

Corporate Governance

Group structure and shareholders

Group structure

The Group's operational structure is shown on page 9 of the annual report.

The companies consolidated include the following company listed on the stock exchange:

Name	Tamedia AG, Zurich
Location of registration	SIX Swiss Exchange, Switzerland Registered since 2 October 2000
Market capitalisation	see section "Capital structure"
Treasury shares (as of 31 December 2009)	158 116
Valor symbol	TAMN
ISIN	CH 0011178255
Symbol:	
– Bloomberg	TAMN.SW
– Reuters	TDAAF.PK

Group companies not listed on a stock exchange are shown in Note 42 of the consolidated financial statements.

Significant shareholders

Significant shareholders and significant groups of shareholders and their holdings in Tamedia, to the extent known to Tamedia, are shown in the following table.

Principal shareholders

	2009 ¹	2008 ¹	2007 ¹
Dr. Severin Coninx, Berne	13.20%	13.20%	13.58%
Rena Maya Coninx Supino, Zurich	12.95%	12.95%	12.95%
Dr. Hans Heinrich Coninx, Küsnacht	11.93%	11.93%	11.93%
Annette Coninx Kull, Wettswil a.A.	11.85%	11.85%	11.85%
Ellermann Lawena Stiftung, FL-Vaduz	6.94%	6.94%	6.94%
Ellermann Pyrit GmbH, Stuttgart, Germany	6.93%	6.93%	6.93%
Ellermann Rappenstein Stiftung, FL-Vaduz	5.86%	5.86%	5.86%
Other members of the shareholder's agreement	2.15%	2.15%	1.77%
Total members of the shareholder's agreement	71.80%	71.80%	71.80%
Tweedy Browne Company LLC	4.63%	5.55%	5.88%
Regula Hauser-Coninx, Weggis	4.63%	4.63%	4.63%
Montalto Holding AG, Zug	1.83%	1.83%	1.83%
Epicea Holding AG, Zug	1.42%	1.42%	1.42%
Other members of the shareholders' group	0.69%	0.69%	0.69%
Total members of the shareholders' group	3.94%	3.94%	3.94%
Reinhardt-Scherz	3.94%	3.94%	3.94%

¹ The information as of 31 December relates to the total issued 10.6 million registered shares.

The disclosure obligation in compliance with section 20 BEHG and the Ordinance of the Federal Banking Commission on Stock Exchange and Securities Trading was satisfied based on the publications in the *Swiss Official Gazette of Commerce*, in particular those notices published on 6 and 9 July 2007.

In conjunction herewith, the following central features of the shareholders' agreement of the Coninx family are also made available to the public:

- All shareholders who are members of the founding family (pool shareholders), with the exception of Regula Hauser-Coninx, are bound by the shareholders' agreement (pool agreement). The pool agreement took effect as from the date from registration for a period of eight years, and was extended in 2008 until 2017.
- Among other things, the pool agreement serves the purpose of coordinating the exercise of the voting rights of pool members with regard to their representation in the Board of Directors.
- It also governs how pool shareholders exercise their voting rights in conjunction with other topics requiring the approval of shareholders, such as determining dividends.
- Pool shareholders are notified of other issues to be brought before the shareholders at their General Meeting prior to such meeting. If two thirds of the voting rights represented by the pool members at their meeting are cast for any such issue, the pool share-

- holders must unanimously vote in favour of said issue at the General Meeting. Otherwise, pool members are at liberty to exercise their voting rights as they choose.
- The agreement does not relate to matters which lie within the responsibility of the Board of Directors or the management of Tamedia or to that of its subsidiaries.
 - The agreement includes a pre-purchase right for all parties to the shareholders' agreement in the event that a pool shareholder wishes to transfer his/her shares to an independent third party (either with or without compensation). Should this be the case, said shareholder must first offer his/her shares to the pool members. The other pool members have the right to purchase such shares at the current market price less a 20 per cent discount.
 - Pool members represent a group of shareholders, who act in conformity with the requirements of article 20, paragraph 3 of the Swiss Federal Stock Exchange and Securities Trading Act. Any future exchange of shares amongst the current pool members will not result in an obligation to provide notice and to make public any such change. If, however, the entire pool should sell shares and as such the percentage of pooled shares should fall below the legal thresholds (e.g. below 66 2/3 per cent or below 50 per cent), the pool shall be required to inform the Swiss Stock Exchange and Tamedia. An obligation to notify shall also exist if a new member is added to the pool or one pool member no longer holds any shares.

The shareholders united under the shareholder pool agreement, consisting of members of the founding family, held 71.80 per cent of the Tamedia registered shares on the balance sheet date, of which 67.00 per cent were subject to the provisions stipulated in the shareholders' pool agreement.

The Reinhardt-Scherz group of shareholders consists of Erwin Reinhardt, Muri, as well as Franziska Reinhardt-Scherz, Muri, and the entities under their control, Montalto Holding, Zug and Epicea Holding AG, Zug.

The persons united in this group of shareholders jointly hold an investment of 417,342 registered shares of Tamedia AG or 3.94 per cent of the share capital.

Cross-shareholdings

During the current financial year, there were no cross-shareholdings based on either share capital holdings or on voting rights.

Capital structure

Capital structure and change in capital structure

Capital structure

in CHF mill.	2009	2008	2007
Ordinary share capital	106.00	106.00	106.00
Ordinary increase in capital	–	–	–
Conditional share capital	–	–	–
Conditional increase in capital	–	–	–
Participation certificates	–	–	–
Dividend-rights certificates	–	–	–
Convertible bonds	–	–	–

Additional information with regard to the changes in equity can be found in the changes in equity on page 42 of the consolidated financial Statements.

Registered shares

in units		2009	2008	2007
Nominal value	in CHF	10	10	10
Voting rights per share		1	1	1
Number of issued shares		10 600 000	10 600 000	10 600 000
Number of shares entitled to dividends		10 600 000	10 600 000	10 600 000
Total number of voting rights		10 441 884	10 594 996	10 595 820
Number of outstanding shares (weighted average)		10 477 091	10 595 731	10 143 172
Number of treasury shares (as of balance sheet due date)		158 116	5 004	4 180

There are no differences in dividend rights or other priority rights with the exception of those described in the section “Limitations on transferability and nominee registrations” shown below.

Details with regard to market capitalisation may be found in the information for investors on page 36.

Limitations on transferability and nominee registrations

Upon request, purchasers of registered shares shall be registered as shareholders with voting rights if they specifically declare that they have purchased such shares on their own behalf and for their own account.

The Board of Directors may deny registration of the purchaser as a shareholder or beneficiary with voting rights to the extent that the shares held by the shareholder would exceed 5 per cent of the total number of shares registered in the commercial register. Legal

entities and partnerships, which are bound or affiliated in terms of capital and voting rights by a common management or in any other form, as well as individuals, legal entities and partnerships acting in concert or with a view to circumventing the provision at hand, shall be considered to be one entity.

Shareholders who were registered as of 14 September 2000 in the share register, or purchasers, who are family members of such shareholders, shall be exempt from this restriction on registration.

During the reporting year, no exceptions to the said regulations were granted.

The Board of Directors may register nominees in the share register with voting rights of up to a maximum of 3 per cent of the share capital registered in the commercial register. Nominees are persons who, when applying for registration, do not specifically declare that they hold the shares on their own behalf. The Board of Directors may register nominees with more than 3 per cent of the registered share capital, granting them voting rights, so far as the nominee in question has provided the company with the names, addresses and number of shares held by such persons for whom he/she holds 0.5 per cent or more of the number of registered shares entered in the commercial register. The Board of Directors may enter into agreements with such nominees, which govern, among other items, the representation of the shareholders and their voting rights.

The Board of Directors may cancel the entries of shareholders or nominees in the share register retroactively to the date of entry should it be apparent after a hearing that such entries were made based on false information. The persons affected must be informed of said cancellation immediately.

Convertible bonds and options

Currently, there are no convertible bonds and options.

Board of Directors

Members of the Board of Directors

Information on the members of the Board of Directors and their other functions and business interests is shown in the annual report on pages 4 to 5.

Election and term of office

The Board of Directors is comprised of at least five members, who are individually elected by the general shareholders' meeting for a term of three financial years. Their term of office expires on the date of the ordinary General Meeting for the last financial year of their tenure. If elections to replace directors are held during the designated term, the newly elected directors shall serve the remaining tenure of their predecessors. The General Meeting also elects the Chairman of the Board of Directors. Otherwise, the Board of Directors is responsible for organising itself.

Internal organisation

The composition of the Board of Directors and the affiliation of its individual members to other boards and committees are shown in the table below:

Name	Function	Member since	Term of office	Business development committee	Audit committee	Nomination and compensation committee	Journalism committee
Pietro Supino	Chairman	1991	2011	C		C	C
Robert Karrer	Vice Chairman	1992	2011		C		
Pierre Lamunière	Member	2009	2011	M			
Iwan Rickenbacher	Member	1996	2011	M			M
Karl Dietrich Seikel	Member	1996	2011			M	
Konstantin Richter	Member	2004	2011		M		M
Andreas Schulthess	Member	2007	2011		M	M	
Charles von Graffenried	Member	2007	2011	M			

P: Committee chairman

M: Member

Authorities

The Board of Directors is responsible for defining the Group strategy. It examines the underlying plans and objectives defined for the company and identifies external risks and opportunities. The authorities and responsibilities of the Board of Directors and its committees, as well as how it governs authorities within corporate management, are stipulated in the Organisational Guidelines, which can be viewed online at www.tamedia.ch¹. Included in particular therein are the supervisory and control functions for the Board of Directors supported directly by external parties as well as the ongoing and comprehensive information of all members of the Board.

The Board of Directors is also responsible for overseeing and monitoring the corporate management. Corporate management informs the Board of Directors during its regular meetings and upon special request with regard to the business developments and the Group's planned activities. Also in attendance at these meetings are the Chief Executive Officer as well as other members of executive management and other members of the management group for business matters of relevance to them.

The full Board of Directors is informed by means of monthly, written reports with regard to the consolidated monthly financial statements, business developments within the individual divisions and any further relevant business issues. Each quarter, all members of the Board of Directors are provided with written information as pertains to the development of market share and every six months a report is sent with explanations to the semi-annual and annual financial statements. In addition, the Board of Directors also receives the minutes of meetings held by corporate management as well as of those held by the four committees of the Board of Directors. Moreover, corporate management also informs

¹ www.tamedia.ch/en/thecompany/Documents/Articels_of_Incorporation_E.pdf

the Chairman of the Board of Directors on a regular basis with regard to any incidents of particular significance.

Decision making

The Board of Directors is a quorum when the majority of its members are present. It makes decisions based on a majority vote of the members present. In the event of a tied vote, the Chairman's vote is considered decisive. There are no statutory decision quorums. Also, decisions may be adopted in writing by circular vote.

Meetings

The Board of Directors meets as often as required by business or if a meeting is requested by a member, at least, however, six times a year. During the reporting year, the Board of Directors held six mainly full-day meetings with a majority of members and one three-day retreat together with corporate management.

Committees

In addition to the committees described below, the Board of Directors may form other committees for specific functions. Members are appointed to committees in conjunction with the organisational composition of the Board of Directors and by following the same procedures. Generally, these committees do not make any binding decisions, but instead report to the Board of Directors as a whole, when appropriate, submitting proposals for decisions and guidelines and providing corporate management with the necessary support for the realisation of such.

At this time, the following permanent committees are in place:

- Nomination and compensation committee
- Business development committee
- Journalism committee
- Audit committee

These committees provide the Board of Directors as a whole with meeting agendas and minutes. The Chairman of each committee informs the Board of Directors as a whole orally as to the results of such meetings.

Nomination and compensation committee

The responsibility of the nomination and compensation committee is to address human resources matters in general and it is responsible in particular for preparing nominations of members of the upper management level, for which the Board of Directors has direct responsibility. It also deals with the qualification and compensation of members of this management group and with the general compensation system including profit participation. Not included herein are the editors-in-chief and the programme directors, for whom the Journalism Committee is responsible.

It is made up of three members, which held five meetings during the reporting year. Generally, the Chief Executive Officer is in attendance at such meetings, depending on the agenda items.

Business development committee

The business development committee attends to the preparation and support of projects and agreements under the responsibility of the Board of Directors, which are related to the Swiss media market and new business ideas.

It is made up of four members, which held three meetings during the reporting year. Generally, the Chief Executive Officer is in attendance at such meetings, depending on the agenda items.

Journalism committee

The Journalism Committee deals with publication issues and nominates the editors-in-chief and the programme directors. It also deals with the qualification and compensation of members of this management group. The Journalism Committee is responsible in particular for the regular journalistic discussions with the editors-in-chief and also concerns itself with promoting next-generation talent and publication projects.

It is made up of three members, which held six meetings during the reporting year. Generally, the Chief Executive Officer is in attendance at such meetings, depending on the agenda items.

Audit committee

The Audit Committee oversees the financial reporting, compliance with accounting and reporting standards and with the SWX Swiss Exchange listing rules, risk management and the internal controlling functions, financial corporate communication and observance of legal oversight obligations (ad-hoc publicity) as well as any extraordinary accounting matters.

In addition, the Audit Committee also represents the Board of Directors as liaison with external statutory auditors and monitors and assesses their work and impartiality on an ongoing basis. For this purpose, the Audit Committee reviews the reports required by law that are prepared by the statutory auditors and also the reports pertaining to any significant findings from the interim and final audits. Moreover, the committee is informed orally by the statutory auditors, the Chief Financial Officer and other management group members from the finance division with regard to the progress of the audit work. The fees for the audit of the consolidated financial statements and the individual financial statements are approved by the Audit Committee.

The Audit Committee is comprised of at least three (at this time three) members. The Chairman of the Board of Directors may not be a member of said committee. Meetings are held regularly, at least four times a year, and generally the Chief Financial Officer is in attendance (as the representative of corporate management) as well as the statutory auditors. For specific matters, the audit committee calls in outside experts when needed.

During the reporting year, the Audit Committee held four meetings, at which the Chief Financial Officer and representatives of the statutory auditors were in attendance.

Management Board

Members of the Management Board

Information regarding the members of the company's Management Board and their other functions and business interests are shown in the annual report on page 8.

Management contracts

During the year under review, there were no management contracts between Tamedia and companies or private individuals stipulating the transfer of management responsibilities for Tamedia.

Compensation report: Compensation, shareholdings and loans

Content and method of determining compensation and shareholding programmes

The Board of Directors makes decisions with regard to compensation, shares and loans granted to both the Management Board and the Board of Directors. Fees for Board members are determined by the Board itself. Management compensation is determined based on recommendations to the Board of Directors made by the Chief Executive Officer. In order to obtain and retain persons with the necessary capabilities and character traits, compensation is determined by considering both market conditions and performance factors.

The Board of Directors' fees and the fees paid to the members of the committees are fixed amounts. In addition, cash expenditures are reimbursed.

Compensation of corporate management is made up of a fixed amount and a variable component (profit-sharing), which is based on quantitative and qualitative personal goals set in advance along with goals set for the individual divisions and which is calculated based on the result of the Tamedia Group. Moreover, a supplementary profit participation is granted, which is made dependent on the earnings of the Tamedia Group (see the footnote in Note 44 to the consolidated financial statements). In compliance with the usual legal social security and legal requirements, the members of the Management Board are provided with social security, life insurance and disability insurance. With exception of one employment contract, the notice period is 12 months. One member of the corporate management has an employment contract which stipulates a notice period of 36 months. In compensation, this member does not participate in the profit participation programme of the corporate management (see footnote in Note 44 to the consolidated financial statements).

Compensation to active and former members of the Board of Directors and the Management Board

The compensation paid to active and former members of the Board of Directors and the Management Board can be found in notes 43 and 44 of the consolidated financial statements.

Share allotments and ownership

The shares and share options for Tamedia AG allotted to active and former members of the Board of Directors and the Management Board can also be found in Note 44 to the consolidated financial statements.

Additional fees and compensation

The remuneration and compensation to active and former members of the Board of Directors and the Management Board can be found in Notes 43 and 44 to the consolidated financial statements.

Loans to board members

As of balance sheet due date, there were no outstanding loans to active and former members of the Board of Directors and the Management Board.

Highest total compensation

The highest total compensation is listed in the details in Note 44 to the consolidated financial statements.

Shareholders' participation rights

Restrictions on voting rights and representation

A shareholder may directly or indirectly exercise or cause to have exercised voting rights associated with his/her own shares or shares he/she represents up to maximum of 5 per cent of the total number of shares registered in the commercial register. To this end, legal entities and partnerships, which are bound or affiliated in terms of capital and voting rights, by a common management, or in any other form, as well as individuals, legal entities and partnerships acting in concert or with a view to circumventing the provision at hand shall be considered to be one person.

Institutional voting rights representatives as understood in accordance with Article 689c of the Swiss Code of Obligations (depository representative, representatives of the boards and independent voting rights representatives) are exempted from this restriction of voting power as long as the provisions of the by-laws as referred to in the previous paragraph have been adhered to by the owner(s).

Shareholders registered with more than 5 per cent of the voting rights in the share register are exempted from the aforementioned restriction of voting power.

Statutory quorums

According to the Articles of Association of Tamedia AG, the General Meeting of shareholders makes decisions and conducts elections based on an absolute majority of represented voting rights. For the following decisions, a minimum of two-thirds majority of the represented voting rights and the absolute majority of the represented share capital are required: Change in the company's purpose, introduction of voting shares, restrictions on transferability of registered shares, approved or conditional capital increases, capital increase out of shareholders' equity, contributions in kind, or for the purpose of an asset

takeover or to grant particular advantages, restriction or cancellation of drawing rights, transfer of the company's registered office and dissolution of the company without liquidation.

Calling the General Meeting

The General Shareholders' Meeting is held annually within six months after the end of the company's financial year. Extraordinary shareholders' meetings are called as needed. Likewise, in addition to the statutory auditors, one or more shareholders, who combined represent at least 10 per cent of the company's share capital, may demand in writing that a general meeting be called indicating the subject matter to be discussed and proposals to be made.

The General Meeting is called by the Board of Directors no later than 20 days prior to the scheduled date of the meeting. The shareholders are notified via Tamedia's normal publications (see further information in section "Information policy" on page 119).

Agenda

Shareholders, who together represent shares having a nominal value of CHF 1,000,000, may request that a matter for discussion be included in the agenda. The agenda must be submitted in writing at least 60 days prior to the General Meeting with an indication of the subject to be discussed.

Registration in the share register

All shareholders registered with voting rights in the share register are entitled to take part and have voting power at the General Meeting. For organisational reasons, no further registrations will be made after 20 days before the General Meeting. Shareholders, who have sold their shares prior to the General Meeting, no longer have any voting rights.

Changes of control and defensive measures

In accordance with the Swiss Federal Stock Exchange and Securities Trading Act, whoever directly, indirectly or acting in concert with third parties, acquires equity securities, which, when added to the equity securities already owned, exceed a threshold of 33.3 per cent of the overall voting rights of a target company, whether or not said voting rights may be exercised, must make an offer to the remaining shareholders to acquire all of the company's equity securities listed on the stock market. Before publicly offering its equity securities, the company may lay down in its Articles of Association that a transferee is not required to make a public sales offer of this kind (opting-out). Tamedia AG's Articles of Association do not foresee any such opting-out. Similarly, there are no clauses governing changes in control.

Statutory Auditors

Duration of the mandate and term of office of the partner in charge of the audit

The statutory auditors are appointed by the Shareholders' Meeting for a period of one year.

Ernst & Young AG accepted the mandate as auditors of the consolidated financial statements for the first time for the financial year 1993. The unconsolidated financial statements of Tamedia AG have been audited by Ernst & Young AG since 1936. Mr. Felix Ort has held the position of partner in charge of the audit since the financial year 2002.

Audit Fee

The total amount of fees to be paid for the audit of the consolidated financial statements and the separate financial statements is CHF 0.6 million (previous year: CHF 0.7 million), of which CHF 0.5 million relate to expenditures for the audit conducted by Ernst & Young AG.

Additional Fees

The total in fees paid to Ernst & Young and/or persons associated with said company for any additional financial consulting services amounted to CHF 0.6 million (previous year: CHF 0.4 million).

Supervisory and control instruments vis-à-vis the auditors

The composition of the supervisory and control instruments used by the Board of Directors to assess the external statutory auditors is described in the section "Board of Directors – Audit Committee". The system of rotation governing the tenure of the partner in charge of the audit is seven years at the most in compliance with the impartiality guidelines set forth by the Swiss Institute of Certified Accountants and Tax Consultants. A regular rotation of the statutory auditors is not foreseen.

Information policy

Information policy and the obligation to ad hoc publicity

Tamedia follows an open and timely information policy by which all target groups in the capital market are treated equally. Detailed annual and semi-annual reports are published. The consolidated financial statements are prepared in accordance with IFRS standards (International Financial Reporting Standards); see “Consolidation principles”, pages 43 to 51).

An agenda including the date of the Annual General Meeting and the date of publication of the semi-annual report can be found on page 36.

Tamedia AG’s Articles of Association can be viewed online at www.tamedia.ch¹.

As a listed company, Tamedia is also obligated to inform the public of any information relevant to the trading of its shares (ad hoc publicity, Article 2 Listing Rules). In addition to information on the financial developments, Tamedia also provides information regularly on current changes and developments.

For more detailed information on the company, visit our website at www.tamedia.ch. The official publication used for public announcements made by the company and such required by law is the *Swiss Official Gazette of Commerce*.

The contact person for specific questions about Tamedia is:

Tamedia AG
Christoph Zimmer
Director of Corporate Communications
Werdstrasse 21
8021 Zurich, Switzerland
Phone: +41 1 248 41 35
Fax: +41 1 248 50 26
Email: christoph.zimmer@tamedia.ch

¹ www.tamedia.ch/en/thecompany/Documents/Articles_of_Incorporation_E.pdf