure	— 444
962	Extraordinary items before tax	— 34
— 358	Tax on extraordinary result	12
604	Extraordinary result after tax	— 22
145,173	Result after tax	142,787
	Profit distribution:	
93,724	Other reserves	91,338
51,449	Dividend	51,449
145,173		142,787

PRINCIPLES OF CONSOLIDATION, VALUATION AND DETERMINATION OF THE RESULT

1. Consolidation criteria

The consolidated accounts combine the financial data for N.V. Holdingmaatschappij De Telegraaf and its group companies.

Consolidation is effected in accordance with the principles of valuation and determination of the result of the parent company. The financial data of the group companies have been fully included in the consolidated annual accounts after elimination of intercompany relations and transactions. Minority interests in shareholders' equity and in the result of group companies are shown separately in the consolidated annual accounts. The results of newly acquired group companies are included in the consolidation from the date of acquisition. The results of participating interests disposed of by the company are included in the consolidation up to the disposal date. Companies in which N.V. Holdingmaatschappij De Telegraaf has an interest of less than 50% are not included in the consolidation.

In respect of the company profit and loss account of N.V. Holdingmaatschappij De Telegraaf use has been made of the exemption provided for in section 402, Book 2, of the Dutch Civil Code.

2. Translation of foreign currencies

The balance sheet items and the results from activities in Belgium are translated at the fixed exchange rate effective since 1 January 1999 (BEF 100 = NLG 5.46)

The participating interest in Sweden is considered an independent foreign entity. The assets and liabilities of this interest are translated at the price prevailing on the balance sheet date, while results are translated at the average price at the time of the transactions; the resulting difference is taken directly to shareholders' equity.

3. Valuation

Intangible fixed assets

Goodwill, being the amount paid in excess of the net asset value determined in accordance with the valuation principles of N.V. Holdingmaatschappij De Telegraaf, and arising on the acquisition of participating interests, business activities and publishing rights, is shown in the annual accounts as follows:

- In case of acquisitions within the company's core activities, goodwill is charged to the result or the reserves over a maximum period of twenty years;
- The goodwill arising on acquisitions outside the core activities is charged directly to shareholders' equity.

Tangible fixed assets

These assets are valued at cost less straight-line depreciation generally calculated on the basis of depreciation rates permitted under tax law.

These rates are:

- 4 to 5% a year on buildings depending on their nature or purpose.
- 10 to 20% a year on plant and machinery.
- Generally 20% a year on all other operational fixed assets.
- Operational fixed assets subject to rapid technical and/or economic obsolescence are written off over a period of three years.
- Ground rent bought off is written off over the ground lease term in question.
- Land is not subject to depreciation.

Fixed assets under construction:

– This item relates to the amounts contracted for construction projects, plant and machinery.

Financial fixed assets

Participating interests on which N.V. Holdingmaatschappij De Telegraaf is able to exert significant influence are valued at their proportion of the net asset value, calculated in accordance with the parent company's accounting principles.

The other participating interests are stated at cost. Up to and including 1998, the strategic interest in Wegener N.V. was also valued in accordance with the equity method. However, only dividends received are shown as income from participating interests. The other changes in value are credited or debited directly to shareholders' equity (in 1998: NLG 1,423,000 credited to shareholders' equity). With effect from the financial year 1999, the participating interest in Wegener N.V. is stated at cost. It was decided to make this change as, in the absence of a sufficient amount of reliable data, the recalculation is increasingly based on assumptions, which makes a correct application of this valuation method very difficult. This fact, added to the conclusion that the group did not exercise any actual influence on Wegener N.V.'s policy due to the conversion of Wegener shares into depositary receipts, led to this change in valuation.

In accordance with the regulations in force, the cost price as at 1 January 1999 was stated at the current book value, including the residual book value of the goodwill paid in respect of the various acquisitions.

Long-term receivables are stated at their nominal value less any provisions deemed necessary.

Inventories

Inventories of paper, where it concerns quantities that were also in stock in previous years, are valued at the lower of cost price prevailing during those years and market price as at the balance sheet date and, where it concerns the surplus, at the lower of cost price and market price. The other inventories are valued at the lower of purchase price and market value.

A provision is being set up for unsaleable stocks.

The item work-in-progress relates to printed matter in production, valued at predetermined cost. This includes labour costs, material consumption, machinery costs, plus a surcharge for indirect costs.

Receivables

Receivables are shown at nominal amounts less provisions for bad debts where necessary.

Securities

Securities are shown at the lower of cost and market price as at the balance sheet date.

Liquid assets

These are stated at nominal amounts.

Current liabilities

These liabilities are stated at nominal amounts.

Provisions

Deferred taxation:

This item relates to the deferred tax liability arising from the difference between the valuation of assets and liabilities for commercial and tax purposes. Any deferred tax receivables are set off against deferred tax commitments.

Calculation of this liability, which is shown at nominal value, is based on the current company tax rate.

Early retirement:

This item relates to the actuarial present value, based on a 5% interest rate (1998: 5%), in respect of the obligation of supplementary payment of amounts in excess of the Early Retirement benefit limit for those less than fifteen years under Early Retirement age.

This concerns a period of three to five years up to age 65.

Pension allowance supplement:

This provision relates to the actuarial present value of pension commitments and pension premiums payable in respect of employees absent due to illness for a protracted period of time, using a 4% interest rate (1998: 4%), as well as the share in pensioners' health insurance payable by the company, using a 5% interest rate (1998: 5%).

Disability benefit supplement:

This item relates to a provision for the payment of a supplement to the salary of employees whose employment was terminated on their becoming the recipients of a permanent disability allowance.

4. Determination of the result

The result is determined as the difference between the net turnover and the costs thereof during the year in accordance with the above-mentioned valuation principles.

The net turnover is the proceeds charged to third parties and arising from services provided to third parties during the financial year after allowing for VAT and discounts and after adjustment for movements in work-in-progress.

Profits are taken only insofar as they are realised as at the balance sheet date.

Costs and risks incurred before the end of the financial year are taken into account insofar as they can be anticipated.

The share in the result for the financial year is shown under 'income from participating interests' where it concerns participating interests on which the company is able to exert significant influence. In respect of the other participating interests, dividend received is also shown under income from participating interests.

Company tax is calculated on the result, taking into account tax allowances, including the substantial holding exemption, and allowing for amounts that are not tax-deductible. The difference with the amount in tax payable according to the profit calculation for tax purposes is shown in the provision for deferred taxation.

Extraordinary income and expenditure:

Extraordinary income and expenditure are generated by actions and events that are not associated with the company's normal business operations and that, as a result, bear a non-recurrent character.

5. Accounting principles of the consolidated cash flow statement

The cash flow statement is prepared in accordance with the indirect method. The liquid funds in the cash flow statement consist of liquid assets and securities.

The securities may be regarded as highly liquid investments. Cash flows in foreign currencies are translated at an estimated average exchange rate.

Income and expenditure relating to interest, dividends received and income tax are stated under cash flow from operational activities. Paid dividends are shown under cash flow from financing activities.

The acquisition price of group companies is shown under cash flow from investment activities insofar as payment has been made in cash. The liquid funds held by newly acquired group companies are deducted from the acquisition price.

NOTES TO THE CONSOLIDATED BALANCE SHEET

(In thousands of guilders, unless otherwise stated.)

Fixed Assets

Intangible fixed assets

31-12-1998		31-12-1999
146,495	Goodwill	119,809
	Changes in intangible fixed assets:	
172,883	Position at beginning financial year	146,495
6,885	Add: – Goodwill paid on acquisition or expansion of participating interests	8,442
– 31,267	Less: – Depreciation charged to the result	– 32,827
– 2,006	– Depreciation charged to reserves	– —
– —	– Change in valuation Wegener	– 2.006
– —	– Other changes	– 295
146,495	Position at end financial year	119,809

Tangible fixed assets

This item includes:

Financial year 1998

	Purchase cost up to 1998	Depreciation up to 1998	Book value 31-12-1998
Land and buildings*	516,069	276,574	239,495
Plant and machinery	718,239	540,612	177,627
Other fixed assets	208,135	161,854	46,281
Fixed assets under construction	66,869	—	66,869
	1,509,312	979,040	530,272

Financial year 1999

	Purchase cost up to 1999	Depreciation up to 1999	Book value 31-12-1999
Land and buildings*	530,392	296,957	233,435
Plant and machinery	706,512	560,663	145,849
Other fixed assets	230,509	176,124	54,385
Fixed assets under construction	220,666	—	220,666
	1,688,079	1,033,744	654,335

*These items include the ground rent bought off in respect of the business sites of the group companies in Amsterdam. As at 31 December 1999, the book value of this amounts to NLG 11,050,000 (previous year: NLG 11,434,000).

Changes in tangible fixed assets:

	Land and buildings	Plant and machinery	Other fixed assets	Fixed assets under construction	Total
Book value 1-1-1999	239,495	177,627	46,281	66,869	530,272
Acquisitions	—.—	—.—	129	—.—	129
Investment	6,200	5,698	27,675	176,706	216,279
Divestment	— 387	— 25	— 1,198	— 145	— 1,755
Depreciation	— 21,878	— 42,748	— 25,964	—.—	— 90,590
Assets under construction put into operation	10,005	5,297	7,462	— 22,764	—.—
Book value 31-12-1999	233,435	145,849	54,385	220,666	654,335

Buildings are insured on the basis of reinstatement value, the other assets on the basis of the cost of new construction.

The amount covered by insurance is NLG 1,661 million (previous year: NLG 1,675 million).

The item fixed assets under construction relates to buildings and/or plant and machinery at:

B.V. Rotatiedrukkerij Voorburgwal,
Biegelaar Groep B.V.,
B.V. Noorderpers,
Hollandse Dagbladcombinatie B.V.,
B.V. Dagblad De Telegraaf and
Uitgeversmaatschappij Limburgs Dagblad B.V.

Financial fixed assets

31-12-1998	Non-consolidated participating interests	31-12-1999
58,000	Wegener N.V., Apeldoorn (20.6%, previous year 20.8%)	60,006
9	C.V. Regionale Uitgevers Zuid-Holland West (17%)	9
14,545	SBS Broadcasting B.V., Amsterdam (30%)	18,082
116	TV Krant Nederland C.V. (9.6%)	95
109	Hollands Omroepbedrijf Holding B.V. (9%)	109
1,233	V.o.f. SBS 6 Text (37.5%, respectively 45%)	2,413
905	De Nationale Regiopers C.V. (19.6%)	966
—.—	WOONTV Amsterdam v.o.f. (45%)	74
74,917		81,754

As at 31 December 1999, the market value of the package of Wegener N.V. shares amounted to approximately NLG 200 million.

Other receivables

3,341	Other long-term receivables	2,243
78,258	Total financial fixed assets	83,997

Movements in financial fixed assets:

	Other participating interests	Other receivables	Total
Position at 1 January 1999	74,917	3,341	78,258
Add: – Change in valuation	2,006	—.	2,006
– Share in the result	6,069	—.	6,069
Less: – Distribution/repayment/mark-down	– 1,238	– 1,098	– 2,336
Position at 31 December 1999	81,754	2,243	83,997

Current assets

Inventories

31-12-1998	This item consists of:	31-12-1999
24,542	Raw materials	27,227
2,344	Auxiliary materials	2,942
4,231	Work in progress	3,124
31,117		33,293

The purchase cost of the stock of raw materials amounts to NLG 28,924,000 (previous year: NLG 26,526,000).

Accounts receivable

31-12-1998	Specification:	31-12-1999
154,696	Trade receivables	188,941
1,404	Other receivables	2,022
15,848	Accrued income	40,645
282	Minority interest	—.
172,230		231,608

Securities

31-12-1998		31-12-1999
34,275	Government bonds	33,586

Liquid assets

31-12-1998		31-12-1999
123,839	Cash and bank balances	145,578
327,054	Short-term deposits	341,250
7,750	Medium-term deposits	—.
458,643		486,828

Freely available liquid assets amount to NLG 486,828,000 (previous year: NLG 450,893,000)

Current liabilities

31-12-1998	This item includes:	31-12-1999
58,711	Prepaid subscriptions	63,147
106,169	Suppliers	165,840
35,198	Taxes and social insurance premiums	37,912
15,884	Company tax	9,108
5,964	Pension liabilities	7,007
51,449	Dividend	51,449
1,554	Other liabilities	1,991
—	Minority interest	65
175,544	Accruals and deferred income	207,574
<u>450,473</u>		<u>544,093</u>

Long-term liabilities

31-12-1998		31-12-1999
<u>260</u>	This relates to a loan of NLG 260,000 repayable in full in 2006, and a loan of NLG 100,000, repayable in full in 2008. Both loans carry 7% interest.	<u>360</u>

Provisions

31-12-1998	This item includes:	31-12-1999
4,539	Deferred taxation	7,366
28,208	Early retirement	30,339
11,281	Pension allowance supplements	12,772
8,759	Disability benefit supplements	9,413
<u>52,787</u>		<u>59,890</u>

Short-term commitments amount to approximately NLG 4,596,000 (previous year: NLG 4,122,000).

Shareholders' equity

For the notes to shareholders' equity, please refer to the balance sheet of N.V. Holdingmaatschappij De Telegraaf.

NOTES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

(In thousands of guilders, unless otherwise stated.)

1998	Net turnover	1999
	1. Breakdown of the net turnover by business segment:	
992,040	Newspapers	1,042,016
148,245	Door-to-door papers	159,047
102,465	Magazines	110,500
216,005	Third-party printing	212,672
61,619	Other activities	65,379
<u>1,520,374</u>		<u>1,589,614</u>
	2. Breakdown of the net turnover by geographical area:	
1,479,416	The Netherlands	1,543,248
27,181	EU countries	40,372
13,777	Other European countries	5,994
<u>1,520,374</u>		<u>1,589,614</u>
1998	Raw and auxiliary materials	1999
258,150	Paper and ink	263,346
20,325	Auxiliary materials	20,532
<u>278,475</u>		<u>283,878</u>
1998	Wages and salaries	1999
<u>415,374</u>	In 1999 and 1998, the average work force totalled 5,258 and 5,109, respectively. Breakdown of the work force by operating company as at year-end:	<u>435,982</u>
2,067	Amsterdam businesses	2,134
1,528	Hollandse Dagbladcombinatie B.V., Haarlem	1,563
457	Hollandse Huis-aan-huisbladen Combinatie B.V., Amsterdam	469
565	Limburgs Dagblad-concern, Heerlen	565
544	Biegelaar Groep B.V., Maarssen	555
6	De Telegraaf Belgium, Brussels	6
13	Media Groep West B.V., Amsterdam	21
—	Svensk Specialpress AB, Stockholm	24
<u>5,180</u>		<u>5,337</u>

In 1999, the remuneration (including pension and early retirement benefits) of the members of the Managing Board included in the wages and salaries amounted to NLG 5,476,000 (previous year: NLG 5,632,000).

Remuneration amounting to NLG 202,500 in 1999 (previous year: NLG 171,000) for Supervisory Board members is also shown under this heading.

As at 31 December 1999, members of the Supervisory Board held a total of 22,016 shares/depositary receipts, members of the Managing Board held a total of 16,657 shares/depositary receipts in N.V. Holdingmaatschappij De Telegraaf.

1998	Social insurance contributions	1999
35,223	Pension charges	41,133
57,603	Other social security charges	61,041
<u>92,826</u>		<u>102,174</u>
	Depreciation of intangible and tangible fixed assets	
1998		1999
31,267	Intangible fixed assets	32,827
20,400	Land and buildings	21,878
45,282	Plant and machinery	42,748
20,947	Other fixed assets	25,964
117,896		123,417
– 2,391	Result disposed tangible fixed assets	– 2,558
<u>115,505</u>		<u>120,859</u>
	Tax on result from ordinary trading	
1998		1999
<u>75,671</u>	Company tax	<u>76,960</u>
	Extraordinary result before tax	
1998		1999
1,023	Extraordinary revenue	410
– 61	Extraordinary expenditure	– 444
<u>962</u>		<u>– 34</u>

Extraordinary expenditure includes among others the third-party minority interest in the result of Media Groep West B.V.

CASH FLOW STATEMENT (consolidated)

(In thousands of guilders.)

1998		1999
	Cash flow from operational activities	
195,061	Operating profit	195,261
	Adjustments for:	
117,896	– depreciation	123,417
– 3,729	– changes in short-term receivables	– 59,378
– 5,995	– changes in inventories	– 2,176
16,886	– changes in debts to suppliers and other current liabilities	25,999
3,853	– changes in provisions	4,276
323,972	Cash flow from business operations	287,399
5,996	Dividend received from participating interests	6,430
14,644	Interest received/paid	12,668
962	Paid/received in respect of extraordinary result	– 34
– 81,970	Tax on profit	– 80,897
263,604	Cash flow from operational activities	225,566
	Cash flow from investment activities	
– 746	Investment in intangible fixed assets	– 3,825
– 10,924	Acquisition/divestment of group companies and other financial fixed assets	– 1,042
– 128,890	Capital expenditure	– 216,279
11,195	Changes in investment creditors	73,323
3,300	Divestments of tangible fixed assets	1,755
– 126,065	Cash flow from investment activities	– 146,068
137,539		79,498
	Cash flow from financing activities	
– 44,099	Dividend paid	– 51,449
– 1,454	Changes in long-term liabilities	100
– 45,553	Cash flow from financing activities	– 51,349
– —	Exchange rate differences	– 653
91,986	Changes in liquid assets and securities	27,496

BALANCE SHEET

(In thousands of guilders.)

31 December 1998		31 December 1999
	Fixed assets	
44,587	Intangible fixed assets	27,149
	Financial fixed assets	
1,020,386	Group companies	1,122,432
14,545	Other participating interests	18,082
1,000	Other receivables	1,000
1,035,931		1,141,514
1,080,518	Total fixed assets	1,168,663
	Current assets	
	Receivables	
2	Accrued income	192
2	Total current assets	192
	Current liabilities	
15,884	Company tax	8,949
	Tax and premiums	
3,639	social insurance contributions	1,950
340	Pension liabilities	307
51,449	Dividend	51,449
33,112	Accrued liabilities	33,215
104,424		95,870
- 104,422	Current assets net of current liabilities	- 95,678
976,096		1,072,985
	Provisions	
118	Deferred taxation	3,533
28,208	Early retirement	30,339
28,326		33,872
	Shareholders' equity	
26,250	Issued capital	26,250
25	Statutory reserves	30
921,495	Other reserves	1,012,833
947,770		1,039,113
976,096		1,072,985

PROFIT AND LOSS ACCOUNT

(In thousands of guilders.)

1998		1999
183,461	Net income from participating interests	182,321
– 38,288	Other net income and expenditure	– 39,534
<u>145,173</u>	Result after tax	<u>142,787</u>

NOTES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

(In thousands of guilders, unless otherwise stated.)

For the general accounting principles and the principles for the valuation of assets and liabilities and the determination of the result, reference is made to the notes to the consolidated balance sheet and profit and loss account.

Group companies are shown at their net asset value.

Fixed Assets

Intangible fixed assets

1998	Goodwill	1999
66,880	Book value as at 1 January	44,587
—	Acquisitions in 1999	5,969
— 22,293	Depreciation charged to the result	— 23,407
44,587	Book value as at 31 December	27,149

Financial fixed assets

Group companies with registered offices

This item includes the following group of companies and receivables in respect of these group companies.

B.V. Dagblad De Telegraaf, Amsterdam
 B.V. De Courant Nieuws van de Dag, Amsterdam
 B.V. Rotatiedrukkerij Voorburgwal, Amsterdam
 B.V. Beleggingsmaatschappij Voorburgwal, Amsterdam
 Franken Beleggingsmaatschappij B.V., Deventer
 De Telegraaf Tijdschriften Groep B.V., Amsterdam
 De Telegraaf Transport B.V., Amsterdam
 Svensk Specialpress AB, Stockholm
 B.V. Agentenadministratiekantoor 't Gooi, Hilversum
 Media Groep West B.V., Amsterdam (90%)
 Uitgeversmaatschappij Hollands Noorderkwartier B.V., Amsterdam
 Splts B.V., Amsterdam

Biegelaar Groep B.V., Maarssen
 Biegelaar en Jansen B.V., Maarssen
 Drukkerij Van Ketel B.V., Schagen
 Nederlands Drukkerij Bedrijf B.V., Zoeterwoude
 Franken B.V., Deventer

Hollandse Dagbladcombinatie B.V., Haarlem
 Dagbladuitgeverij Damiate B.V., Haarlem
 Verenigde Noordhollandse Dagbladen B.V., Alkmaar
 InterHolland Verspreiders B.V., Alkmaar
 B.V. Drukkerij Noordholland, Hoorn
 Houdstermaatschappij De Gooi- en Eemlander B.V., Hilversum
 Dagblad De Gooi- en Eemlander B.V., Hilversum
 Exploitatiemaatschappij G en E Vastgoed B.V., Hilversum
 Goois Weekblad B.V., Hilversum
 Drukkerij Stuurman B.V., Zaandam

Hollandse Huis-aan-huisbladen Combinatie B.V., Amsterdam
 Uitgeverij Van Groenigen B.V., Haarlemmermeer
 Uitgeverij HET B.V., Leiden
 B.V. Uitgeverij De Echo, Amsterdam
 B.V. Reclame 't Gooi, Hilversum
 B.V. Noorderpers, Hoorn

B.V. Gemeenschappelijk Bezit van Aandelen Uitgeversmaatschappij Limburgs Dagblad, Heerlen
 Uitgeversmaatschappij Limburgs Dagblad B.V., Heerlen
 Eolus B.V., Heerlen
 Uitgeversmaatschappij De Trompetter B.V., Roermond
 Reclameverspreidbureau Spiral B.V., Horst
 De Kempen Pers B.V., Hapert

The annual accounts of these group companies
 are included in the consolidated balance sheet
 and profit and loss account.

31-12-1998	Group companies	31-12-1999
371,382	Disclosed equity capital	384,768
649,004	Receivables and liabilities on balance	737,664
1,020,386		1,122,432
	Other holdings	
	This item relates to the minority interest in:	
14,545	SBS Broadcasting B.V., Amsterdam (30%)	18,082
	Other receivables	
1,000	Funds lent	1,000
1,035,931	Total financial fixed assets	1,141,514

Movements in financial fixed assets:

Position at 1 January 1999	1,035,931
Add: – Net result participating interests	182,321
Less: – The balance of the amounts paid and received by the group companies, the receivables and liabilities of which have been included in N.V. Holdingmaatschappij De Telegraaf, excluding settlement of results.	– 76,738
Position at 31 December 1999	<u>1,141,514</u>

Provisions

31-12-1998	Deferred taxation	31-12-1999
	This item consists of deferred company tax in respect of:	
1,080	Provisions	207
– 4,095	Fixed assets	378
3,133	Inventories	2,948
<u>118</u>		<u>3,533</u>

Shareholders' equity

31-12-1998		31-12-1999
	Issued capital	
	The authorised capital amounts to NLG 100,000,000 divided into shares of NLG 0.50 par value	
	Issued:	
26,250	Ordinary shares (including NLG 480 priority shares)	26,250
	Statutory reserves	
25	Position at beginning of the financial year	25
—	Add: – Foreign exchange differences	5
25	Position at end of the financial year	30
	Other reserves	
826,348	Position at beginning of the financial year	921,495
1,423	Add: – Share in the change in shareholders' equity of Wegener N.V.	—
93,724	– Profit allocation	91,338
921,495	Position at end of the financial year	1,012,833
947,770	Total shareholders' equity	1,039,113

Commitments and contingent liabilities

- Pursuant to section 403, paragraph 1, sub f, Book 2 of the Dutch Civil Code, the company has assumed liability for any debts arising from legal actions of the group companies consolidated under financial fixed assets, excluding Media Groep West B.V.
- The acquisition sum payable, including additional costs relating to the acquisition of Uitgeversmaatschappij De Limburger B.V. shares amounts to just over NLG 352 million.

CONSOLIDATED BALANCE SHEET (after distribution of profit)

(In thousands of euros.)

31 December 1998		31 December 1999
	Fixed assets	
66,476	Intangible fixed assets	54,367
240,627	Tangible fixed assets	296,924
35,512	Financial fixed assets	38,116
342,615	Total fixed assets	389,407
	Current assets	
14,120	Inventories	15,108
78,155	Receivables	105,099
15,554	Securities	15,240
208,123	Liquid assets	220,913
315,952	Total current assets	356,360
204,416	Current liabilities	246,898
111,536	Current assets net of current liabilities	109,462
454,151		498,869
118	Long-term liabilities	163
23,954	Provisions	27,177
430,079	Shareholders' equity	471,529
454,151		498,869

SURVEY OF PUBLICATIONS AND ACTIVITIES OF THE TELEGRAAF COMPANY (april 2000)

NEWSPAPERS

De Telegraaf
 Limburgs Dagblad
 Haarlems Dagblad
 IJmuider Courant
 Leidsch Dagblad
 Noordhollands Dagblad
 including:
 - Alkmaarsche Courant
 - Schager Courant
 - Enkhuizer Courant
 - Dagblad voor West-Friesland
 - Helderse Courant
 - Dagblad Kennemerland
 - Dagblad Zaanstreek
 - Nieuwe Noordhollandse Courant
 De Gooi- en Eemlander
 Dagblad van Almere
 Splts

Internet

De Telegraaf-
 Spitsnet
 Haarlems Dagblad
 Leidsch Dagblad
 Noordhollands Dagblad

MAGAZINES

Netherlands

Privé
 Elegance
 MAN
 Residence
 Hitkrant
 OOR
 Autovisie
 Buitengewoon
 Tennis
 Voetbal Magazine

Sweden

Vi Båtagare
 Båtnytt
 Golf Digest
 Residence

Internet

Autovisie
 Hitkrant
 OOR
 Privé

OTHER INTERNET ACTIVITIES

Telegraafnet Auto
 Chatweb
 Cybercard
 El Cheapo
 Mijn TelegraafNet
 Netmail
 Quickalert
 Quicklink
 Siteshopper
 TelegraafNet vac@tures
 Veilinghal
 Vertel.nl
 De Weerkamer

SPONSORED MEDIA

De Telegraaf Sponsored Media B.V.

Concept development, editing,
 design, advertising acquisition,
 pre-/after-press, printing, distribution,
 readership surveys, market analysis,
 database, new media, single-copy sale
 and subscription management,
 including invoicing/direct debiting.

DOOR-TO-DOOR PAPERS AND NEWS JOURNALS

Greater-Amsterdam area

De Echo
 Amstelveens Nieuwsblad
 Zondagochtendblad

Amstelland/Haarlemmermeer

Witte Weekbladen
 Autojournaal
 Zondagochtendblad

't Gooi and surrounding area

De Gooi- en Eembode
 Laarder Courant De Bel
 Nieuwsblad voor Huizen
 Weesper Weekblad
 Baarns Weekblad
 Woonbode
 Goois Weekblad
 De Nieuwe Weesper

Flevoland

De Almare
 't Groene Weekblad
 Zondagochtendblad

Haarlem and surrounding area

Nieuwsblad De Kennemer
Haarlems Weekblad
Heemsteedse Courant
Nieuwsblad IJmuiden
Nieuwsblad Santpoort & Velsersbroek
Zondagochtendblad

Leiden and surrounding area

Leidse Post
Zuid-Holland Post
Het op Zondag
Autojournaal
Witte Weekblad

Alphen a/d Rijn and surrounding area

Witte Weekblad
Witte Weekblad Weekend

Zaanstreek/Purmerend

Noordhollands Weekblad
De Zaankanter
De Krommenieër
Het Gezinsblad
Zondagochtendblad

West-Friesland

Westfries Weekblad
Noordhollands Weekblad

Alkmaar and surrounding area

Alkmaars Weekblad
De Koerier
De Duinstreek
Nieuwsblad voor Castricum
Noordhollands Weekblad
Zondagochtendblad

North Holland North

Helders Weekblad
Schager Weekblad
CTR/De Polderbode
Noordhollands Weekblad
Wieringer Courant
Wieringermeerbode
Zondagochtendblad

North Brabant East

De Trompetter (4 editions)
De Schakel
Veldhovens Weekblad
Oirschots Weekjournaal
Kempener Koerier
De Kempenaer
De Hilverbode

Limburg

De Trompetter (12 editions)

AUDIOVISUAL ACTIVITIES

Cable TV information services
Radio Amsterdam
Call centre services
Participating interests in national commercial TV
Service company De Amsterdammer
Teletext activities

PRINTING COMPANIES AND AFTER-PRESS

B.V. Rotatiedrukkerij Voorburgwal
B.V. Drukkerij Noordholland
Limburgs Dagblad B.V.

Biegelaar Groep B.V.
- Biegelaar en Jansen B.V.
- Franken B.V. (after-press)
- Drukkerij Van Ketel B.V.
- Nederlands Drukkerij Bedrijf B.V.

LOGISTICS

B.V. Dagblad De Telegraaf
De Telegraaf Transport B.V.
InterHolland Verspreiders B.V.
Reclameverspreiding 't Gooi
Reclameverspreidbureau Spiral B.V.

PARTICIPATING INTERESTS

Wegener N.V. (20.6%)
SBS Broadcasting B.V. (30%)
TV Krant Nederland C.V. (9.6%)
De Nationale Regiopers C.V. (19.6%)
Media Groep West B.V. (90%)
- V.o.f. SBS 6 Text (45%)
- Mobillion B.V. (63%)
Autobytel Nederland v.o.f. (37.5%)

AUDITOR'S REPORT

Introduction

We have audited the accompanying 1999 financial statements of N.V. Holdingmaatschappij De Telegraaf, Amsterdam. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with auditing standards generally accepted in the Netherlands. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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.

Opinion

In our opinion, the financial statements of N.V. Holdingmaatschappij De Telegraaf give a true and fair view of the financial position of the company as of 31 December 1999 and of the result for the year then ended in accordance with accounting principles generally accepted in the Netherlands and comply with the legal requirements for financial statements as included in Part 9, Book 2 of the Netherlands Civil Code.

Leiden, 27 April 2000.

Deloitte & Touche
Accountants

DIVIDEND PROPOSAL

We propose to declare a dividend for 1999 of NLG 0.00 in cash per share of NLG 0.50 par value.

A dividend of NLG 0.98 a share of NLG 0.50 par value was paid out for 1998.

The pay-out ratio for 1999 amounts 36.0%, for 1998 it amounts to 35.4%.

1998	Distribution of profit:	1999
93,724	Other reserves	91,338
51,449	Dividend	51,449
<u>145,173</u>		<u>142,787</u>

POST BALANCE SHEET EVENTS

- In January 2000, the company, through its 90% participating interest in Media Groep West B.V., acquired a 70% stake in Mobillion B.V. Mobillion is a provider of mobile telecommunication services, amongst other things.
- In February 2000, the 'Residence' magazine was successfully launched on the Swedish market through the group's Stockholm-based subsidiary of Svensk Specialpress AB.
- At the beginning of 2000, approximately 22,000 m² of land was bought at Zoetermeer in view of plans for future construction of new business accommodation for Nederlands Drukkerij Bedrijf B.V., which is currently located at Zoeterwoude.
- In April 2000, Wegener N.V. was granted a loan of NLG 352 million in connection with the purchase sum on the shares of Uitgeversmaatschappij De Limburger B.V.
- Through B.V. Beleggingsmaatschappij Voorburgwal, De Telegraaf has kept its stake in Wegener N.V. at least at the same level by buying depositary receipts for ordinary shares for a total amount of NLG 60 million and cumulative preference shares worth NLG 40 million issued by Wegener in April 2000 to finance the acquisition of VNU Dagbladengroep B.V.
- In the course of 2000, the board of Hollandse Dagbladcombinatie B.V. decided to enter into far-reaching collaboration with Dagblad De Gooi- en Eemlander B.V., Hilversum, and Dagbladuitgeverij Damiata B.V., Haarlem, with the aim of creating one new publishing company with a joint newspaper circulation of 140,000 copies whilst preserving existing titles.

PROFIT APPROPRIATION AS PROVIDED FOR IN THE ARTICLES OF ASSOCIATION

Pursuant to article 34 of the articles of association of N.V. Holdingmaatschappij De Telegraaf, the following rules apply to the appropriation of profits:

1. Subject to the approval of the Supervisory Board and Stichting Beheer van prioriteitsaandelen N.V. Holdingmaatschappij De Telegraaf, the Managing Board shall decide every year what percentage of the profit - the positive balance of the profit and loss account - is to be added to the reserves.
2. Out of the profits, after addition to the reserves in accordance with the preceding paragraph, a dividend shall be paid on the amount paid in on the preference shares, the percentage of which shall be equal to the average yield of Dutch medium-term government bonds as at the beginning of the financial year to which the distribution relates, increased by one per cent. The average yield is determined by the Managing Board subject to the approval of the Supervisory Board.
3. A primary dividend amounting to five per cent of the nominal amount of their shares or - if the profit is not sufficient for this - as high a percentage as possible, is then paid out to the holders of ordinary shares and priority shares. Where it concerns priority shares, the percentage of the above-mentioned dividend may not exceed the percentage of the legal interest rate prevailing on the last day of the financial year in question.
4. If the distribution of dividend on preference shares, as referred to in paragraph 2, cannot be effected or not in full because the profit is not sufficient, the deficit shall be paid out of the distributable portion of shareholders' equity. The dividend is determined over the paid-up portion of the nominal amount.
5. The remaining profit shall be at the disposal of the General Meeting provided that no further dividend is to be distributed on priority shares and preference shares.

SPECIAL RIGHTS UNDER THE ARTICLES OF ASSOCIATION

Priority shares

The priority shares are held by the Stichting Beheer van prioriteits aandelen N.V. Holdingmaatschappij De Telegraaf, the Board of which consists of Mrs J. A. Brewer-de Koster and Messrs L.G. van Aken, E.F.M. Kok, A.J. van Puijenbroek and E.H. van Puijenbroek.

The goal of the foundation is to acquire and manage the priority shares in the company and, partly by means this, to ensure continuity in the management of the company, to defend against influences on the management that could prejudice the company's independence and would be contrary to the company's interest, and to further a good policy in the company's interest.

The powers attached to the priority shares consist, amongst other things, of the right of granting approval for resolutions for the issue of shares, of fixing the number of Managing Board and their remuneration, of fixing the number of Supervisory Board of the company, and of taking the initiative for an amendment to the articles of association and dissolution of the company before the General Meeting of Shareholders can make a decision on that.

Declaration of independence

The Managing Board of N.V. Holdingmaatschappij De Telegraaf and the Board of Stichting Beheer van prioriteits aandelen N.V. Holdingmaatschappij De Telegraaf hereby declare that, in their joint opinion, the requirements in respect of the independence of the Board of Stichting Beheer van prioriteits aandelen N.V. Holdingmaatschappij De Telegraaf, set out in Annex X to the Listing and Issuing Rules of Amsterdam Exchanges N.V., Amsterdam, have been fully satisfied.

Managing Board of N.V. Holdingmaatschappij De Telegraaf

**Board of Stichting Beheer van prioriteits aandelen
N.V. Holdingmaatschappij De Telegraaf**

Amsterdam, April 2000.

Preference shares

1. The goal of Stichting Preferente Aandelen De Telegraaf is:
 - a. To look after the interests of the company limited by shares N.V. Holdingmaatschappij De Telegraaf, established in Amsterdam, hereinafter called: 'the company', the companies associated with it and all those involved, by defending the company as much as possible against influences that could threaten its continuity, independence or identity and would be contrary to these interests.
 - b) Defending the company against influences of third parties that could impair editorial independence, as well as the principles underlying editorial policy concerning news publications of enterprises within the group.
2. The foundation seeks to achieve this goal by acquiring preference shares in the company and by exercising the rights attached to these shares. In doing so, the foundation takes into account the purpose for which preference shares may be issued.
3. This purpose does not include the sale, encumbrance or any other way of disposing of shares except in case of:
 - sale to the company itself or to a company associated with it within the group and designated by the company;
 - collaboration in the repayment on and the cancellation of shares.

The right to issue preference shares of N.V. Holdingmaatschappij De Telegraaf has been granted by Stichting Beheer van prioriteitsaandelen N.V. Holdingmaatschappij De Telegraaf.

The Board consists of one Chairman and four members.

Composition of the Board as at 31 December 1999:

G.G. Witsen Elias (Chairman), S.E. de Jong, H. de Groot,
E.F.M. Kok and A.J. van Puijenbroek.

As at the balance sheet date no preference shares had been issued.

Declaration of independence

The Managing Board of N.V. Holdingmaatschappij De Telegraaf and the Board of Stichting Preferente Aandelen De Telegraaf hereby declare that, in their joint opinion, the requirements in respect of the independence of the Board of Stichting Preferente Aandelen De Telegraaf, set out in Annex X to the Listing and Issuing Rules of Amsterdam Exchanges N.V., Amsterdam, have been fully satisfied.

Managing Board of N.V. Holdingmaatschappij De Telegraaf

Board of Stichting Preferente Aandelen De Telegraaf

Amsterdam, April 2000.

KEY FIGURES AS AT THE BALANCE SHEET DATE IN GUILDERS

	1990	1991	1992	1993	1994
Shareholders' equity x NLG 1,000	516,590	563,487	610,755	658,536	722,404
Shareholders' equity as a percentage of total assets	59.6%	63.9%	71.2%	68.2%	69.1%
Current assets: short term liabilities	1.15 :1	1.11 : 1	1.33 : 1	1.43 :1	1.87 : 1
Shareholders' equity: borrowed capital	1.47 :1	1.77 : 1	2.48 : 1	2.15 :1	2.23 : 1
Net turnover x NLG 1,000	774,957	790,058	803,589	1,048,712	1,092,584
Cash flow x NLG 1,000	126,557	125,657	128,964	172,137	184,581
Net profit x NLG 1,000	80,074	72,621	70,057	77,006	91,425
Net profit as a percentage of net turnover	10.3%	9.2%	8.7%	7.3%	8.4%
Operating profit as a percentage of net turnover	12.1%	10.6%	10.1%	9.3%	11.3%
Average net turnover per employee	277,700	277,800	281,900	252,300	266,500
Work force at year-end	3,067	3,103	3,079	4,573	4,551
Return on shareholders' equity	15.5%	12.9%	11.5%	11.7%	12.7%
Pay-out ratio	32.1%	35.4%	36.7%	41.9%	35.9%
Per share of NLG 0.50 par value: (rounded off to full cents)					
Shareholders' equity	9.84	10.73	11.63	12.54	13.76
Cash flow	2.41	2.39	2.46	3.28	3.52
Profit	1.53	1.38	1.34	1.47	1.74
Dividend	0.49	0.49	0.49	0.62*	0.63
Price: low	9.63	9.75	10.13	11.50	18.85
Price: high	13.38	12.94	11.81	19.88	25.06

* Including a jubilee dividend.

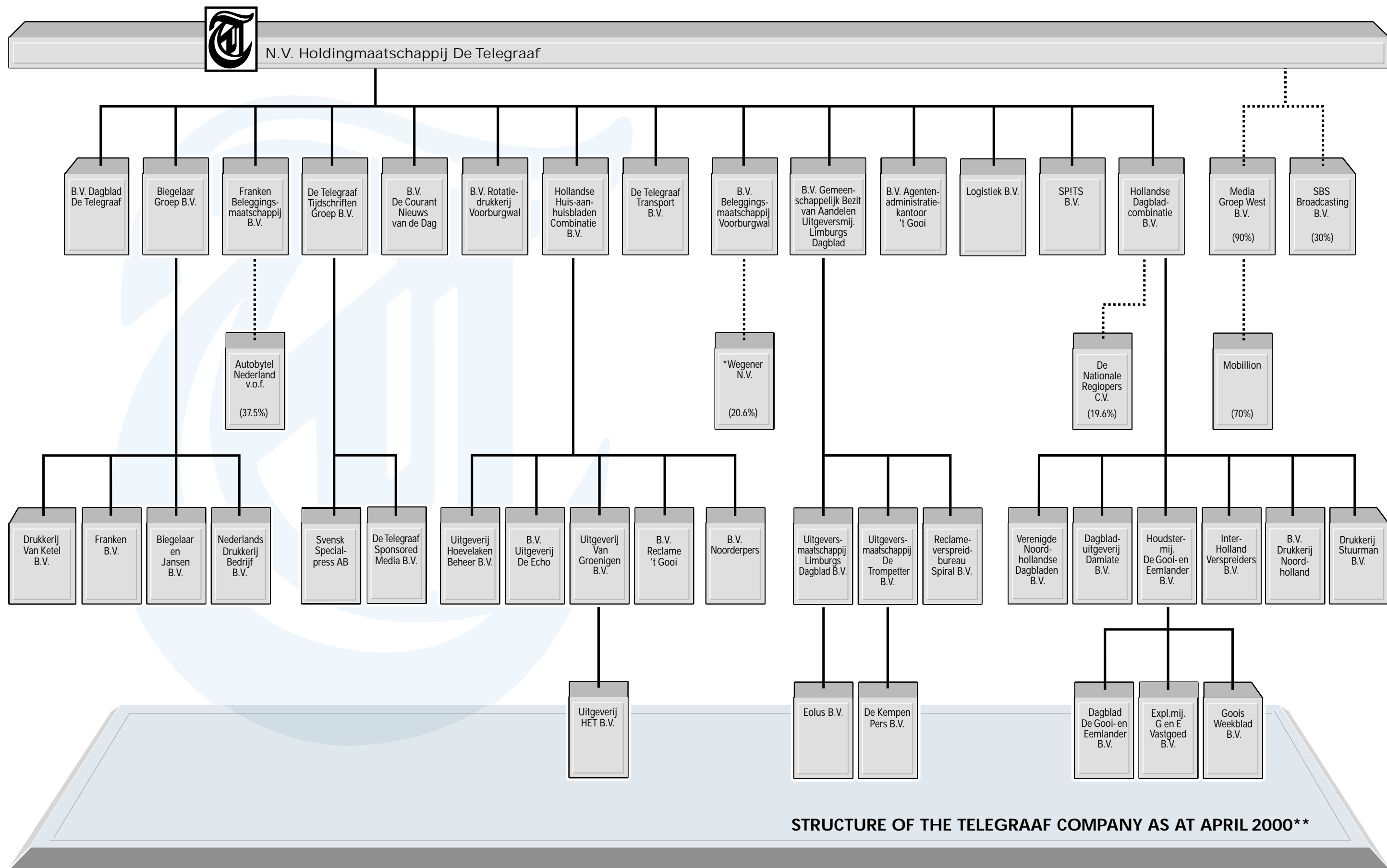
1995	1996	1997	1998	1999	
789,138	767,550	852,623	947,770	1,039,113	Shareholders' equity x NLG 1,000
70.3%	65.9%	65.7%	65.3%	63.2%	Shareholders' equity as a percentage of total assets
2.25 : 1	1.58 : 1	1.48 : 1	1.55 : 1	1.44 : 1	Current assets: short term liabilities
2.37 : 1	1.93 : 1	1.92 : 1	1.88 : 1	1.72 : 1	Shareholders' equity: borrowed capital
1,151,505	1,283,228	1,357,754	1,520,374	1,589,614	Net turnover x NLG 1,000
191,785	190,477	238,340	263,069	266,204	Cash flow x NLG 1,000
101,312	84,602	124,670	145,173	142,787	Net profit x NLG 1,000
8.8%	6.6%	9.2%	9.5%	9.0%	Net profit as a percentage of net turnover
11.8%	11.2%	12.8%	12.8%	12.3%	Operating profit as a percentage of net turnover
282,000	310,800	312,100	332,800	339,200	Average net turnover per employee
4,528	4,599	4,901	5,180	5,337	Work force at year-end
12.8%	11.0%	14.6%	15.3%	13.7%	Return on shareholders' equity
35.0%	42.2%	35.4%	35.4%	36.0%	Pay-out ratio
					Per share of NLG 0.50 par value: (rounded off to full cents)
15.03	14.62	16.24	18.05	19.79	Shareholders' equity
3.65	3.63	4.54	5.01	5.07	Cash flow
1.93	1.61	2.37	2.77	2.72	Profit
0.68	0.68	0.84	0.98	0.00	Dividend
21.50	28.30	36.00	38.50	37.20	Price: low
30.75	42.40	48.50	52.50	54.40	Price: high

KEY FIGURES AS AT THE BALANCE SHEET DATE IN EURO

	1990	1991	1992	1993	1994
Shareholders' equity x EUR 1,000	234,418	255,699	277,149	298,831	327,813
Shareholders' equity as a percentage of total assets	59.6%	63.9%	71.2%	68.2%	69.1%
Current assets: short term liabilities	1.15 :1	1.11 : 1	1.33 : 1	1.43 :1	1.87 : 1
Shareholders' equity: borrowed capital	1.47 :1	1.77 : 1	2.48 : 1	2.15 :1	2.23 : 1
Net turnover x EUR 1,000	351,660	358,513	364,653	475,885	495,793
Cash flow x EUR 1,000	57,429	57,021	58,521	78,112	83,759
Net profit x EUR 1,000	36,336	32,954	31,790	34,944	41,487
Net profit as a percentage of net turnover	10.3%	9.2%	8.7%	7.3%	8.4%
Operating profit as a percentage of net turnover	12.1%	10.6%	10.1%	9.3%	11.3%
Average net turnover per employee	126,015	126,060	127,921	114,489	120,932
Work force at year-end	3,067	3,103	3,079	4,573	4,551
Return on shareholders' equity	15.5%	12.9%	11.5%	11.7%	12.7%
Pay-out ratio	32.1%	35.4%	36.7%	41.9%	35.9%
Per share of EUR0.23 par value: (rounded off to full cents)					
Shareholders' equity	4.47	4.87	5.28	5.69	6.24
Cash flow	1.09	1.08	1.11	1.49	1.60
Profit	0.69	0.63	0.61	0.67	0.79
Dividend	0.22	0.22	0.22	0.28 *	0.29
Price: low	4.37	4.42	4.60	5.22	8.55
Price: high	6.07	5.87	5.36	9.02	11.37

* Including a jubilee dividend.

1995	1996	1997	1998	1999	
358,095	348,299	386,903	430,079	471,529	Shareholders' equity x EUR 1,000
70.3%	65.9%	65.7%	65.3%	63.2%	Shareholders' equity as a percentage of total assets
2.25 : 1	1.58 : 1	1.48 : 1	1.55 : 1	1.44 : 1	Current assets: short term liabilities
2.37 : 1	1.93 : 1	1.92 : 1	1.88 : 1	1.72 : 1	Shareholders' equity: borrowed capital
522,530	582,303	616,122	689,916	721,335	Net turnover x EUR 1,000
87,028	86,435	108,154	119,376	120,798	Cash flow x EUR 1,000
45,973	38,391	56,573	65,877	64,794	Net profit x EUR 1,000
8.8%	6.6%	9.2%	9.5%	9.0%	Net profit as a percentage of net turnover
11.8%	11.2%	12.8%	12.8%	12.3%	Operating profit as a percentage of net turnover
127,966	141,035	141,625	151,018	153,922	Average net turnover per employee
4,528	4,599	4,901	5,180	5,337	Work force at year-end
12.8%	11.0%	14.6%	15.3%	13.7%	Return on shareholders' equity
35.0%	42.2%	35.4%	35.4%	36.0%	Pay-out ratio
					Per share of EURO 0.23 par value: (rounded off to full cents)
6.82	6.63	7.37	8.19	8.98	Shareholders' equity
1.66	1.65	2.06	2.27	2.30	Cash flow
0.88	0.73	1.08	1.26	1.23	Profit
0.31	0.31	0.38	0.44	0.00	Dividend
9.76	12.84	16.34	17.47	16.88	Price: low
13.95	19.24	22.01	23.82	24.69	Price: high



*Before issue.

**Excluding Uitgeversmaatschappij De Limburger B.V.

SURVEY OF COMMERCIAL WEBSITES OF THE TELEGRAAF COMPANY

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