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Editorial by the Chairman

A satisfying year for Tamedia despite adverse conditions

Dr. Hans Heinrich Coninx
Chairman of the Board of Directors

Ladies and Gentlemen:

The year 2002 was characterized by increasing fear of terrorist attacks and uncertainty over the developments on the geopolitical front. The gloomy mood had a decisive and lasting impact on the mindset and actions of business leaders. The willingness to invest and take risks – normally the driving force behind a flourishing economy – was pushed aside by hesitation. This disheartenment is brutally reflected by the equity markets. At the moment, there is little hope that an upturn will take shape in the near future.

The crisis also hit Tamedia, and the entire media sector along with it. However, we have no reason to drown ourselves in self-pity. For the year 2002, we can present a result that deserves to be called «satisfying:» a Group income of 35.6 million Swiss francs!

Several factors contributed to this result. The most important one is that neither Tamedia's Board of Directors and management nor its employees allowed the strong headwind to slow them. With good reason: In times like these, the role we play is particularly important. We make newspapers and magazines and produce television and radio shows that provide highly topical news, offer background information, establish connections, and present the overall picture. When – if not today – do readers, listeners, and viewers expect a service of information that distinguishes itself by precise analyses and a high degree of expertise?

Another contributing factor was our preparedness: As early as in fall 2001 did we begin to adapt to the increasingly difficult market situation. We carried out cost-saving drives, but without making cuts in the journalistic quality of our products. Further, at the end of 2001, we fully wrote off the losses caused by TV3 in order to create a sound starting position for our 2002 results. These measures were introduced in part by Michel M. Favre, our CEO at the time. After ten successful years at Tamedia, Mr. Favre thus rounded off his contribution to our company. And his last actions proved very far-sighted indeed. In the name of the Board of Directors, I would like to cordially thank him for his dedication.

In April 2002, Martin Kall assumed the position of chief executive officer of Tamedia. He and the management team he had restructured faced the ever-bigger challenges posed by the market in a swift and decisive manner. They made two strategically important decisions: Tamedia took over Radio Basilisk, substantially consolidating its position in the private radio segment. And they decided that Tamedia would greatly strengthen its commitment in the market of commuter papers from spring 2003. After all, we do not merely seek to maintain our position as Switzerland's leading media company; we strive to reinforce it further. The impressive success of «SonntagsZeitung» in the competitive market of Sunday papers endorses this stance. We are proud of the fact that «SonntagsZeitung» has managed to defend its position, despite fresh competition from «NZZ am Sonntag.»

A similarly positive report can be made regarding the position all our publications, stations, and channels hold among readers, listeners, and viewers. Their broad readerships and reaches should basically be an irresistible incentive for the advertising industry to disseminate their messages through our quality products. Yet it has seized this opportunity less and less for quite some time now. The advertising industry has little courage to show an anti-cyclical behavior. Yet this does not stop us from continuing to invest in quality journalism and making this known through efficient marketing. Our result for 2002 demonstrates that our strategy pays off. Tamedia is a profitable company. Its solid basis still allows it to finance considerable investments on its own. This holds as true for the entry into the market of commuter papers as for the modernization of our printing facility.

I initially touched upon the sad situation at the stock markets. Shares of Tamedia have also fallen victim to the ongoing slump. Yet I feel that the current share price does not adequately honor the potential of our company in general and the work of our employees in particular. With this strong belief in mind, I thank all employees for the tremendous effort they made over the course of the last financial year. As cordial a thank you goes to our shareholders for their continuing interest and unwavering trust in Tamedia.

Dr. Hans Heinrich Coninx
Chairman of the Board of Directors

Management Letter
Profit despite difficult market environment

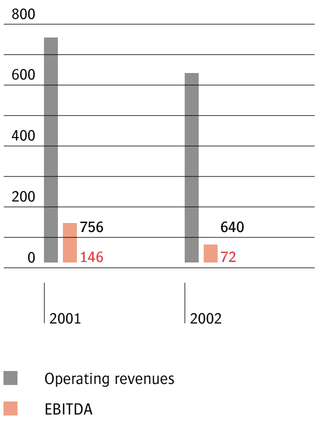
The result for the year 2002 deserves to be called "satisfying," also from the point of view of management. In an economically harsh year, we achieved a profit of almost 36 million Swiss francs. Compared with our record year 2000, however, this represents a decline of over 70 percent. The important business of job classifieds alone saw sales slump from some 200 million Swiss francs to roughly 80 million in merely two years. This sobering fact required an adjustment of our cost basis. Unfortunately this adjustment needed to be accompanied by painful layoffs even this past business year. Highly aware of this difficult situation, I felt it was only logical to call for a more modest and down-to-earth approach to business last summer. The concern Tamedia thus went back to being a company – an important SME – and the title of CEO was abandoned in German. During the years of economic boom, Tamedia had grown larger and more complex. It had ventured into previously unfamiliar business areas. What's more, Tamedia had begun to follow a trend that kept the entire media sector on the go: multimedia. After the difficult operational adjustments, the Group's new positioning had to be embedded in people's minds.

The third call I made in the summer of 2002 – the call for increased entrepreneurial thinking and action – does not run counter to the mentioned reorientation. Tamedia continues to cater to the needs of all business areas and ensures that its clients are served in the best way possible. Yet multimedia cannot mean that the newspapers make money with the sole purpose of giving the electronic media – and magazines – cash to spend. What entrepreneurial thinking really asks for are clear responsibilities, comparable measures for all fields of business, and medium- to long-term profitability of all activities. This is why, in the summer, we created three core business divisions, "Newspapers," "Magazines," and "Electronic Media." They all have clear operational competencies and a reasonable size, which makes it easier for employees to identify with them.

Being the parent company, Tamedia is the primary contact for these divisions, it assumes the leadership position, and it makes sure that all three operate according to comparable criteria. Tamedia also ensures that there is an active exchange of ideas among the product leaders in the area of conflict between innovation and tradition.

I am very much aware of the fact that this reorganization demanded a great deal from all employees – not only from our colleagues in the finance department, who had to revise the results for 2001 in order to put them on a comparable basis for future figures. I would like to take this opportunity to warmly thank our employees for their flexibility and dedication. I am certain that our

EBITDA
in CHF million



Martin Kall
Chief Executive Officer

Segment Information in CHF 000	**2002**	2001
Newspapers	**401 167**	518 920
Magazines	**109 693**	124 059
Electronic Media	**27 696**	12 810
Services [1]	**101 714**	100 273
Operating revenues	**640 270**	756 062
Newspapers	**(311 234)**	(348 732)
Magazines	**(114 213)**	(123 064)
Electronic Media	**(41 234)**	(39 269)
Services [1]	**(101 913)**	(90 310)
Operating expenses	**(568 594)**	(610 375)
Newspapers	**89 933**	170 188
Magazines	**(4 520)**	995
Electronic Media	**(13 538)**	(26 459)
Services [1]	**(199)**	963
Operating Income before depreciation and amortization (EBITDA)	**71 676**	145 687
		32.8%
Newspapers	**22.4%**	0.8%
Magazines	**(4.1%)**	(206.5%)
Electronic Media	**(48.9%)**	0.3%
Services [1]	**(0.2%)**	19.3%
EBITDA margin	**11.2%**	

1 toward third party

efforts will bear fruit. Our present structure has turned Tamedia into a clearer, more distinct, and more agile company. It will enable us to better fulfill the requirements we have as a leader in our business areas, even in difficult times.

The fact that our efforts to lead are serious can be vividly illustrated by our successful acquisition of Radio Basilisk last May. The acquisition shows in which direction our further development points. We intend to grow in all business areas, insofar as this is possible bearing in mind the specific characteristics of Switzerland's media landscape. In leaving Radio Basilisk the necessary autonomy, we pay respect to the station's successful founders and, in this specific case, to the region of Basel. By doing so, we orientate ourselves more strongly to a national media company that respects local qualities.

At the same time, we remain committed to Zurich, our home market. This commitment also played a role in our decision to enter the market of commuter papers. Together with our partner NZZ, who is a fierce competitor in many areas, we were quickly able to find a sensible solution. We will continue to jointly publish "Tagblatt der Stadt Zürich," which is a declaration of belief in both our native territory and in a public service. On an editorial level, however, Tamedia treads its own paths. In the commuter market, we did not simply want to leave the larger Zurich area to our Scandinavian competitors. This is why, from November 2002 onward, a great deal of energy and lifeblood went into the work towards our own commuter paper, "express," though we were always well aware of the fact that only one publication would ultimately prevail in Zurich. Yet in this respect, our own history gives us optimism. Over the past years, we have also been rewarded for our investments in "SonntagsZeitung" and our stakes in "Finanz und Wirtschaft" and "Berner Zeitung." We apparently have a good nose when it comes to newspapers.

Speaking of "Berner Zeitung": Together with its parent company Espace Media Groupe, we commissioned Koenig & Bauer to take care of the necessary exchange of the paper's rotary presses in Zurich and Bern. Negotiating with our partner clearly strengthened our position during the talks with Koenig & Bauer. Tamedia alone will invest some 150 million Swiss francs in the printing operations. The new rotary press, "Rota 2005," should pave the way for growth in that area as well.

We also emphasized partnerships in the field of radio last year. Our own Radio 24, the leading local radio station in Zurich, joined Citypool, the marketing group of Radio Basilisk, Radio ExtraBern, Radio Zürisee, and Radio Pilatus. In addition, we assumed an active role in the association of Switzerland's private radio stations.

In the field of television, we also began to go down a new path that complements our activities. In addition to our own reinforced sales department and tele news combi, the SRG subsidiary Publisuisse now acquires commercials for TeleZüri.

Tamedia believes in partnerships – even with its direct competitors – when customer needs make them necessary, when they are economical, and as long as they do not jeopardize journalistic diversity.

Now, please allow me to look into the future. The economists do not yet forecast a marked improvement for 2003. We share this view – though with a heavy heart. We, too, can feel every day how great the uncertainty of our clients and the restraint of our readers still are.

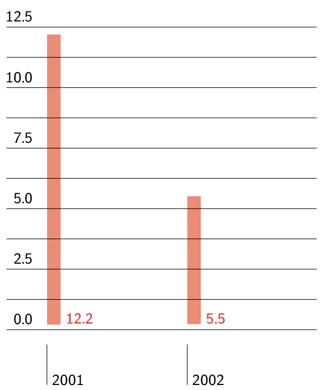
In our "Newspapers" division, our most important source of revenue and income, we will continue to be faced with declining sales in commercial and non-commercial classifieds, at least in the first half of the year. Our "Magazines" and "Electronic Media" divisions impose a challenging task on us. In the medium and long term, these loss-making units will have to make a positive contribution to the Group result. Yet the bad state of the economy does not help them reach this target.

In the current environment, growth is not an issue. Consequently, we will have to keep a very close eye on our cost base.

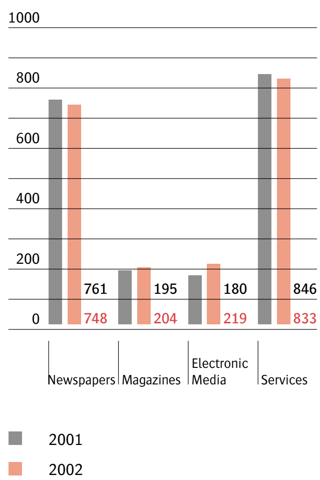
The one person who will no longer have to worry about our numbers is Patrick Eberle, our Chief Financial Officer. After eight years at Tamedia, he leaves the company at the end of March and embarks on an extended tour around the world. During his time at Tamedia, Patrick Eberle introduced a modern finance and value management system, accompanied the IPO, and switched the corporate accounting principles to IAS. He deserves to receive our best of thanks – and of course, we wish him good luck on his trip. Patrick Eberle will be succeeded as of April by Christoph Tonini. I am highly confident that the new management team and our employees will be capable of rising to the challenges ahead.

Martin Kall
Chief Executive Officer

Return on Equity (in %)



Number of Employees



tamedia: **Organization Chart (Status 12/31/2002)**

Tamedia AG Shareholder Meeting

Board of Directors

Chairman of the Board
Hans Heinrich Coninx [1,3]

Vice Chairmen
Robert Karrer [2]
Pietro Supino [1, 2]

Members of the Board
Ueli Maurer [2]
Iwan Rickenbacher [1]
Karl Dietrich Seikel
Christina von Wackerbarth

Secretary General
Bruno Humm

[1] Members of the Executive Committee

[2] Members of the Audit Committee

[3] Members of the Journalistic Conference

Executive Management

CEO
Martin Kall [3]
Deputy Jürg Brauchli

Human Resources/ Funds
Peter Höhener

Communications
Franziska Hügli [3]

Legal Department
Sandro Macciacchini

Newspapers

Jürg Brauchli

Tages-Anzeiger CE [3], CP
SonntagsZeitung CE [3], CP
ZürichExpress CE [3], CP
Das Magazin CE [3], CP
Newspaper advertising market
Classified Ads
Reader market
Newspaper printing
Technical services
Logistics
Controlling
IMS Quality + Environment

Magazines

Alexander Theobald

annabelle CE [3], CP
Facts CE [3], VL
Schweizer Familie CE [3], CP
du CE [3], CP
Spick CE [3], CP
Magazine advertising market
Print setting
Market research
Controlling

Electronic Media

Andreas Meili

Radio 24, PD [3]
TeleZüri, PD [3]
Belcom, MD
Radio Basilisk, PD [3]
Medag, MD
Tamedia Online [3]
Controlling

Finances

Patrick Eberle

Finance and Controlling
Group finances
IT
Facility Management
Purchasing
IMS Protection + Safety

Associated companies/ Subsidiaries

Martin Kall

Berner Zeitung
Finanz und Wirtschaft
Werd Verlag
BD Bücherdienst
Condor
Regor
Waser Druck

Summary

The difficult economic environment, declining income from classified advertisements, and increasing competitive pressure did not go unnoticed at Tamedia. Sales declined by 15 percent to CHF 640 million over the previous year. At almost CHF 36 million, net income returned to profitability following a net loss of CHF 10 million in 2001. Earnings before depreciation and amortization (EBITDA) fell by some 50 percent to CHF 72 million.

The “Newspapers” division reported a 23 percent decline in sales to CHF 401 million. Nevertheless, it remains the most important division of Tamedia. Earnings before depreciation and amortization (EBITDA) fell by over 47 percent to CHF 90 million, largely due to the continuing negative trend in the job classifieds business. Despite this downtrend, the EBITDA margin of over 22 percent shows that the division is still doing very well, also when compared with international peers. Last year, the Newspapers division sold its 5 percent stake in LZ Medien Holding. On a strategic level, the unit decided in fall that it would enter the market of commuter papers.

The “Magazines” division – whose results were reported separately for the first time in 2002 – posted a comparatively moderate sales decline of some 11 percent to CHF 110 million. However, income developed more negatively. The division’s EBITDA swung to a loss of CHF 4.5 million from a profit of CHF 1 million in 2001. As a result of the reorganization, the sales departments of the division’s various products were integrated into their respective publishers.

The “Electronic Media” division saw sales soar by 116 percent to almost CHF 28 million. Radio 24 and TeleZüri for the first time contributed to this result for a full twelve-month period, while Radio Basilisk was consolidated pro rata. These consolidations help explain the division’s sales growth. Yet the unit remained in the red, reporting a negative EBITDA of CHF 13.5 million. This result, however, was up by almost 50 percent from the prior year. In 2002, Tamedia sold its stake in Bluewin. Furthermore, the Winner subsidiaries were integrated into Tamedia AG. The Group also sold its stake in Internet marketing company AdLINK.

The “Services” division reported virtually unchanged third-party sales of CHF 102 million. At CHF –0.2 million, earnings before depreciation and amortization were slightly negative after totaling CHF 1 million in 2001.

Newspapers
Tages-Anzeiger
SonntagsZeitung (85%)
Finanz und Wirtschaft
ZürichExpress (60%)
Berner Zeitung (49%)

Supplements
Das Magazin
Alpha
Stellen-Anzeiger
Züritipp
Fahrzeugtipp
Invest
TV täglich (50%)

Detailed Results Newspapers

This past year, **"Tages-Anzeiger"** again suffered declining circulation numbers. The changed media landscape, the difficult market environment, and the continuing decline in circulation numbers had induced the Board of Directors to replace the paper's editor-in-chief. In November 2002, Philipp Löpfe was succeeded by Peter Hartmeier. He will position "Tages-Anzeiger" more consistently as a big-city paper and strengthen the publication's ties to its readers through new services. With 531,000 readers, "Tages-Anzeiger" was Switzerland's second-largest daily in 2002 and remained the newspaper with the highest number of subscribers in the country. "Tages-Anzeiger" is the undisputed No. 1 in terms of gross advertising income, according to Media Focus. However, the strong decline in job classifieds had a particularly negative impact on income last year.

"Das Magazin" continued to maintain a solid hold among its readers. The magazine, a supplement of "Tages-Anzeiger" on Saturdays, is perceived to be an unmistakable publication. In 2002, "Das Magazin" strengthened its collaboration with other international quality publications. The list of illustrious partners of "Das Magazin" by now comprises "SZ-Magazin" of "Süddeutsche Zeitung," the

Certified Circulation

Title	2002	2001	Change in %
Tages-Anzeiger	**234 518**	250 000	–6,8
SonntagsZeitung	**202 100**	221 000	–8,6
ZürichExpress	**186 719**	192 689	–3,1
Finanz und Wirtschaft	**44 308**	50 397	–12,1
Facts	**80 200**	103 363	–22,4
Schweizer Familie	**160 000**	155 724	2,7
Annabelle	**73 700**	100 015	–26,3
Annabelle Wohnen	**74 700**	102 866	–27,4
Du	**17 600**	21 800	–19,3
Das Magazin	**271 114**	280 000	–3,2
Spick	**39 059**	45 067	–13,3
TV täglich*	**19 648**	19 086	–2,9

* concerns the stock of subscriptions

"Leben" section of "Die Zeit," the German satire magazine "Titanic," Britain's "The Economist," and the US publications "The New Yorker" and "The New York Times Magazine." However, "Das Magazin" was unable to sufficiently convert the favorable development in terms of readership and the good feedback provided by advertisers into a commercial advantage.

For **"ZürichExpress,"** 2002 was a turbulent year. Though the paper's editorial team had already been expanded prior to the launch of "20 Minuten," the competitive situation on the commuter paper market forced Tamedia to reassess the concept for "ZürichExpress." This evaluation led to the decision to publish "express," a new and easy-to-read commuter paper in a tabloid format. "Tagblatt der Stadt Zürich," produced on weekdays in cooperation with NZZ, will continue to be published. With this considerable investment, Tamedia intends to emphasize that it attaches great importance to the commuter paper segment.

"SonntagsZeitung" also had to prove its worth in 2002. "SonntagsZeitung," founded in 1987, had carefully analyzed the market entry of "NZZ am Sonntag." The paper – which is oriented to news, in-depth analyses, and entertainment – was continued by its existing team, which was reinforced in certain areas. Despite the new competition on the market of Sunday papers, "SonntagsZeitung" exceeded expectations. With a readership of 783,000, "SonntagsZeitung" remained the clear No. 2 in the market of Sunday papers. In terms of gross advertising income, "SonntagsZeitung" even is the No. 1. In the advertising business, however, the entry of "NZZ am Sonntag" sharpened the competition on the market of daily newspapers.

Though the circulation of **"Finanz und Wirtschaft"** correlates with the development of the Swiss stock market, this well-established and renowned paper can look back on a successful year. While its direct competitors reported falls of some 10 percent in reader numbers, "Finanz und Wirtschaft" saw its readership decline only slightly.

Magazines
Facts
Annabelle
Annabelle Business
Annabelle Wohnen
Schweizer Familie
Spick
Du

Detailed Results Magazines

For "**Schweizer Familie,**" 2002 was a year of growth. In June, the magazine took over some 35,000 subscribers of women's magazine "Meyer's," which had been discontinued for economic reasons. "Schweizer Familie" managed to retain a considerable number of these subscribers. The magazine catered to the new readers by modifying certain editorial features. With over 570,000 readers, "Schweizer Familie" continues to be the most important magazine in Tamedia's portfolio.

"**annabelle**" was able to slightly expand its market share in the section of lifestyle and women's magazines. The launch of "annabelle business" in the fall helped the publication tap a new reader segment. By changing the name of special-interest publication "annabelle creation" into "annabelle wohnen," Tamedia took a further step in repositioning the former service magazine "Orella."

News magazine "**Facts**" can look back on a satisfying reporting period in terms of readership. The number of fixed subscribers rose slightly, while sales at newsdealers held steady. Later deadlines for the team of editors enable "Facts" to also cover highly topical subjects when it is published on Thursdays. In the business of classified advertisements, however, "Facts" did less well. Due to the magazine's critical coverage of Swiss, the national carrier declined to distribute "Facts" on its flights. This decision had a negative impact on the official circulation.

For "**Spick,**" the year 2002 proved to be difficult. Due to the demographic development of the Swiss society, the magazine's traditional target audience is growing smaller. Today's children's playful use of the new media also reduces the importance of a conventionally-produced, educational children's magazine. Competitor "Geolino," meanwhile, was able to further expand its market share. Editor-in-Chief Ruedi Helfer decided to leave "Spick."

Culture magazine "**du**" suffered another marked decline in circulation last year. Christian Seiler, who succeeded Marco Meier as Editor-in-Chief in November, will reposition the publication and introduce a broader definition of culture. The classifieds business did not develop in a satisfactory way.

Detailed Results Electronic Media

TV/Radio
TeleZüri
Condor Communications (70%)
Radio Basilisk (100% from 13.9.2002)
Radio 24

Internet
Winner (84,5% until 31.5.2002, afterwards integration in Tamedia AG)
Bluewin (8% until 31.5.2002)
www.tagesanzeiger.ch
www.sonntagszeitung.ch
www.zuerichexpress.ch
www.annabelle.ch
www.facts.ch
www.schweizer-familie.ch
www.spick.net
www.dumag.ch

Marketing Companies
Belcom AG
Medag AG (100% from 13.9.2002)

Radio 24 last year successfully defended its clear leadership position among local radio stations in the German-speaking parts of Switzerland. It also managed to widen its advantage over local competitor Hitradio Z. Radio 24 also remains the undisputed No. 1 in terms of gross income. The station's new concept is based on three pillars: music, entertainment, and information for Zurich.

The Basel-based counterpart to Radio 24, **Radio Basilisk,** was able to increase its market share by some 20 percent. This development also made itself felt in higher advertising income. Radio Basilisk ranks eighth among Swiss-German local stations in terms of listeners, according to Radiocontrol. Yet in terms of gross advertising income, the Basel station is up in fourth place.

In spring, Markus Gilli succeeded Peter Röthlisberger as Program Director and Editor-in-Chief of **TeleZüri**. His consistent orientation of the program to the larger Zurich area quickly yielded positive results in terms of viewer numbers. However, this focusing effort also resulted in 21 layoffs. TeleZüri clearly stepped up its sales efforts, a move that has been a visible success. The intensification of sales via tele news combi, which in the future will be marketed by SRG subsidiary Publisuisse, also demonstrates our endeavor to strengthen local stations in a cooperative effort.

The “young” media suffered even more from the flagging advertisement activity than the traditional products. Consequently, the online departments of Tamedia had to reduce their number of staff in two steps. The number of sites was also cut. **tagesanzeiger.ch** introduced several paid-content offers in 2002. Furthermore, the marketing of PrintPlus – a combination of print and online advertising – was intensified. The online news are also transferred to the large ‘e-board’ screen at Zurich station and the teletext pages of TeleZüri.

partnerwinner.ch experienced a successful reporting year. At over 147,000 personal profiles, this bilingual website was Switzerland's largest dating platform in 2002. Partnerwinner.ch generated over 19 million page views a month, twice as many as in 2001.

At **Condor** – Tamedia's audio-vision services provider – the commercials segment proved resilient to the economic weakness. However, Condor saw the number of orders by its clients from the finance sector decline. As a result, the company's operating profit was clearly lower. Since July, Condor operates an outlet in the heart of Berlin and is thus represented in the largest EU economy. From an artistic point of view, the “Circuit” order of the Expo.02 for the exhibition grounds in Yverdon stood out as a highlight among several awards.

Tamedia Print Center
Waser Druck
BD Bücherdienst (72%)
ZUVO (50%)
BEVO (25%)

Presse Publicité (50%)

Regor

Werd Verlag

Detailed Results Services

Tamedia and Espace Media Groupe commissioned Koenig & Bauer to equip the printing facilities in Zurich and Bern with new rotary presses. Tamedia alone will invest some CHF 150 million in this project. In November, Tamedia received permission to go ahead with the planned expansion of the hall of its Bubenberg printing facility. The project, called **Rota 2005,** is aimed at replacing the existing newspaper rotary presses. Tamedia considers this considerable investment to be a firm declaration of belief in newsprint.

Tamedia's fully-owned offset printing company **Waser Druck** experienced substantial margin pressure. As a result, both sales and income declined. Letter shop **Regor,** meanwhile, was able to uphold its mailing volume.

At the end of 2002, Tamedia was awarded the **ISO 9001** and **ISO 14001 Certificates.** Consequently, the guidelines of the Federal Commission for Job Safety (EKAS) and of the Federal Accident Insurance Institution (SUVA) were fully integrated. These ISO Certificates illustrate that Tamedia attributes great importance to quality standards and environmental issues.

Last year, the **ZUVO** Zustell- und Vertriebsorganisation AG, a joint company of Tamedia AG and Neue Zürcher Zeitung Publishing, benefited from the launch of "NZZ am Sonntag" and the integration of "SonntagsBlick" into its distribution network.

In publishing the official book of Switzerland's national exhibition Expo.02 (in addition to several other interesting orders), **Werd Verlag** carried out the largest project in the company's 15-year history. It was able to increase sales by more than 50 percent.

BD Bücherdienst AG – which specializes in books, sound carriers, and magazines – reported a slight increase in trading volume. **BD Bücherdienst AG** concluded a distribution and marketing agreement for the Swiss market with a subsidiary of media group Süddeutscher Verlag. The agreement was a significant step for the company in 2002.

Hans Heinrich Coninx
Chairman of the Board of Directors and
of the Executive Committee
Nationality: Swiss

Dr. Hans Heinrich Coninx assumed the post of Chairman of the Board of Directors in 1987, having been a member of the Board of Directors and of the Company Management Board of Tamedia since 1978. The Swiss Press Association elected him as its Chairman in 1992. In 1994, he became a member of the Managing Committee of the European Newspaper Publishers Association ENPA and Chairman of the ENPA Market Committee. In addition, he is Chairman of the Academy Board of the Zurich Music and Theatre Academy (HMT) and a member of the Board of Directors of the Schweizerische Depeschenagentur AG, where he started his professional career as Head of Finance in 1974. Hans Heinrich Coninx completed his studies of history, journalism and communication with a doctorate. He also studied business management and IT at the Universities of St. Gallen and Zurich.

Dr. Robert Karrer became a Member of the Board of Directors in 1992, taking on the post of Deputy Chairman in 1993. Robert Karrer has practised as an attorney-at-law since 1965, as a partner in the Zurich attorneys' practice of Bär & Karrer since 1969 and as a consultant to the same practice since 2001. He has also been a part-time judge at the Zurich Court of Appeal since 1993. In addition, Robert Karrer is a Member of the Board of Directors of Berner Zeitung AG, of Papierfabrik Biberist AG and of Debrunner Koenig Holding. He completed his studies at the University of Zurich with a doctorate, acquiring the degree of Master of Comparative Law from the University of Chicago in 1966.

Robert Karrer
Deputy Chairman and
Chairman of the Audit Committee
Nationality: Swiss

Pietro P. Supino
Deputy Chairman and
Member of the Executive and Audit Committee
Nationality: Swiss and Italian

Dr. Pietro P. Supino became a Member of the Board of Directors in 1991, and he assumed the post of Deputy Chairman in 2002. He started his professional career in 1990 as a management consultant with McKinsey & Company, Zurich. He then went on to work as an attorney-at-law in the Bär & Karrer attorneys' practice until 1998, when he became a co-founder and partner in the Limburg & Supino attorneys' practice and of the Private Client Bank in Zurich. At present, he is also a Member of the Board of Directors of Berner Zeitung AG and he sits on various other company boards, supervisory boards and foundation boards. Pietro P. Supino completed his study of law and economics with a doctorate from the University of St. Gallen. He also acquired the degree of Master of Laws/Master of European Law at the London School of Economics and Political Science.

Christina von Wackerbarth has been a Member of the Board of Directors since 2000. She started her professional career in 1980 as an editor. From 1985 onwards, she worked as Editor-in-Chief for various magazines in the VNU Group, an international media company located in the Netherlands. In 1994, she assumed the post of Portfolio Manager at IUM N.V., a Belgian branch of the VNU Group. From 1995 until 1998, Christina von Wackerbarth was Publishing Manager at Mediaxis Belgium, a leading subsidiary of the VNU Group in both the Flemish and Walloon (French-speaking) magazine markets. In January 1998, she took over as Chairperson of the Operational Group Management of VNU Magazines International. In September 1999, she became Director-General of VRT, the Belgian public television company, and she has been Chief Operating Officer of the same company since August 2000. She is also a Member of the Board of Directors of the Vlaamse Audiovisuele Regie (VAR), a subsidiary of Vlaamse Radio- en Televisiomroep (VRT). Christina von Wackerbarth studied Romance philology and linguistics at the University of Antwerp (Belgium) and in 1995, she completed an Advanced Management Program at Insead in Fontainebleau.

Christina von Wackerbarth
Nationality: Belgian

Iwan Rickenbacher
Member of the Executive Committee
Nationality: Swiss

Professor Dr. Iwan Rickenbacher has been a Member of the Board of Directors since 1996. Iwan Rickenbacher started out on his professional career in 1975 as Director of the Teachers' Seminar for the Canton of Schwyz. Between 1988 and 1992, he was General Secretary of the Christian Democratic People's Party of Switzerland (CVP) in Berne. He has been working as a freelance communications consultant since 1992 and was appointed Honorary Professor at the University of Berne in 2000. Iwan Rickenbacher is a Member of the Board of Directors of Berner Zeitung AG and of the GfS Research Institute of the Swiss Association for Practical Social Research. Furthermore, he is a Member of the Aargau Technical College Board. After acquiring a teaching diploma, Iwan Rickenbacher went on to study educational science in which he acquired a doctorate.

Karl Dietrich Seikel became a Member of the Board of Directors in 1996. He commenced his professional career as Lecturer in Economics and Business Management at the University of Frankfurt/Main. In 1977, he moved to WIBAU-Maschinenfabrik Hartmann AG as Manager of Personnel and Central Services. In 1980, Karl Dietrich Seikel started working for SPIEGEL-Verlag Rudolf Augstein GmbH & Co. KG in Hamburg, where he initially built up and managed the personnel department. He became a Member of the Group Management of the SPIEGEL publishing company in 1985. Since 1991, he has been CEO (with the right to sole representation of the company) of the SPIEGEL publishing company, of "manager magazin Verlagsgesellschaft mbH" and of SPIEGEL TV GmbH. At present, he is also Chairman of the Supervisory Board of SPIEGELnet AG and Chairman of the Board of the professional association "Public Magazines in the VDZ" (Association of German Magazine Publishers). Karl Dietrich Seikel completed his studies at Darmstadt Technical College and at the University of Frankfurt, acquiring a degree in economics ("Diplom-Volkswirt").

Karl Dietrich Seikel
Nationality: German

Ueli Maurer
Member of the Audit Committee
Nationality: Swiss

Professor Dr. Ueli Maurer (1960) became a Member of the Board of Directors in 2002. After studying electrical engineering and taking a doctorate in technical sciences in 1990 at the Zurich Technical College (ETH), he started his professional career as a Research Associate at Princeton University; in 1992, he moved on to the IT Department of Zurich Technical College where he is a Full Professor, Head of the Research Group for Information Security and Cryptography, and Chairman of the Institute of Theoretical Information Technology. He is Editor-in-Chief of the Journal of Cryptology, Director of the International Association for Cryptologic Research (IACR) and co-founder of the Zurich Symposium on Privacy and Security. Ueli Maurer holds a number of patents for cryptographic processes and is a co-founder of Seclutions AG, the Zurich security software company. He is also a member of various administrative and scientific advisory boards, and he undertakes consultancy assignments in the business world.

Martin Kall assumed the post of Chairman of the Company Management Board of Tamedia in April 2002. Prior to this point, Mr Kall had been responsible for Contract Management (Europe) at Ringier AG, holding responsibility for the Swiss Magazines Division at the same time. He was with the Bertelsmann Group from 1989 to 1996, most recently as CEO of Bertelsmann Fachinformation GmbH in Munich. He completed his studies in history and economic sciences at the University of Freiburg im Breisgau and the London School of Economics and Political Science in 1987 by obtaining the degree of 'Diplom-Volkswirt' from Freiburg. He then went on to obtain an MBA at the Harvard Business School in 1989.

Martin Kall, "Subsidiaries" Division
Nationality: German

Jürg Brauchli joined Tamedia AG in 1978 as Assistant Technical Manager. He has been a member of the Company Management Board since 1992, and has been its Deputy Chairman since 2000. He is currently responsible for the "Newspapers" Division, which comprises the publishing and editorial departments of the following titles: "Tages-Anzeiger/Das Magazin", "SonntagsZeitung", "Express/Tagblatt der Stadt Zürich", together with the readership market, the newspaper advertising market, the sections market (print/online) and the Bubenberg Print Centre (newspaper offset). After his apprenticeship as a reproduction photographer from 1968 to 1972, he studied graphics at the Lausanne Polytechnic.

Jürg Brauchli, "Newspapers" Division
Nationality: Swiss

Patrick Eberle joined Tamedia in 1994 as Head of Finance, and he became a Member of the Company Management Board in 1995. From 1992 until 1994, he was Head of Finance and IT at Gate Gourmet Zurich, and Head of Finance for the Swissair catering operation. Prior to this period, Patrick Eberle was employed by Credit Suisse for six years. He completed his studies in economic sciences at the University of Zurich with a dissertation. In 1991 he studied "United States Money and Capital Markets" at the New York Institute of Finance.

Patrick Eberle, "Finance" Division
Nationality: Swiss

Andreas Meili joined Tamedia in 1996 as Manager of the Legal Department. He became a Member of the Company Management Board in 2002. Prior to this, he worked as an attorney-at-law in Zurich from 1991 until 1996, specialising in the field of media law. He completed his studies of law at the University of Zurich in 1988, going on to submit a dissertation on a subject related to media law in 1990. He was a Visiting Researcher/Scholar at the Harvard Law School (USA) in 1995. In 1998, he attended a management training course at the Columbia Business School in New York. He took part in the Advanced-Management Training Programme at the University of Zurich from 1999 until 2001.

Andreas Meili, "Electronic Media" Division
Nationality: Swiss

Alexander Theobald arrived at Tamedia in 1996, and he became a Member of the Company Management Board in 2002. After several project management assignments, he took over management of publication for "SonntagsZeitung" in 1997; at the end of 1999, he moved to the post of Marketing Manager for the WinnerMarket Internet subsidiary. Since autumn 2002, he has been managing the magazine publishing operations at Tamedia. Alexander Theobald studied history, journalism and communications, and political science at Zurich. Between 1992 and 1996, he was working for the Axel Springer publishing house in Hamburg and for Ringier AG in Zurich.
Alexander Theobald, "Magazines" Division
Nationality: German

tamedia:

Financial Report 2002

Content for People

Financial Reporting

Accounting Policies and Corporate Governance

The consolidated financial statements for the year 2002 show for the first time segment information for the four operating divisions Newspapers, Magazines, Electronic Media and Services. Prior year figures were reclassified accordingly. Because certain products and services were partially allocated to different segments, a comparison with the segment information previously presented is not possible.

As in the past, in order to enable a better evaluation of the performance of the Tamedia Group without TV3, the costs related to its discontinuation are shown separately in the consolidated income statement as "discontinued operations".

The new Corporate Governance Guidelines ("RLCG") were issued by the Swiss Stock Exchange in April 2002. These guidelines went into effect on July 1, 2002 and must be considered in the 2002 financial closing for the first time. The applicable information is found on pages 41–53.

Operating Revenues

In 2002, Tamedia achieved operating revenues of CHF 640.3 million, down from the prior year by CHF 115.8 million or 15.3%. The largest absolute decline was experienced in the Newspaper Division, with CHF 117.8 million, representing 22.7%. Thereby, the operating revenues for this division declined from CHF 518.9 million to CHF 401.2 million. In the Magazines Division, operating revenues sank from CHF 124.1 million to CHF 109.7 million, representing a decline of CHF 14.4 million or 11.6%. With a jump in growth of 116.2%, the Electronic Media Division reported operating revenues of CHF 27.7 million, which was CHF 14.9 million above the prior year. Operating revenues in the Services Division showed a slight increase, going from CHF 100.3 million to CHF 101.7 million.

The decline in the Newspaper Division is primarily attributable to the decline in employment advertisements caused by the strained economy. In addition, revenues from commercial advertisements declined in 2002, for both the Newspaper and the Magazines Divisions. A full twelve months of the Radio 24 and TeleZüri operations are included for the first time in the Electronic Media Division (prior year: three months). Together with the acquisition of Radio Basilisk, this explains the marked growth in revenues in this division. In the Services Division, the decline in printing revenues could be offset by an increase in distribution revenues.

Group revenues for 2002 reflect the negative impact of the current economic situation and the political uncertainties regarding the advertising industry and, as a result, the media industry. According to statistics regarding advertisements published by the Swiss press (compiled by WEMF), advertising volume in the largest Swiss newspapers in the German language, to which the "Tages-Anzeiger" belongs, decreased by 22% during the year. This decline was most heavily impacted by a drop of 44% in classified job advertisements. For magazines, particularly magazines for the general public as well as women's and fashion magazines, advertising volume declined in the German-speaking part of Switzerland by 10% and, respectively, 13%.

Operating Income before Depreciation and Amortization (EBITDA)

The result of operations before depreciation and amortization (EBITDA) declined by CHF 74.0 million, or 50.8%, going from CHF 145.7 million in the prior year to CHF 71.7 million in 2002. The EBITDA margin, which was 19.3% in the prior year, experienced a reduction to 11.2%. In the Newspaper Division, this margin declined from 32.8% in 2001 to 22.4% in the current year. For Magazines, EBITDA represented −4.1% (prior year: 0.8%) of operating revenues. As a result of restructuring its internet activities, as well as due to the acquisition of Radio Basilisk and the inclusion of twelve months' operations from the prior year's acquisitions (Radio 24 and TeleZüri), EBITDA in the Electronic Media Division could be improved from CHF −26.5 million to CHF − 13.5 million. In the Services Division, EBITDA experienced a minimal decline from CHF 1.0 million to CHF −0.2 million.

Net Income (Loss)

For the Group's continuing operations, net income decreased by CHF 23.2 million, from CHF 43.4 million to CHF 20.2 million. The significant improvement in financial income and lower taxes could only partially offset the decline in EBITDA.

The release of provisions in the amount of CHF 15.4 million related to the closing of TV3 which were no longer needed had a positive impact on net income. The overall improvement was CHF 47.4 million, going from CHF −11.8 million to CHF 35.6 million.

Balance Sheet

In particular, the complete internal funding of the Radio Basilisk acquisition, as well as the repayment of a CHF 20.0 million credit, resulted in a slight decline in cash and cash equivalents (including marketable securities) from CHF 113.6 million to CHF 102.6 million. Nevertheless, cash and cash equivalents including marketable securities exceeded financial debt at year-end by CHF 70.8 million (prior year: CHF 56.3 million). The elimination of the Bluewin and Winner cross-investments reduced both the non-current assets and the liabilities of the Group substantially. Through the close-down of TV3, further liabilities were no longer applicable, resulting in an additional reduction of consolidated liabilities.

The equity ratio reported for the business year 2002 is now 54.7%, compared with 43.6% in the prior year.

Three-year Comparison

		2002	2001	2000
Operating revenues	CHF mill.	**640.3**	756.1	817.9
Growth	%	**(15.3)**	(7.6)	
Operating income before depreciation and amortization (EBITDA)	CHF mill	**71.7**	145.7	201.2
Growth	%	**(50.8)**	(27.6)	
Margin [1]	%	**11.2**	19.3	24.6
Net income from continuing operations	CHF mill.	**20.2**	43.4	140.2
Growth	%	**(53.5)**	(69.1)	
Margin [1]	%	**3.2**	5.7	17.1
Average number of employees		**2 004**	1 982	1 924
Revenues per employee	CHF 000	**319.6**	381.5	425.0
Current assets	CHF mill.	**240.0**	287.4	376.6
Non-current assets	CHF mill.	**401.3**	460.6	413.0
Total assets	CHF mill.	**641.3**	748.0	789.6
Total liabilities	CHF mill.	**290.7**	421.6	406.8
Shareholders' equity	CHF mill.	**350.6**	326.4	382.8
Cash flow from operations	CHF mill.	**72.1**	119.3	131.3
Cash flow for investment activities	CHF mill.	**(36.8)**	(142.3)	(93.8)
Cash flow after investment activities	CHF mill.	**35.4**	(23.0)	37.5
Cash flow (for)/from financing activities	CHF mill.	**(45.7)**	57.8	(56.0)
Change in cash and cash equivalents	CHF mill.	**(10.3)**	34.8	(18.5)
Return on equity [2]	%	**5.5**	12.2	35.5
Equity ratio [3]	%	**54.7**	43.6	48.5
Internal financing ratio for investment activities [4]	%	**196.3**	83.8	140.0
Quick ratio [5]	%	**112.0**	86.4	138.2
Debt factor [6]		**0.8**	1.2	0.3

1 As a percentage of operating revenues
2 Income before minority interests to shareholders' equity at year-end
3 Shareholders' equity to total liabilities
4 Cash flow from investment activities to cash flow from operations
5 Current assets excluding inventories to current liabilities
6 Net debt (liabilities less current assets excluding inventories) to cash flow from operations

Exhibit 1

Development in stock market prices from October 2, 2000 to March 18, 2003

in %

Capital structure

The share capital of CHF 100 million is comprised of 10 000 000 registered shares with a nominal value of CHF 10 each. Of this total, 9 520 000 shares were issued in connection with the capital increase carried out in May 2000 prior to the IPO. There is no additional approved or conditional capital. The company holds treasury shares as described in notes 36 and 50 for the employee stock participation program. A shareholders agreement exists for 67% of all shares. Currently, those shareholders who are participants in the shareholders' agreement own 76% of the company's shares. The deadline for placing a second block expired on October 2, 2001.

Allocation of available earnings

Tamedia has the policy of distributing dividends based on earnings. Generally, 35 to 45% of net income is distributed annually.

Investor Relations

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Calender

Annual shareholders' meeting	June 19, 2003
Semi-annual reporting	August 21, 2003

Stock market prices
in CHF

	2002	2001	2000
High	**128.00**	193.00	264.00
Low	**60.00**	70.60	170.00
Year-end	**74.00**	101.00	181.50

Key figures per share
in CHF

		2002	2001	2000
Net income (loss) per share (undiluted)		**3.56**	(1.18)	11.71
Net income (loss) per share (diluted)		**3.56**	(1.18)	11.71
EBIT per share		**1.76**	7.92	16.38
EBITDA per share		**7.17**	14.57	20.11
Free cash flow per share		**3.54**	(2.30)	3.75
Shareholders' equity per share		**35.06**	32.64	38.28
Dividends per share		**1.50**	1.50	4.20
Dividend pay-out rate [1]	%	**74.4**	34.6	30.0
Dividend rate of return [2]	%	**2.0**	1.5	2.3
Price earnings ratio [2]	x	**20.8**	(85.4)	15.5
Price to EBIT ratio [2]	x	**42.1**	12.8	11.1
Price to EBITDA ratio [2]	x	**10.3**	6.9	9.0
Price to sales ratio [2]	x	**1.2**	1.3	2.2
Price to free cash flow [2]	x	**20.9**	(43.9)	48.4
Price to equity ratio [2]	x	**2.1**	3.1	4.7

1 based on net income from continuing operations
2 based on year-end market price

Corporate Governance

Group Structure and Shareholders

Group structure

The Group's operational structure is shown in the diagram on page 7 of the annual report.

The following Group company is listed on the stock exchange:

Name	Tamedia AG, Zürich
Name	Tamedia AG, Zurich
Location of registration	SWX Swiss Exchange, Switzerland, registered since October 2, 2000
Market capitalization	see "Capital structure" section
Treasury shares (at December 31, 2002)	7 526
Trading number	1117825
Symbol	
• Bloomberg	TAMN SW
• Reuters	TMDZ.x
• Telekurs	TAMN

Group companies which are not listed are described in note 47 of the consolidated financial statements.

Significant shareholders

Significant shareholders and groups of shareholders (including their shareholdings, to the extent that these are known to Tamedia) are shown in the following table.

Significant shareholders in %[1]	**2002**	2001	2000
Dr. Hans Heinrich Coninx, Küsnacht	**12.64**	12.64	12.64
Annette Coninx Kull, Wettswil am Albis	**12.56**	12.56	12.56
Dr. Severin Coninx, Berne	**14.39**	14.39	14.39
Rena Maya Coninx Supino, Zurich	**13.72**	13.72	13.72
Ellermann Lawena Stiftung, FL-Vaduz	**0.00**	0.00	6.50
Lawena GmbH, D-Hamburg [2]	**7.36**	7.36	0.00
Ellermann Rappenstein Stiftung, FL-Vaduz	**0.00**	0.00	6.21
Rappenstein GmbH, D-Munich [3]	**6.21**	6.21	0.00
Ellermann Pyrit GmbH, D-Stuttgart [4]	**7.35**	7.35	5.65
Other participants in the shareholders' agreement	**1.86**	1.86	4.42
Total participants in the shareholders' agreement	**76.09**	76.09	76.09
Tweedy Browne Company LLC [5]	**6.74**	5.22	–

1) expressed as a percentage of the 10 million total issued and outstanding registered shares.
2) The share capital of Lawena GmbH is held by the Ellermann Lawena Foundation, FL-Vaduz.
3) The share capital of Rappenstein GmbH is held by the Ellermann Rappenstein Foundation, FL-Vaduz.
4) The share capital of Ellermann Pyrit GmbH is held by Ellermann Pyrit Foundation, FL-Balzers.
5) 5% of the voting rights are held by bank depositories.

Publication is conducted in the Swiss Commercial Gazette, which was carried out during the year of review in compliance with Art. 20 BEHG and the Ordinance of the Federal Banking Commission on the Stock Exchange and Securities Trading.

In this connection, 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 Coninx family (pool shareholders), with the exception of Regula Hauser-Coninx, are bound by the shareholders' agreement (pool agreement). The pool agreement became effective as of the date of registration for an 8-year period, with a possibility to extend the contract for an additional 2 years.
- Among other items, the pool agreement serves the purpose of coordinating the voting rights of pool members regarding their representation in the Board of Directors.
- In addition, the contract regulates the exercise of pool members' voting rights in other areas requiring the approval of shareholders, such as the determination of dividends.
- Other issues brought before the shareholders during their general meeting are made known to the pool members prior to the general meeting. If two thirds of the voting rights represented by the pool members at their meeting are cast for such a proposal, the pool members must unanimously vote for the proposal during the general meeting. Otherwise, pool members are free to exercise their voting rights as they chose.

- The agreement does not relate to the responsibilities of the Board of Directors or the management of Tamedia or its subsidiary companies.
- In the event that a shareholder wishes to sell his shares to an independent third party (either with or without compensation), the agreement grants all parties to the shareholders' agreement a prepurchase right. In such a case, the shareholder must first render his shares to other pool members. Other pool members have the right to purchase such shares at a price equal to the then prevailing market price less a 20% reduction.
- The pool members represent a group of shareholders who act in conformance with the requirements of Art. 20 paragraph 3 of the Federal Stock Exchanges and Securities Trading Act. Any future exchange of shares between the current pool members will not result in an obligation to notify nor be published as a change. If, however, the entire pool sells shares, and as such the percentage of pooled shares should fall below the legal thresholds (e.g. below 66 2/3% or below 50%), the pool is required to inform the Swiss Stock Exchange and Tamedia. An obligation to notify also exists when a new member enters the pool or when a pool member no longer holds shares.

Cross-shareholdings

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

Capital Structure

Capital structure and changes in capital structure

Capital structure in CHF million	**2002**	2001	2000
Ordinary share capital	**100.0**	100.0	100.0
Ordinary increase in share capital	-	-	95.2
Conditional share capital	-	-	-
Conditional increase in share capital	-	-	-
Participation certificates	-	-	-
Dividend rights certificates	-	-	-

Additional information regarding the developments in shareholders' equity can be found in the statement of changes in shareholders' equity on page 60 of the consolidated financial statements.

Registered shares number	**2002**	2001	2000
Nominal value per share (in CHF)	**10**	10	10
Voting rights per share	**1**	1	1
Number issued and outstanding	**10 000 000**	10 000 000	10 000 000
Number of shares entitled to dividends	**10 000 000**	10 000 000	10 000 000
Total number of voting rights	**9 992 474**	9 987 223	10 000 000
Number outstanding (weighted average)	**9 990 724**	9 995 064	10 000 000
Number of treasury shares	**7 526**	12 777	0

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

Market capitalization in CHF million	**2002**	2001	2000
High	**1 280**	1 930	2 640
Low	**600**	706	1 700
Year-end	**740**	1 010	1 815

Limitations on the transferability and nominee registrations

Purchasers of registered shares will upon their request be registered as shareholders with voting rights if they specifically declare that they have purchased such shares in their own name and on their own behalf.

The Board of Directors has the power to deny purchasers of registered shares, acting in their own behalf or in behalf of others, voting rights to the extent that the sum of such voting rights associated with all shares owned would exceed 5% of the total number of shares registered. For these purposes, legal entities or partnerships which are bound together by capital, voting power, common management or other means, as well as to groups of shareholders acting in concert or with a view to circumvent the limitation are considered to be one person.

Shareholders who were registered as of September 14, 2000, or new transferees who are family members of such shareholders, are exempt from this restriction on registration.

During the current year, no exceptions to the regulations referred to were granted.

The Board of Directors may register nominees up to a maximum of 3% of the number of registered shares. Nominees are persons who do not specifically declare that they hold the shares on their own behalf. A prerequisite for registration is that the applicable nominee informs the company of the names, addresses and number of shares held by beneficiaries for whom he holds 0.5% or more of the total number of shares registered. The Board of Directors concludes 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 registration of shareholders or their nominees retroactively to the date of registration following questioning if such registration was based on false information. Such persons must be informed of the cancellation immediately.

Convertible bonds and options

At the present time, there are no convertible bonds.

Information regarding the stock options outstanding can be found in note 50 to the consolidated financial statements.

Board of Directors

Members

The names of the company's directors and their additional activities and business connections are shown on pages 28–29 of the annual report.

Elections and terms of office

The Board of Directors is comprised of at least five members, who are elected individually by the shareholders during their general meeting for a term of three financial years. The term of office ceases on the date of the general meeting of the last financial period of this term. If elections to replace directors are held during the designated term, the newly elected directors serve the remaining term of their predecessor. The general meeting also elects the Chairman of the Board. Otherwise, the Board of Directors is responsible on its own for its organization.

Definition of areas of responsibility

The composition of the Board of Directors and the membership of the individual directors in its committees are shown below:

Name	Function	Director since	Term of office until	Executive Committee	Audit Committee
Hans Heinrich Coninx	Chairman	1978	2005	C	
Robert Karrer	Vice chairman	1992	2005		C
Pietro Supino	Vice chairman	1991	2005	M	M
Iwan Rickenbacher	Member	1996	2005	M	
Karl Dietrich Seikel	Member	1996	2005		
Christina von Wackerbarth	Member	2000	2005		
Ueli Maurer	Member	2002	2005		M

C: Chairman
M: Member

Authority and responsibilities

The Board of Directors is responsible for Group strategy. They examine the underlying plans and defined goals of the company and identify external risks and opportunities. The authority and responsibilities of the Board and its committees as well as its authority in relation to the company's management are governed by the Organizational Guidelines. These are based on the most recent information and correspond with international standards. In particular, these are comprised of the supervisory and control responsibilities of the Board of Directors, supported directly by external parties, as well as the continuous and complete information of all members of the board.

The Board of Directors is also responsible for monitoring and supervising the company's management. Management informs the Board of Directors during their regular meetings as well as upon special request regarding the business developments and the Group's planned activities. In addition, management informs the Chairman of the Board of any incidents of particular meaning.

Power of decision

The Board of Directors has the power to make decisions when the majority of its members are present. Decisions are made based upon the majority of those members present. In the event of a tied vote, the Chairman casts the deciding vote. There are no statutory decision quorums. Furthermore, decisions may be made via mail voting.

Meetings
The Board meets as often as required by the business, or when any member requests a meeting, but at least six times annually. During the current year, the Board of Directors conducted nine entire day meetings and one three-day retreat together with management.

Committees
In addition to those committees described below, the Board of Directors may form additional committees for specific purposes. Committees are defined and members appointed in conjunction with the organization of the Board of Directors and by the same procedures. Basically, committees do not have the power to make binding decisions, but instead report to the Board as a whole and, when appropriate, propose decisions and guidelines to the Board.

Currently, there are the following standing committees:
- Executive Committee
- Audit Committee

Executive Committee
The Executive Committee serves to increase the efficiency of the Board's activities, strengthens the strategic orientation of the entire company, and intensifies communication with executive management.

It is comprised of three members, who generally meet on a weekly basis.

Audit Committee
The Audit Committee supervises the financial reporting, the compliance with accounting and reporting standards and with the SWX Swiss Exchange Listing Rules, the risk management and the internal controls of Group companies, the financial communication within the Group, and the compliance with the information duties of the company (ad hoc publicity), as well as unusual accounting events. In addition, the Audit Committee represents the Board of Directors as liaison with the independent auditors and monitors and evaluates their work and independence on an on-going basis.

It is comprised of three members, of whom not more than one member, excluding the Chairman, may be a member of the Executive Committee. Meetings are conducted regularly, as a minimum four times per annum, as a rule with the participation of the company's management and independent auditors.

Management Board

Members

Information regarding the members of the company's Management Board and their additional activities and interests can be found on page 30 of the annual report.

Management contracts

During the current year, there were no management contracts for the transfer of management responsibilities between Tamedia and other companies or natural persons.

Compensation, Shareholdings and Loans

Content and method of determining compensation and shareholding programs

The Board of Directors determines 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 decided upon by the board based on recommendations made by management. In order to obtain and retain persons with the necessary capabilities and character, compensation is determined considering both the market circumstances and individual performance.

Board of Directors' fees and fees paid to the members of the board committees are fixed amounts. In addition, out of pocket expenses are reimbursed.

Compensation of management is comprised of a fixed amount, which is paid in cash, and a variable component (participation in earnings), which is based on quantitative and qualitative personal goals set in advance in conjunction with the employee, and based on the goals of the individual operating divisions as well as the consolidated EBIT.

In addition, a supplemental bonus is granted which does not depend upon the Tamedia Group's pre-tax earnings.

Top management members are also granted the use of a company car. In compliance with the normal social security and legal requirements, they are provided social security, death and invalidity insurance. No employment contracts exist which have a longer period of notification than 18 months.

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

The information provided agrees with that contained in notes 49 and 50 of the consolidated financial statements, which disclose the employee compensation recorded as expense during the year (regardless of when paid). Persons who ceased to serve the company during the current year are thereby considered as active employees. Former employees are those who ceased to serve the company during the prior or previous financial periods.

Type of compensation in CHF 000	Directors active [1]	Directors former	Management active [2]	Management former	Total
Number	7	0	8	0	15
Basic salary [3]	2 051	0	4 138	0	6 189
Participation in earnings	0	0	514	0	514
Supplementary Bonus	0	0	0	0	0
Options [4]	0	0	0	0	0
Shares [4]	0	0	0	0	0
Benefits in kind [4]	0	0	109	0	109
Termination benefits	0	0	0	0	0
Total	**2 051**	**0**	**4 761**	**0**	**6 812**

1) comprised currently only of non-executive members

2) Favre, Michel M.: until June 2002
Kall, Martin: since April 2002
Brauchli, Jürg:
Eberle, Dr. Patrick
Gehrig, René: until July 2002
Löpfe, Philipp: until July 2002
Meili, Dr. Andreas: since July 2002
Theobald, Alexander: since July 2002

3) The basic salary is comprised of the following elements:
– Salaries
– Fees (for the Board of Directors)
– Lump-sum expense reimbursements
– Employer's contributions to pension funds

4) valued at market value

Share allotments and ownership

The following table shows the shares and options for shares of Tamedia AG which have been granted to active and former members of the board and management.

	Directors		Management		Total
	active [1]	former	active [1]	former	
Number	7	0	8	0	**15**
Shares allotted	0	0	0	0	**0**
Shares owned	1 307 109	0	40 794	3 847	**1 351 750**
Options granted	–	–	–	–	–
Exercisable until	–	–	–	–	–
Exercise price (in CHF)	–	–	–	–	–
Options owned	0	0	38 483	6 288	**44 771**
Alloted as of	–	–	01.10.2000	01.10.2000	**01.10.2000**
Exercisable until	–	–	30.09.2003	30.09.2003	**30.09.2003**
Exercise price (in CHF)	–	–	338	338	**338**

[1] see preceding table

Additional fees and remuneration

No additional honorariums or remuneration to members of the company's Board of Directors or Management Board were recorded as expense during the year.

Loans

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

Highest total compensation

The following compensation to the Board member having the highest total compensation was recorded as expense during the year.

Total compensation	**Number**	**TCHF**
Compensation	–	951
Shares alloted	0	0
Options alloted	0	0
Total	–	**951**

Shareholders' Participation Rights

Restrictions on voting rights and representation

A shareholder can directly or indirectly exercise or cause to be exercised voting rights associated with his own shares or shares which he represents up to a combined maximum of 5% of the total shares registered. For this purpose, legal persons and personal companies which are associated or related through mutual management, capital shareholdings or voting rights, as well as natural and legal persons who cooperate by mutual agreement or with the intention of circumventing this restriction, are considered as a single person.

Institutional proxy representatives according to Art. 689c of the Swiss commercial law (depository representatives, representatives of the Board of Directors or Management, and independent proxy representatives) are not subject to the restriction imposed by the company's by-laws as referred to in the preceding paragraph to the extent that this is not violated by the individual share owners represented.

Shareholders who are registered with more than 5% of voting rights are not subject to this restriction.

Statutary quorums

According to Tamedia AG's articles of incorporation, the shareholders can make decisions and hold elections during their general meeting based on an absolute majority of those voting rights represented. The following decisions require at least two thirds of the voting rights represented and an absolute majority of the share capital represented: change in the company's purpose, introduction of voting shares, restrictions on the transfer of registered shares, approved or conditional capital increases, capital increases through 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 domicile, and dissolution of the company without liquidation.

Convocation of the general meeting

The general meeting is held annually within six months following the end of the company's financial year. Extraordinary shareholders' meetings are to be conducted as needed. Likewise, in addition to the independent auditors, one or more shareholders representing together at least 10% of the company's share capital, may make a written request for a shareholders' meeting, indicating the subject of negotiations and proposals.

The convocation of the general meeting is made by the Board of Directors no later than 20 days prior to the date of the meeting. The shareholders are notified via Tamedia's normal publication institutions (see further information in the section "Information policy").

Agenda
Shareholders who together represent shares having a combined nominal value of CHF 1,000,000 may request that a subject be included in the agenda for discussion or negotiation. This request must be submitted in writing at least 60 days prior to the shareholders' meeting with an indication of the subject of negotiation.

Registration in share register
All shareholders who are entered in the share register with voting rights are admitted to and are entitled to vote during the general meeting. For organizational reasons, registration is discontinued during the 20 days prior to the shareholders' meeting. Shareholders who sell their shares prior to the general meeting are no longer entitled to vote.

Changes of Control and Defense Measures

According to the Swiss Federal Stock Exchanges and Securities Trading Act, whoever directly, indirectly or acting in concert with third parties, acquires equity securities which, when added to equity securities already owned, exceed the threshold of 33.3% of the voting rights of a targeted enterprise, whether or not such voting rights may be exercised, must make an offer to acquire all listed equity securities of such company. The company may state in its articles of incorporation that there is no such requirement for a public offer (opting out). Tamedia AG's articles do not foresee such an opting out. Similarly, no clauses exist governing changes of control.

Auditors

Duration of the mandate and term of office of the head auditor
The independent auditors are elected by the general meeting for a period of one year.

Ernst & Young accepted their appointment as auditors of the consolidated financial statements for the first time for the business year 1993. The unconsolidated financial statements of Tamedia AG have been audited by Ernst & Young since 1936. Mr. Felix Ort has served as head auditor in charge since January 1, 2002.

Audit honorarium
Total fees charged during the current year for the audit of the Group's consolidated financial statements and the financial statements of the individual Group companies, amounted to CHF 0.620 million.

Additional honorariums

Total honorariums charged by the auditors and/or persons related to the auditors during the year under review for additional financial services amounted to CHF 0.206 million.

Supervisory and control instruments vis-à-vis the auditors

The supervisory and control instruments used by the Board of Directors to evaluate the independent auditors are described in the section "Audit committee".

Information Policy

Information policy / ad hoc publicity

Tamedia follows an open and timely information policy, under which all target groups in the capital market are treated equally. Informative reports are published annually and semi-annually. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS; see page 62 to 69 to the consolidated financial statements).

Tamedia AG's articles of incorporation can be obtained under www.tamedia.ch.

As a listed company, Tamedia has the obligation to inform the public of any information relevant to the trading of its shares (ad hoc publicity, Art. 72 of the Listing Rules). In addition to information regarding the financial progress of the company, Tamedia also orients the public regarding current changes and developments.

Complete information regarding the company can be found under www.tamedia.ch. The Swiss Commercial Gazette is the company's official publication instrument.

The contact person for specific questions regarding Tamedia is:

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Telephone: +41 1 248 41 00
Telefax: +41 1 248 50 26
email: franziska.huegli@tamedia.ch

Tamedia-Group

Consolidated Income Statement in CHF 000	Note	**2002**	2001
Publishing revenues	4	**537 484**	651 563
Printing revenues	5	**36 116**	45 579
Other operating revenues	6	**66 670**	58 920
Operating revenues		**640 270**	756 062
Costs of material and services	7	**(155 488)**	(171 048)
Personnel expenses	8	**(260 274)**	(261 697)
Other operating expenses	9	**(152 832)**	(177 630)
Operating income before depreciation and amortization (EBITDA)		**71 676**	145 687
Depreciation and amortization	10	**(54 118)**	(66 495)
Operating income (EBIT)		**17 558**	79 192
Share in earnings of associated companies	11	**6 432**	1 683
Other financial income (expense), net	12	**7 988**	(20 546)
Income before taxes		**31 979**	60 329
Income taxes	13, 14	**(12 849)**	(20 220)
Income before minority interests		**19 130**	40 109
Minority interests in net income	15	**1 043**	3 241
Net income from continuing operations		**20 173**	43 350
Discontinuing operations	16	**15 389**	(55 175)
Net income (loss)		**35 562**	(11 825)

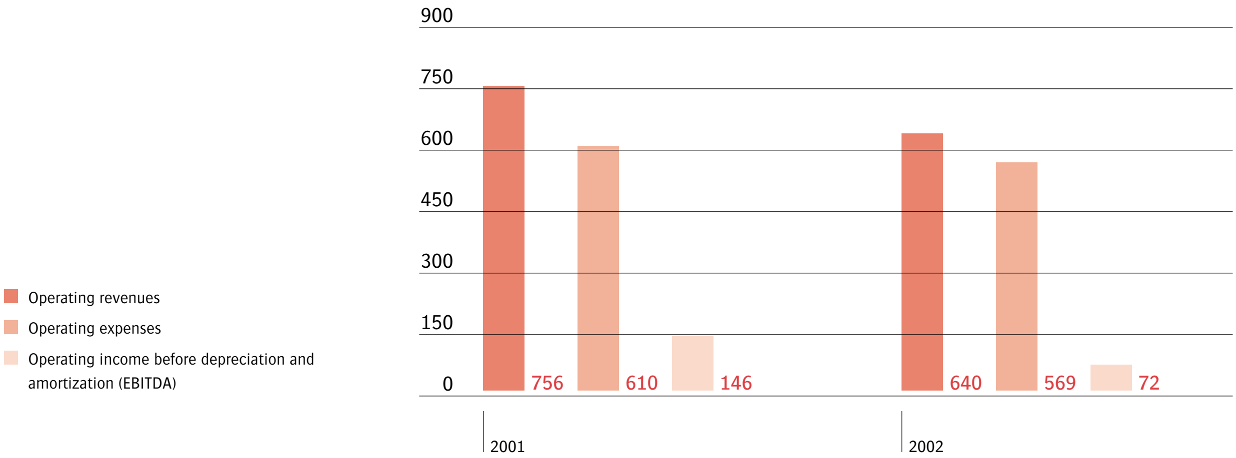
in CHF			
Net income (loss) per share (undiluted)	17	**3.56**	(1.18)
Net income (loss) per share (diluted)	17	**3.56**	(1.18)

The accompanying notes form an integral part of these financial statements.

Exhibit 2

Operating income before depreciation and amortization (EBITDA)

in CHF million

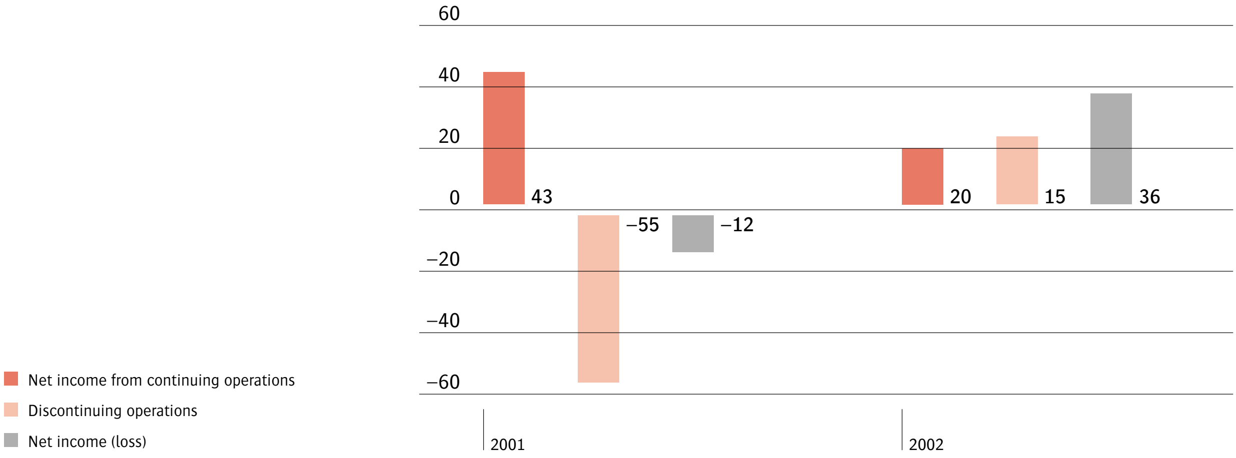


The exhibits 2–12 are not part of the audited financial statements.

Exhibit 3

Net income (loss)

in CHF million



Consolidated Balance Sheet
in CHF 000, as of December 31

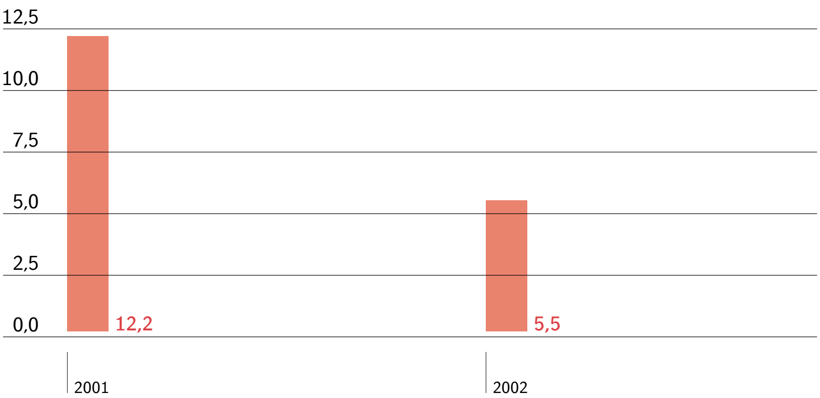
	Note	2002	2001
Cash and cash equivalents		**99 462**	109 747
Current financial assets		**3 143**	3 880
Trade accounts receivable	18	**107 657**	129 119
Current financial receivables		**1 197**	2
Current taxes receivable		**13 203**	21 129
Other accounts receivable		**4 627**	6 255
Accrued income and prepaid expenses		**2 678**	6 931
Inventories	19	**8 037**	10 297
Current assets		**240 004**	287 360
Property, plant and equipment	20, 21	**244 211**	251 019
Investments in associated companies	22	**6 044**	9 148
Other financial assets	23, 24	**30 361**	76 292
Deferred tax assets	25	**8 495**	12 815
Intangible assets	27	**112 169**	111 343
Non-current assets		**401 279**	460 617
Total assets		**641 283**	747 977
Current debt	28	**12 459**	26 810
Trade accounts payable	29	**42 029**	51 313
Current taxes payable		**10 963**	9 721
Other current payables	30, 33	**18 529**	99 704
Deferred revenues and accrued liabilities	31	**123 158**	133 231
Current liabilities		**207 138**	320 779
Long-term debt	28	**19 305**	30 559
Provisions for deferred taxes	32	**57 221**	54 402
Other long-term provisions	33	**5 961**	9 662
Other long-term liabilities	34	**1 031**	6 206
Long-term liabilities		**83 519**	100 829
Total liabilities		**290 657**	421 608
Share capital	35	**100 000**	100 000
Treasury shares	36	**(794)**	(1 398)
Reserves		**248 690**	231 322
Consolidated shareholders' equity		**347 896**	329 924
Minority interests in equity		**2 731**	(3 555)
Shareholders' equity		**350 626**	326 369
Total liabilities and shareholders' equity		**641 283**	747 977

The accompanying notes form an integral part of these financial statements.

Exhibit 4

Return on equity [1]

in %

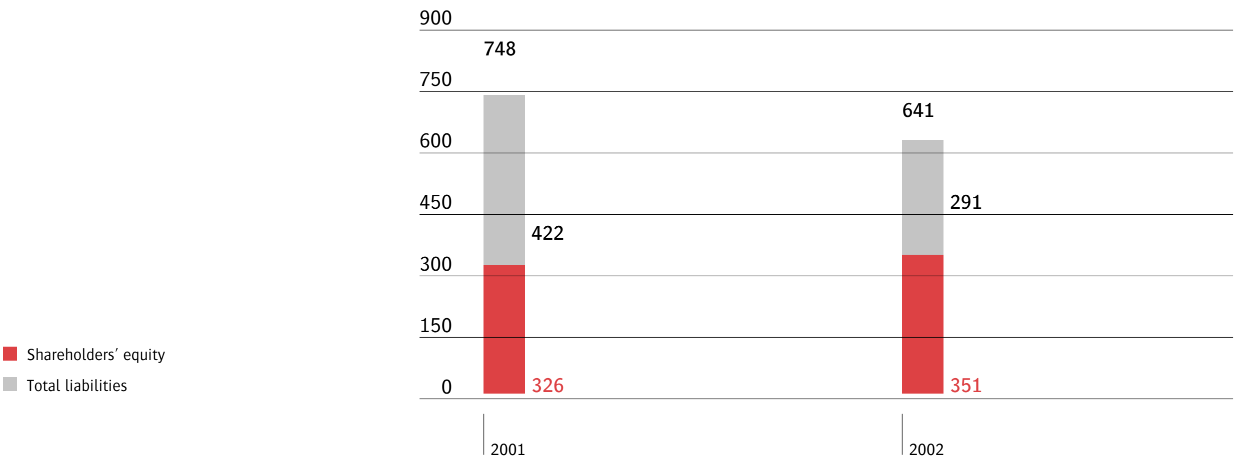


1 Income before minority interests in shareholders' equity as of year-end.

Exhibit 5

Liabilities and shareholders' equity

in CHF million



Consolidated Cash Flow Statement
in CHF 000

	Note	2002	2001
Receipts from products and services sold		**670 668**	791 896
Expenditures for personnel		**(260 067)**	(262 402)
Expenditures for material and services		**(335 131)**	(333 823)
Cash flow from operating activities		**75 470**	195 671
Dividends from associated companies		**7 280**	11 250
Interest paid		**(1 342)**	(2 685)
Interest received		**1 520**	3 522
Other financial income (expense), net		**530**	(11 383)
Income taxes paid		**(3 360)**	(40 690)
Cash flow from ordinary operations		**80 098**	155 685
Discontinuing operations		**(7 962)**	(36 411)
Cash flow from operations		**72 136**	119 274
Capital expenditures in property, plant and equipment		**(20 430)**	(28 854)
Sales of property, plant and equipment		**1 955**	1 892
Investment in associated companies		**2 257**	(1 514)
Other financial assets [1]		**13 888**	(2 507)
Investment in consolidated companies	37	**(25 869)**	(96 554)
Capital expenditures in intangible assets		**(8 658)**	(15 262)
Sales of intangible assets		**105**	542
Cash flow for investment activities		**(36 752)**	(142 257)
Cash flow after investment activities		**35 384**	(22 983)
Payment of dividends		**(15 000)**	(42 000)
(Increase)/decrease in current financial assets [1]		**737**	126 721
(Increase)/decrease in receivables		**(1 195)**	10 910
Increase/(decrease) in current debt		**(14 351)**	7 373
Increase/(decrease) in long-term debt		**(17 505)**	(44 169)
Increase/(decrease) in other long-term liabilities		**(5 175)**	339
Net sale/(purchase) in treasury shares		**604**	(1 398)
Increase/(decrease) in minority interests		**6 217**	25
Cash flow (for)/from financing activities		**(45 668)**	57 801
Change in cash and cash equivalents		**(10 285)**	34 818
Cash and cash equivalents at January 1		**109 747**	74 929
Cash and cash equivalents at December 31		**99 462**	109 747
Change in cash and cash equivalents	38	**(10 285)**	34 818

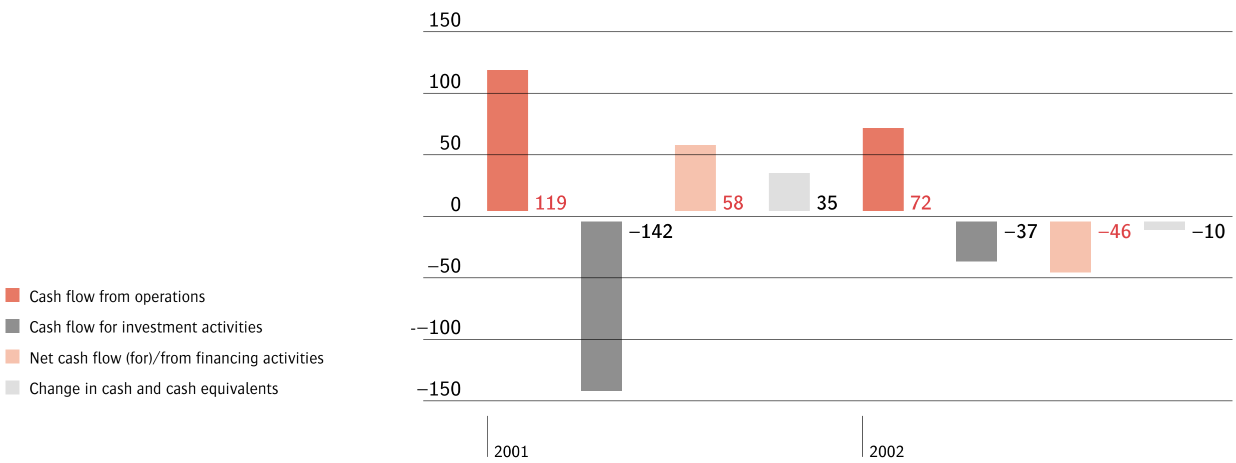
1 In 2001, the "(Increase)/decrease in current financial assets" is included in cash flow from financing activities because the change is largely attributable to the sales of marketable securities in connection with the financing of the Belcom acquisition.

The accompanying notes form an integral part of these financial statements.

Exhibit 6

Cash flow

in CHF million



Consolidated Statement of Changes in Shareholders' Equity

in CHF 000	**Share capital**	Treasury shares	Retained earnings	Net Income (loss)	Valuation adjustments on financial assets [1]	**Reserves**	**Consolidated shareholders' equity**	Minority interest in equity	**Share-holders' equity**
Balance at January 1, 2001	**100 000**	**0**	**166 029**	**117 129**	**0**	**283 158**	**383 158**	**(339)**	**382 819**
Dividends paid	**0**	0	0	(42 000)	0	**(42 000)**	**(42 000)**	0	**(42 000)**
Allocation of earnings	**0**	0	75 129	(75 129)	0	**0**	**0**	0	**0**
First-time application of IAS 39	**0**	0	0	0	1 652	**1 652**	**1 652**	0	**1 652**
Net income	**0**	0	0	(11 825)	0	**(11 825)**	**(11 825)**	(3 241)	**(15 066)**
Changes in Group companies	**0**	0	(92)	0	0	**(92)**	**(92)**	25	**(67)**
Net purchases of treasury shares	**0**	(1 398)	0	0	0	**0**	**(1 398)**	0	**(1 398)**
Net adjustment of financial assets to market values	**0**	0	0	0	429	**429**	**429**	0	**429**
Balance at December 31, 2001	**100 000**	**(1 398)**	**241 066**	**(11 825)**	**2 081**	**231 322**	**329 924**	**(3 555)**	**326 369**
Dividends paid	**0**	0	0	(15 000)	0	**(15 000)**	**(15 000)**	0	**(15 000)**
Allocation of earnings	**0**	0	(26 825)	26 825	0	**0**	**0**	0	**0**
Net income	**0**	0	0	35 562	0	**35 562**	**35 562**	(1 043)	**(34 519)**
Changes in Group companies	**0**	0	(1 112)	0	0	**(1 112)**	**(1 112)**	7 328	**6 216**
Net purchases of treasury shares	**0**	604	0	0	0	**0**	**604**	0	**604**
Net adjustment of financial assets to market values	**0**	0	0	0	(2 081)	**(2 081)**	**(2 081)**	0	**(2 081)**
Balance at December 31, 2002	**100 000**	**(794)**	**213 129**	**35 562**	**0**	**248 690**	**347 896**	**2 731**	**350 626**

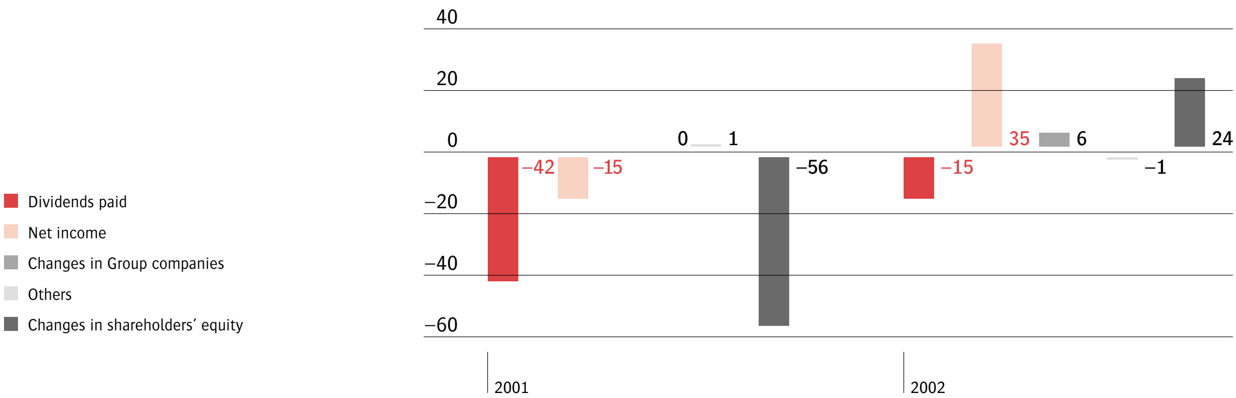
1 Net of deferred taxes.

The accompanying notes form an integral part of these financial statements.

Exhibit 7

Changes in shareholders' equity

in CHF million



Notes to the Consolidated Financial Statements

Consolidation and Valuation Principles

Consolidation principles

General

The consolidated financial statements of Tamedia AG and its subsidiaries are prepared in compliance with Swiss law and in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), on a historical cost basis. The consolidation was based on the audited financial statements of the individual subsidiaries as of December 31, which were prepared according to uniform accounting principles. All standards issued by the IASB and all interpretations issued by the International Financial Reporting Interpretations Committee (FRIC) which were in effect as of the balance sheet date have been considered in the preparation of the consolidated financial statements.

The preparation of the financial statements requires that management and the Board of Directors make estimates and assumptions which have an impact on the amounts of the assets and liabilities, contingent liabilities, and expenses and income shown in the financial statements. Actual events could differ from these estimates.

The consolidated financial statements were approved by the Board of Directors on March 14, 2003. It is proposed that the shareholders approve these financial statements in their annual meeting on June 19, 2003.

At the beginning of 2001, the Group adopted IAS 12 Income Taxes (revised), IAS 19 Employee Benefits (revised), IAS 39 Financial Instruments (revised), as well as IAS 40 Investment Property.

In the current year, the supplemented standard IAS 19 Employee Benefits (revised 2002) was adopted, the effect of which is described in note 24.

Group companies

All companies in which Tamedia AG holds either a direct or indirect interest of 50 per cent or more of the voting rights are consolidated. Group companies acquired during the year are included in the consolidation as of the purchase date, and Group companies sold are eliminated from the consolidation as of the date sold.

Method of consolidation

Using the full consolidation method, the assets, liabilities, revenues and expense of Group companies in which Tamedia AG directly or indirectly holds more than 50 per cent of voting rights are included in their entirety. Minority interests in shareholders' equity and in net income are shown separately in the consolidated balance sheet and income statement.

Subsidiaries in which Tamedia AG holds a direct or indirect interest of 50 per cent of voting rights are consolidated on a pro-rata basis.

Capital consolidation
The capital consolidation is performed according to the purchase method.

Goodwill
At the time of their initial consolidation, the assets and liabilities of consolidated subsidiaries, or the net assets acquired, are valued according to uniform Group principles. The difference arising between the purchase price and the net assets acquired based on such valuation is capitalized as goodwill or as badwill in the year of acquisition and amortized over its expected useful life, usually over a period of 10 years, but not in excess of 20 years. When indications exist that goodwill may be impaired, a new evaluation is made and any necessary impairment losses are recognized.

At the time Group companies are sold, the difference between the sales price and the net assets, as well as any remaining balance in goodwill, is reported as gain or loss on the sale of subsidiaries in the consolidated income statement.

Treatment of intercompany profits
Profits on intercompany sales not yet realized through sales to third parties as of year-end, as well as intercompany results on transfers of fixed assets and investments in subsidiaries, are eliminated in the consolidation.

Translation of foreign currencies
As of year-end, amounts receivable and payable recorded by the individual Group companies which are denominated in foreign currencies are translated to the company currency using year-end exchange rates. During the year, transactions in foreign currencies are recorded at month-end rates. The resulting translation differences are included in net income.

For the translation of the individual subsidiaries' financial statements into Swiss francs, year-end rates are used for assets and liabilities, and monthly averages are used for the income statement items. The resulting translation differences, as well as translation differences arising on shareholders' equity transactions, are recorded directly in shareholders' equity.

Valuation principles

Cash and cash equivalents
Cash and cash equivalents include cash on hand, postal and bank accounts, time deposits maturing within up to three months and checks, reported at their fair values.

Current financial assets

Current financial assets includes time deposits as well as demand deposits maturing originally beyond three months but within a maximum of twelve months, as well as current derivative financial instruments.

Publicly traded marketable securities are carried at quoted market prices as of year-end. Securities which are not publicly traded are reported at fair value. Time and demand deposits are stated at fair value. For these items, as well as for marketable securities, all valuation differences – both realized and unrealized – are recorded in net income.

Trade accounts receivable

Trade accounts receivable are carried at their nominal value. Allowance is made and charged against net income for accounts receivable whose payment is uncertain. An allowance for general credit risks is also made based on past experience.

Inventories

Inventories are stated at their purchase or production cost, determined using the weighted average method, or at their lower market value.

An allowance is made for slow-moving and obsolete items based on economic criteria.

Property, plant and equipment

Values reported for property, plant and equipment are not to exceed their historical cost less economically necessary depreciation, with the exception of developed land, which is not depreciated.

Land and buildings are classified as investment properties when they are for the most part not used in operations. The fair values of such properties which is disclosed in the financial statements is determined periodically based on a discounted cash flow method. The same valuation principles apply to investment properties as to other fixed assets used in the Group’s operations.

Leasehold improvements are capitalized and depreciated over the term of the lease agreement, disregarding any option to extend the term of the contract. To the extent that the lease agreement requires that the property be restored to its initial condition upon termination of the contract, provisions are made as planned over the term of the lease. The costs of maintenance and repairs which do not increase the value of the assets are charged against net income.

Art objects are shown in the balance sheet at their historical cost less any necessary adjustments for declines in value.

Except for special write-offs which are economically necessary, depreciation is recorded on a straight-line basis over uniform useful lives established within the Group.

The estimated useful lives are as follows:

Production and administrative buildings	40 years
Investment properties	40 years
Remodeling and renovations	3–25 years
Leasehold improvements	3–25 years
Installations	3–25 years
Machinery and equipment	3–15 years
Motor vehicles	4–10 years
Office equipment and furniture	5–10 years
IT systems	3–5 years

Long-term financial assets

Long-term financial assets include investments in related companies, other investments, long-term loans, held to maturity financial assets, long-term derivative financial instruments, and the other long-term financial assets.

Investments in associated companies (subsidiaries in which Tamedia AG directly or indirectly holds between 20% and less than 50% of voting rights) are accounted for on a proportional basis using the equity method. (The Group's share in losses which exceed the original investment are recorded only when Tamedia has either the legal obligation or the intention to assume continuing losses or to participate in a restructuring which is in process or has been introduced.)

Other investments (where less than 20% of voting rights are held) are stated at fair value. Unrealized gains and losses are recorded net of related taxes directly in shareholders' equity. Reductions in value due to impairment are recorded in net income.

Long-term loans are carried at historical cost. Financial assets held to maturity are stated at amortized cost value.

Long-term derivative financial instruments (held for trading) are valued at fair values. Both realized and unrealized gains and losses are recorded in net income, except for those derivative instruments which are designated as accounting hedges (see also valuation principles for financial instruments).

Other long-term financial assets (available for sale) are reported at fair values, and the resulting unrealized gains and losses are recorded net of taxes directly in shareholders' equity. Declines in value due to impairment are recorded in net income.

Intangible assets

Purchased intangible assets purchased are capitalized at their cost and amortized linearly over their expected useful lives. Intangible assets generated internally by the Group are not capitalized; such expenses are charged against current earnings as incurred.

The following amortization periods apply:

Goodwill	5–20 years
Publishing rights	5–10 years
Software project costs	3–5 years

The amortization of broadcasting rights for series or films is recorded as a minimum at the rate of 60% at the time of the initial broadcast (100% for one-time broadcasting rights) and the remaining balance at the time of the second broadcast, and is included in costs of materials. To the extent that no initial or additional broadcasts are likely, the entire remaining balance is written off.

Impairment of assets

The carrying values of property, plant and equipment and other non-current assets, including goodwill and other intangible assets, are evaluated when events or changes in circumstances indicate that such assets may be overstated (impaired). If the book value exceeds the recoverable value, it is written down to the estimated value in use – determined based on the present value of estimated future expected cash flows from the asset – or, if higher, the net realizable value.

Leasing

Fixed assets purchased under financial leasing agreements, where Group companies have the rights and risks of ownership, are recorded as financial leases. Thereby, these assets are capitalized at the inception of the contract at the lower of their market value or the discounted present value of future non-cancelable lease payments, and the corresponding liability is recorded and reported as appropriate under current or long-term liabilities.

Unrealized gains from sale and leaseback transactions which meet the definition of financial leases are deferred and recorded over the life of the lease agreement.

Payments under operating leases are charged directly against net income.

Provisions

Provisions are recorded only when an obligation exists or will probably result from a past event, and the amount of the obligation can be reliably estimated.

Possible obligations and those which cannot be reliably estimated are disclosed as contingent liabilities.

Employee benefits

Employee benefit plans maintained by the Group are designed in accordance with regulations and circumstances existing in Switzerland. The majority of employees are insured in the event of retirement, invalidity or death by the Group's own autonomous employee benefit plan. The remaining employees are insured under the provisions of collective contracts with insurance companies. Employee benefit plans are financed through employer and employee contributions according to the requirements set forth by the applicable plan regulations.

Projected benefit obligations under all defined contribution plans are calculated at least once every three years by independent actuaries using the projected unit benefit method, and a roll-forward calculation is made for the interim period. The obligations thus calculated represent the discounted cash value of expected future benefit payments. The plan assets and income are determined annually. Actuarial gains and losses which exceed 10 per cent of the higher of the plan liability or the plan's assets, are recorded in net income over the remaining service lives of employees.

For defined benefit plans, the under-funding (the excess of projected benefit obligations over plan assets at market values) is recorded as a provision after considering unrecognized actuarial gains or losses. The amounts of over-funding are disclosed in the notes to the consolidated financial statements, but are recorded as assets only when they can be used to reduce the Group's future expenses.

Contributions made to defined contribution plans are recorded as expenses in the income statement.

Taxes

Current year income taxes are accrued based on the current year income reported locally by the individual Group companies.

Deferred taxes resulting from differences between the values of assets and liabilities for tax and for Group financial reporting purposes are accrued based on the comprehensive liability method. Thereby, all temporary differences between tax and Group values are considered using the expected local tax rates. Changes in deferred taxes are included in net income.

The benefits of tax loss carry-forwards are capitalized only when the offset of such carry-forwards against future earnings is deemed probable.

Product development

All expenditures for product development incurred during the year are charged against net income, unless the restrictive requirements for capitalizing such charges are completely met.

Operating revenues

Revenues are recognized at the time products are delivered or services are rendered. Revenues are stated net of sales reductions, accounts receivable losses and value added taxes.

Costs of external financing

The costs of external financing are recorded in the period to which they relate.

Segment reporting

Segment information has been provided for the different business divisions. No geographical data is presented, as business operations are concentrated for the most part in the German-speaking part of Switzerland.

The accounting principles described above are also applied in the segment reporting.

Revenues, expenses and results of the various business segments include invoices between segments. Such inter-segment invoices are recorded at cost to the Group.

The assets and liabilities include all balance sheet items which directly relate to a given segment or which can meaningfully be allocated to a segment.

Financial instruments

Forward contracts and options are not entered into on a speculative basis, but are used exclusively to reduce specific foreign currency and interest rate risks associated with the Group's business. Counter-parties are financial institutions. Foreign currency derivatives are valued either directly with the underlying hedged transactions, to the extent that such transactions are reflected in the balance sheet, or are shown separately at fair value as of the balance sheet date.

All derivative financial instruments, such as interest rate swaps, foreign currency derivatives and certain embedded derivatives, are shown in the balance sheet at fair value, either as current or long-term financial assets or liabilities. The changes in fair values are recorded either in net income or directly in shareholders' equity, depending on the purpose of the individual financial instruments.

In the case of fair value hedges (hedges of the exposure to changes in the fair values of recognized assets or liabilities), the change in fair value of the effective portion of the hedging transaction is recorded immediately in the income statement. The changes in fair values of derivative instruments which qualify for treatment as cash flow hedges are recorded in shareholders' equity until the underlying hedged transaction is recorded and effects net income.

Changes in fair values of transactions which are not considered to be hedges or do not qualify as accounting hedges (as described above) are included in net income as components of financial income or expense. This also applies for fair value hedges and cash flow hedges as described above as soon as such transactions cease to qualify for hedge accounting treatment.

Generally, foreign currency contracts are not regarded as accounting hedges.

Related party transactions

Transactions with related parties are conducted on an arm's length basis. Information regarding the remuneration of members of management and the Board of Directors is included in the notes to the consolidated financial statements.

Employee stock ownership plans

Management and employees may purchase shares and options under various employee stock ownership plans offered by Tamedia. The costs related to these plans are recorded in personnel expense as a component of net income as they arise. Treasury shares are purchased in order to cover the risk associated with such plans.

Notes to the Consolidated Financial Statements

Amounts shown in the consolidated financial statements have been rounded. Because the calculations have been made based on this higher level of numerical accuracy, rounding differences may occur.

Changes in Group companies

Note 1

During 2002, the following changes occurred in Group companies:

Additions

Condor Communications GmbH:	Newly founded by Condor Communications AG, 70% share, foundation share capital: EUR 0.03 million. (Business segment: Services, Date: January 23, 2002)
Radio-Basilisk-Gruppe	(Business segment: Electronic Media, purchase price incl. transaction costs: CHF 24.2 million, Date: September 13, 2002
– Radio Basilisk Betriebs AG:	100% interest purchased
– LH Holding AG:	100% interest purchased
– MCC Media Clearing Center AG:	100% subsidiary of LH Holding AG
– Medag AG für Medienarbeit:	100% subsidiary of LH Holding AG
– Basilisk Medienverlag AG:	100% subsidiary of LH Holding AG
– Balmedia AG:	50% held by LH Holding AG
Winner Market AG:	Increase of interest held from 84.5% to 100% through the purchase of an additional 15.5% (Business segment: Electronic Media, Purchase price incl. transaction costs: see note 47, Date: May 31, 2002)
Partner Winner AG:	Increase of interest held from 59.2% to 100% through the purchase of an additional 40.8% (Business segment: Electronic Media, Purchase price incl. transaction costs: see note 47, Date: May 31, 2002)

Auction Winner AG	Increase of interest held from 46.5% to 100% through the purchase of an additional 53.5% (Business segment: Electronic Media, Purchase price incl. transaction costs: see note 47, Date: May 31, 2002)

Reductions

TA-Internet Holding AG:	Merged with Tamedia AG (Business segment: Electronic Media, Date: July 25, 2002)
Winner Market AG:	Merged with Tamedia AG (Business segment: Electronic Media, Date: July 19, 2002)
Auction Winner AG, Car Winner AG, Immo Winner AG, Job Winner AG, Price Winner AG:	Merged with Tamedia AG (Business segment: Electronic Media, Date: June 27, 2002)

Note 2

Conversion rates

in CHF

The following rates were used to convert foreign currencies into Swiss francs:

Year-end rates	2002	2001
100 ATS	–	10.77
100 DEM	–	75.77
100 DKK	**19.57**	19.92
1 EUR	**1.45**	1.48
100 FRF	–	22.59
1 GBP	**2.23**	2.43
1 USD	**1.39**	1.68

Average rates	2002	2001
1 EUR	**1.47**	–

Note 3

Segment Reporting

in CHF 000	Newspapers	Magazines	Electronic Media	Services	Not allocable	Eliminations	**Total Group**
As of December 31, 2001							
Third parties	518 920	124 059	12 810	100 273	0	0	**756 062**
Intercompany	0	0	0	201 360	0	(201 360)	**0**
Operating revenues	**518 920**	**124 059**	**12 810**	**301 633**	**0**	**(201 360)**	**756 062**
Operating expenses	(348 732)	(123 064)	(39 269)	(300 670)	0	201 360	**(610 375)**
Operating income before depreciation and amortization (EBITDA)	**170 188**	**995**	**(26 459)**	**963**	**0**	**0**	**145 687**
Margin [1]	32.8%	0.8%	(206.5%)	0.3%			**19.3%**
Depreciation and amortization	(22 490)	(5 350)	(31 859)	(183)	(6 428)	0	(66 309)
Operating income (EBIT)	**147 698**	**(4 355)**	**(58 318)**	**780**	**(6 428)**	**0**	**79 192**
Margin [1]	28.5%	(3.5%)	(455.3%)	0.3%			**10.5%**
Share in earnings of associated companies	5 799	0	(4 082)	205	(239)	0	**1 683**
Total assets	300 939	69 277	162 546	100 677	114 537	0	**747 977**
Total liabilities	74 078	30 675	107 343	60 748	148 764	0	**421 608**
Capital expenditures in property, plant and equipment	(10 401)	(2 074)	(547)	(976)	(14 855)	0	**(28 854)**
Capital expenditures in intangible assets	(2 136)	(49)	(12 714)	(220)	(143)	0	**(15 262)**
Average number of employees	761	195	180	846	0	0	**1 982**
As of December 31, 2002							
Third parties	401 167	109 693	27 696	101 714	0	0	**640 270**
Intercompany	0	0	0	178 143	0	(178 143)	**0**
Operating revenues	**401 167**	**109 693**	**27 696**	**279 857**	**0**	**(178 143)**	**640 270**
Operating expenses	**(311 234)**	**(114 213)**	**(41 234)**	**(280 056)**	**0**	**178 143**	**(568 594)**
Operating income before depreciation and amortization (EBITDA)	**89 933**	**(4 520)**	**(13 538)**	**(199)**	**0**	**0**	**71 676**
Margin [1]	22.4%	(4.1%)	(48.9%)	(0.2%)			**11.2%**
Depreciation and amortization	(24 660)	(5 252)	(10 095)	(16 132)	2 021	0	**(54 118)**
Operating income (EBIT)	**65 273**	**(9 772)**	**(23 633)**	**(16 330)**	**2 021**	**0**	**17 558**
Margin [1]	16.3%	(8.9%)	(85.3%)	(16.1%)			**2.7%**
Share in earnings of associated companies	3 989	0	412	1 856	175	0	**6 432**
Total assets	270 908	65 730	141 684	98 816	55 651	0	**641 283**
Total liabilities	69 829	31 487	16 347	57 443	115 551	0	**290 657**
Capital expenditures in property, plant and equipment	(14 136)	(4 417)	(696)	(154)	(1 027)	0	**(20 430)**
Capital expenditures in intangible assets	(5 184)	(23)	(391)	(664)	(2 396)	0	**(8 658)**
Average number of employees	748	204	219	833	0	0	**2 004**

1 The margin refers to operating revenues with third parties.

Exhibit 8

Operating revenues by business segment
in CHF million

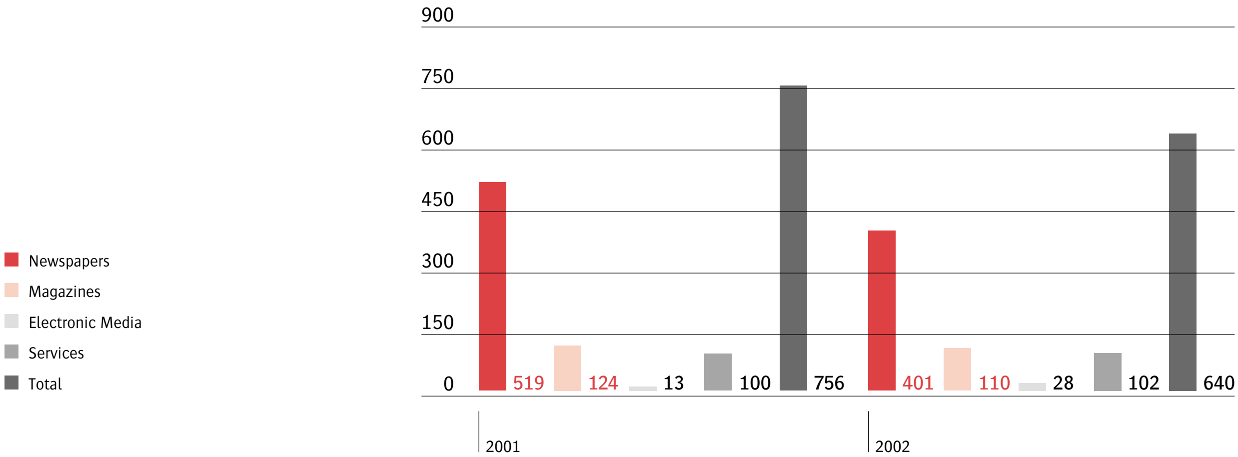
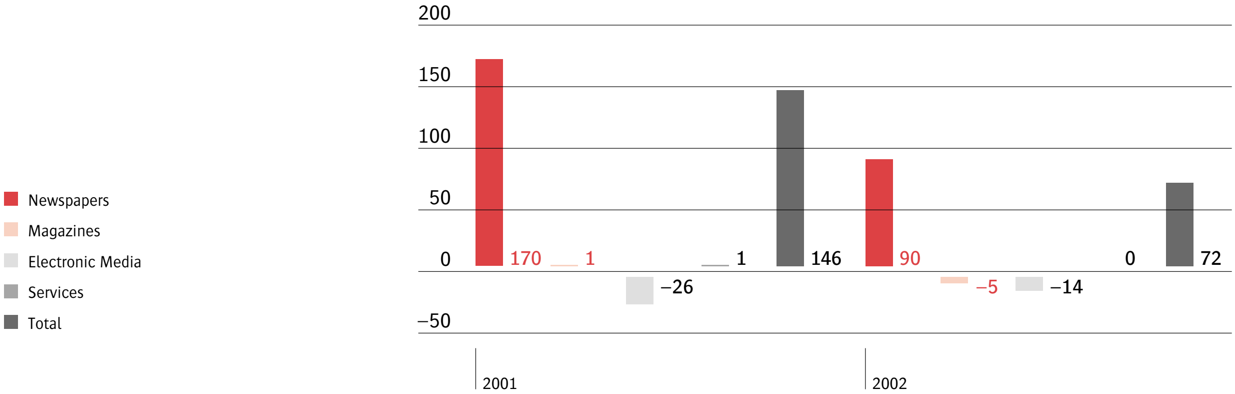


Exhibit 9

EBITDA by business segment
in CHF million

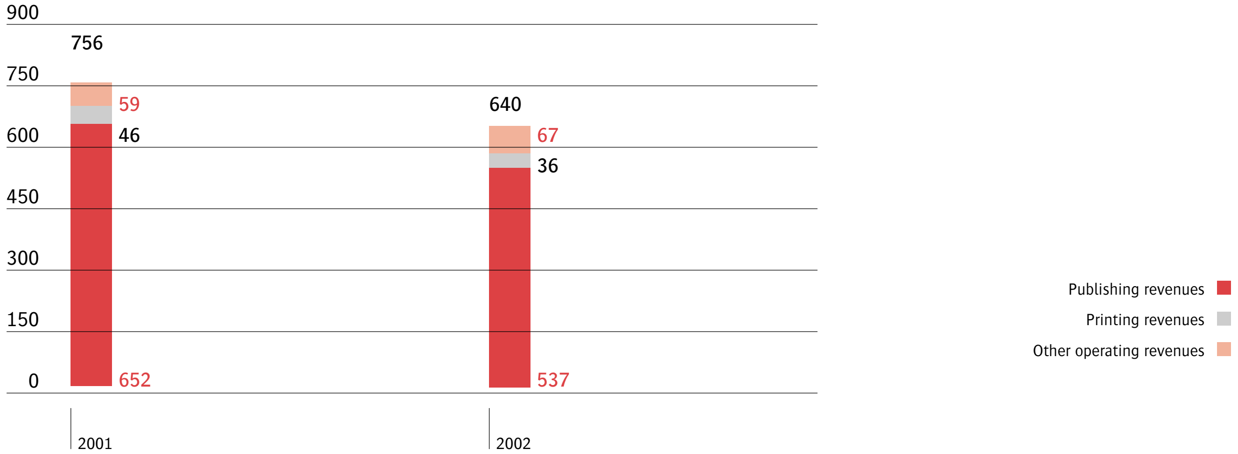


Notes to the Consolidated Income Statement

Operating revenues

in CHF million

Exhibit 10



Publishing revenues

in CHF 000

Note 4

	2002	2001
Advertising revenues	**353 447**	474 792
Circulation revenues	**151 484**	158 211
Other publishing revenues	**32 553**	18 560
Total	**537 484**	651 563

Publishing revenues decreased by CHF 114.1 million, representing 18%, compared with the prior year. Thereby, advertising revenues showed the strongest decline.

The "Tages-Anzeiger" (including all supplements), with a decline of CHF 94.1 million, fell clearly short of prior year revenues. Revenues sank from CHF 368.7 million to CHF 274.7 million, representing a decline of 26%. The weakened economy led on the one hand to lower advertising revenues, and to a marked decline in the real estate and employment ads as well. As a result, revenues from "Stellen-Anzeiger" and from "Alpha" fell by a total of CHF 76.1 million or 49%, dropping from CHF 155.6 million to CHF 79.5 million. With a decline of CHF 10.7 million, the "SonntagsZeitung" (excluding "Alpha") reported revenues 13% lower than in 2001, going from CHF 84.9 million to CHF 74.1 million. The publication "Finanz und Wirtschaft" showed revenues of CHF 29.5 million for the year, which represented a decrease of CHF 6.8 million or 19%. "ZürichExpress" also failed to match last year's revenues of CHF 28.9 million by CHF 5.0 million, representing 17%, and achieved revenues for the current year of CHF 24.0 million.

In its seventh year of publication, the news magazine "Facts" reported a decline in revenues of CHF 7.7 million, or 19%, from CHF 40.5 million to CHF 32.8 million. The decline for the "Schweizer Familie" was CHF 1.4 million, or 4%. Revenues here went from CHF 35.5 million to CHF 34.1 million. The women's magazine "annabelle" achieved revenues of CHF 30.5 million, representing a decrease of CHF 3.6 million or 11% compared with the prior year amount of CHF 34.2 million. The remaining publications "Spick", "du", and "TVtäglich" showed decreases totalling CHF 1.7 million compared with the prior year.

The results of the Belcom Group's operations for the entire 12 months were included for the first time in 2002. Radio 24 and TeleZüri achieved an operating income of CHF 12.8 million and CHF 7.2 million, respectively. In the first four months in which it was a part of the Tamedia group, Radio Basilisk contributed CHF 3.0 million in revenues. The year 2002 was a difficult one for online advertising. Accordingly, the electronic publishing revenues shrank from CHF 6.6 million to CHF 3.1 million.

Note 5

Printing revenues
in CHF 000

	2002	2001
Newspaper offset press revenues	**11 262**	12 879
Commercial weboffset press revenues	**8 795**	10 382
Template offset revenues	**11 583**	15 643
Other printing revenues	**4 476**	6 675
Total	**36 116**	45 579

Printing revenues accounted for 6% of total revenues (prior year: 6%). The decline of CHF 9.5 million, or 21%, compared with the prior year brought revenues in this area from CHF 45.6 million to CHF 36.1 million. The largest declines were reported by template offset printing, which was in particular attributable to the lower business volume at Waser Druck AG.

Note 6

Other operating revenues
in CHF 000

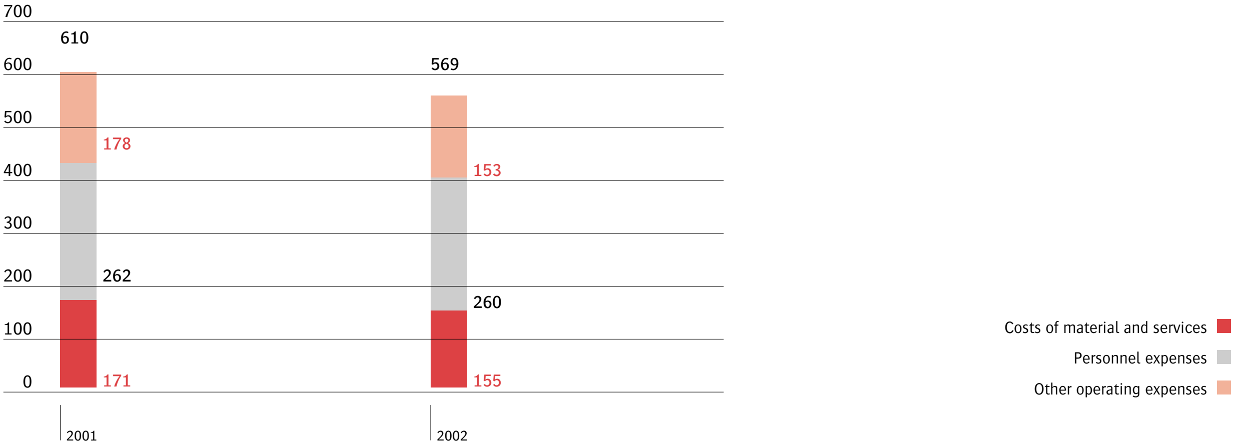
	2002	2001
Television production revenues	**13 629**	15 294
Lettershop revenues	**6 824**	6 948
Distribution revenues	**22 109**	8 977
Book publishing revenues	**4 909**	4 781
Sundry operating revenues	**19 200**	22 920
Total	**66 670**	58 920

Other revenues amounted to CHF 66.7 million or 10% of total operating revenues, compared with CHF 58.9 million, representing 8%, in the previous year. The increase of CHF 7.8 million, or 13% was the result of additional revenues for the distribution of other printed products.

Operating expenses

in CHF million

Exhibit 11



Cost of material and services

in CHF 000

Note 7

	2002	2001
Costs of material	**76 848**	92 626
Costs of services	**78 640**	78 422
Total	**155 488**	171 048

At 24% of operating revenues (prior year: 23%), the costs of material and services represent the second largest expense category. These costs declined from CHF 171.0 million by CHF 15.6 million, or 9%, to CHF 155.5 million. Of this decrease, CHF 14.1 million related to expenditures for paper, which decreased by 19% – from CHF 76.4 million to CHF 62.2 million – largely due to lower volumes.

Personnel expenses

in CHF 000

Note 8

	2002	2001
Salaries and wages	**209 214**	202 529
Social security and retirement benefits	**35 446**	36 268
Other personnel expenses	**15 614**	22 900
Total	**260 274**	261 697

Personnel/employees

Number

	2002	2001
Average	**2 004**	1 982

Personnel expenses, representing the largest expense category, amount to 40% of operating revenues (prior year: 35%). Personnel expenses declined from CHF 261.7 million to CHF 260.3 million during the current year – down by CHF 1.4 million. This decrease of 1% versus the prior year is the net result of lower expenses for employee profit participation plans and, on the other hand, higher salaries and wages.

The number of employees rose from 1,982 to 2,004, an increase of 22, or 1%. The change in the number of employees is related to the following divisions: 39 in Electronic Media (an increase of 22% compared with the prior year) and 9 in Magazines (up by 5% over 2001), offset by a decline of 13 employees each in both Newspapers and Services (representing a 2% decrease for both of these divisions compared with the prior year). The average salary increased by 2%.

Note 9

Other operating expenses
in CHF 000

	2002	2001
General operating expense	**57 053**	73 812
Distribution and selling expense	**59 741**	56 708
Advertising and public relations	**36 037**	47 110
Total	**152 832**	177 630

Other operating expenses amount to 24% of operating revenues (prior year: 23%) and declined from CHF 177.6 million to CHF 152.8 million. This reduction of 14%, or CHF 24.8 million, is largely attributable to lower general operating expenses of CHF 16.8 million on the one hand, and reduced expenses for advertising and PR in the amount of CHF 11.1 million. In 2001, provisions made for the elimination of cross-investments of Bluewin and Winner caused higher general operating expenses.

Note 10

Depreciation and amortization
in CHF 000

	2002	2001
Depreciation of property, plant and equipment	**31 138**	30 606
Amortization of goodwill	**11 481**	5 826
Amortization of other intangible assets	**3 754**	2 844
Impairment of goodwill	**7 000**	25 000
Other write-offs and allowances	**744**	2 219
Total	**54 118**	66 495

Depreciation and amortization declined from CHF 66.5 million by a total of CHF 12.4 million, or 19%, reaching CHF 54.1 million in 2002. Amortization of goodwill arising from the acquisition of the Belcom group and the Radio Basilisk group resulted in an increased expense of CHF 5.7 million. In addition, an impairment loss of CHF 7.0 million was recorded on the goodwill related to the Belcom group and the Radio Basilisk group (see note 27).

Note 11

Share in earnings of associates in CHF 000	**2002**	2001
Share in earnings of associated companies	**6 557**	6 994
Share in losses of associated companies	**(125)**	(5 311)
Total	**6 432**	1 683

The share in earnings of associates increased from CHF 1.7 million by CHF 4.7 million to CHF 6.4 million. In particular, as a result of the unsatisfactory performance of Finanzfachmarkt AG and restructuring costs in connection with the sale of this subsidiary, a loss of CHF 5.3 million had been reported in 2001 as the Group's equity share in losses of associates, versus only CHF 0.1 million in 2002.

Note 12

Other financial income (expense), net in CHF 000	**2002**	2001
Interest expense	**(393)**	(1 588)
Interest expense on financial leases	**(950)**	(1 097)
Losses on marketable securities	**(427)**	(12 488)
Write-off of financial assets	**(0)**	(10 000)
Exchange loss	**(1 623)**	(415)
Other financial expense	**(87)**	(266)
Financial expense from transactions with third parties	**(3 480)**	(25 854)
Interest income	**1 520**	3 522
Gains on marketable securities	**8**	3
Gain from sales of investment in subsidiaries	**8 222**	0
Exchange gains	**1 051**	1 072
Other financial income	**667**	711
Financial income from transactions with third parties	**11 468**	5 308
Total	**7 988**	(20 546)

Net other financial income improved from a loss of CHF −20.5 million in 2001 to an income of CHF 8.0 million in the current year, primarily as a result of significantly lower unrealized losses on current marketable securities and higher other financial income. The improvement in other financial income was largely attributable to the sale of the investment in LZ Medien Holding (see note 47). Furthermore, the CHF 10.0 million write-down of the investment in Bluewin also impacted the prior year results.

Note 13

Income taxes

in CHF 000

	2002	2001
Current taxes	**(11 980)**	(1 770)
Deferred taxes (on changes in differences between tax and financial reporting values)	**(869)**	(18 450)
Total	**(12 849)**	(20 220)

Income taxes increased in the business year 2002 to 40% of income before taxes, compared with 34% in the prior year.

Note 14

Analysis of the effective tax rate

in CHF 000

	2002	2001
Income before taxes	**31 979**	60 329
Average income tax rate	**25.1%**	38.4%
Expected tax expense (using average rates)	**(8 033)**	(23 144)
Taxes related to earnings of prior periods	**(4 178)**	3 458
Non-deductible amortization of goodwill	**(2 526)**	(1 958)
Use of tax loss carry-forwards not capitalized or considered in the past	**0**	(104)
Impact of changes in investment income deductions	**2 109**	1 574
Other items	**(221)**	(46)
Taxes	**(12 849)**	(20 220)
Effective tax rate	**40.2%**	33.5%

The decline in the weighted average tax rate resulted primarily from the reduced losses from the Winner group and its merger with Tamedia AG. In the past, these losses had no tax benefits and could not be offset against future taxable income.

Note 15

Minority interests in net income

in CHF 000

	2002	2001
Minority interests in profits	**(328)**	(539)
Minority interests in losses	**1 371**	3 780
Total	**1 043**	3 241

Due to the lower losses in the Electronic Media division and the elimination of the cross-investments of Bluewin and Winner, minority interests in losses changed from CHF 3.8 million by CHF 2.4 million, going to CHF 1.4 million.

Discontinuing operations

Note 16

in CHF 000

The discontinuing operations are comprised solely of TV3.

	2002	2001
Total assets	**10 698**	25 179
Total liabilities	**1 168**	50 511
Net assets/(liabilities)	**9 530**	(25 332)
Operating revenues	**0**	33 745
Operating expenses	**0**	(75 098)
Operating loss before depreciation and amortization (EBITDA)	**0**	(41 353)
Depreciation and amortization	**0**	(3 312)
Operating loss (EBIT)	**0**	(44 665)
Financial result, net	**0**	(2 098)
Loss before taxes	**0**	(46 763)
Taxes	**0**	10 755
Loss before closing costs	**0**	(36 008)
Provision for decline in value of property, plant and equipment	**0**	(12 078)
Badwill from takeover of SBS loans and shares in TV3	**0**	9 496
Release of provisions no longer needed	**21 162**	0
Closing costs including value declines under existing contracts	**0**	(23 678)
Taxes	**(5 773)**	7 093
Net income/(loss)	**15 389**	(55 175)
Net cash used by operations [1]	**(7 962)**	(36 411)
Net cash flow for investment activities	**2 043**	(11 264)
Net cash flow from financing activities	**0**	41 821
Change in cash and cash equivalents	**(5 919)**	(5 854)
Anticipated timing for sale of net assets	**completed**	2nd–3rd quarter 2002

1 In 2002, TV3 no longer had operating activities. The expenditures caused by the liquidation were completely covered by provisions.

The decision was made at the end of December 2001 to liquidate TV3, which had been founded in 1999 as a joint venture by Tamedia AG and SBS Broadcasting SA. Provisions totalling CHF 35.8 million were made at that time. During 2002, CHF 15.8 million of these provisions were used, and CHF 21.2 million (net) proved to be unnecessary and could be reversed. At the end of 2002, provisions of CHF 0.4 million remain.

Negotiations with creditors are well advanced. At the present time, it is expected that the liquidation will be completed during the second and third quarters of 2003.

Note 17

Net income (loss) per share

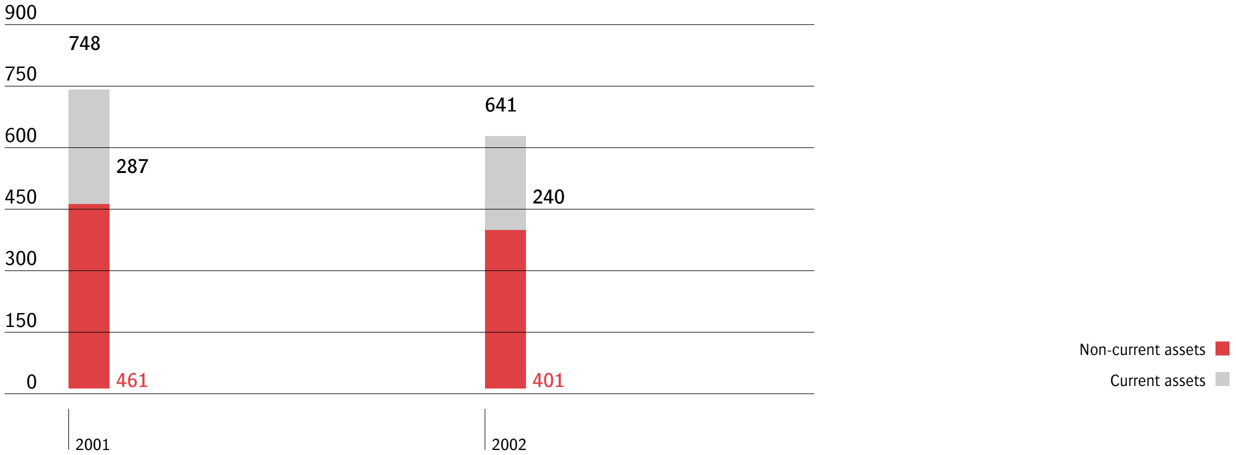
Number		2002	2001
Weighted average of shares outstanding during the year:			
Number of shares outstanding		**10 000 000**	10 000 000
Number of treasury shares (weighted average)		**9 276**	4 936
Number of shares outstanding (weighted average)		**9 990 724**	9 995 064
Undiluted			
Net income (loss)	in CHF 000	**35 562**	(11 825)
Weighted average of shares outstanding applicable for this calculation		**9 990 724**	9 995 064
Net income per share (undiluted)	in CHF	**3.56**	(1.18)
Diluted			
Net income (loss)	in CHF 000	**35 562**	(11 825)
Weighted average of shares outstanding applicable for this calculation		**9 990 724**	9 995 064
Net income per share (diluted)	in CHF	**3.56**	(1.18)

Notes to the Consolidated Balance Sheet

Assets

Exhibit 12

in CHF million



Trade accounts receivable

Note 18

in CHF 000

	2002	2001
Trade accounts receivable from third parties	**107 904**	131 363
Trade accounts receivable from associated companies and other related companies or parties	**3 067**	397
Allowance for doubtful accounts	**(3 314)**	(2 641)
Total	**107 657**	129 119

Trade accounts receivable sank by CHF 21.5 million, or 17%, due to lower revenues, going from CHF 129.1 million to CHF 107.7 million.

An allowance for doubtful accounts of CHF 3.3 million has been made.

Inventories

Note 19

in CHF 000

	2002	2001
Raw materials	**3 150**	4 113
Work in process	**1 790**	3 970
Finished goods	**2 027**	1 520
Trade merchandise	**1 059**	694
Other inventories	**10**	0
Total	**8 037**	10 297

Inventories decreased from CHF 10.3 million to CHF 8.0 million. The change of CHF 2.3 million compared with the prior year is largely attributable to the lower level of work in process, of which CHF 2.6 million resulted from discontinuing the TV3 operations.

Note 20

Property, plant and equipment

in CHF 000	Land	Buildings, and fixtures	Non-operating land and buildings	Technical systems and machinery	Furnishings, automobiles and art objects	Advance payments and assets under construction	**Total property, plant and equipment**
Historical cost at							
January 1, 2001	**50 723**	**176 735**	**0**	**257 861**	**13 712**	**22 961**	**521 991**
Changes in Group companies	1 798	7 182	0	3 256	255	0	**12 491**
Additions	0	9 235	0	10 055	4 325	5 239	**28 854**
Disposals	0	(11 548)	0	(7 977)	(3 323)	(2)	**(22 850)**
Transfers	0	10 022	0	12 253	732	(22 857)	**150**
Balance at December 31, 2001	**52 521**	**191 626**	**0**	**275 448**	**15 701**	**5 341**	**540 636**
Changes in Group companies	0	0	8 931	138	0	0	**9 069**
Additions	0	1 314	0	4 293	195	14 628	**20 430**
Disposals	0	(7 061)	0	(12 895)	(1 147)	0	**(21 103)**
Transfers	0	1 483	0	1 555	(22)	(3 016)	**0**
Balance at December 31, 2002	**52 521**	**187 362**	**8 931**	**268 539**	**14 727**	**16 953**	**549 032**
Accumulated depreciation at							
January 1, 2001	**135**	**102 086**	**0**	**165 782**	**8 897**	**0**	**276 899**
Annual depreciation	0	8 063	0	23 963	1 534	0	**33 560**
Impairment loss	0	0	0	0	0	0	**0**
Other depreciation	0	0	0	0	0	0	**0**
Disposals	0	(11 240)	0	(7 167)	(2 551)	0	**(20 958)**
Transfers	0	3	0	116	(1)	(2)	**116**
Balance at December 31, 2001	**135**	**98 912**	**0**	**182 694**	**7 879**	**(2)**	**289 617**
Annual depreciation	0	7 226	89	23 501	1 308	(1)	**32 124**
Impairment loss	0	0	0	0	0	0	**0**
Additions	0	0	0	0	0	0	**0**
Disposals	0	(6 660)	0	(9 404)	(858)	0	**(16 922)**
Transfers	0	0	0	0	1	2	**2**
Balance at December 31, 2002	135	99 477	89	196 790	8 330	(1)	**304 822**
Net book value of assets at							
December 31, 2002	**52 386**	**87 884**	**8 842**	**71 748**	**6 397**	**16 954**	**244 211**
of which leased	0	0	0	27 533	0	0	27 533
of which for sale	0	0	0	0	0	0	0
Net book value at							
December 31, 2001	**52 386**	**92 714**	**0**	**92 754**	**7 822**	**5 343**	**251 019**
of which leased	0	0	0	31 939	0	0	31 939
of which for sale	0	717	0	3 873	249	0	4 839

Additional fixed assets from the acquisition of Radio Basilisk led to an increase in property, plant and equipment of CHF 9.1 million. Capital expenditures declined from CHF 28.9 million to CHF 20.4 million. Depreciation expense was also less than in 2001, and amounted to CHF 32.1 million (prior year: CHF 33.6 million). As a result of disposals, property, plant and equipment declined by CHF 4.2 million. Overall, net fixed assets decreased by CHF 6.8 million, from CHF 251.0 million to CHF 244.2 million.

Note 21

Investment properties
in CHF 000

	2002	2001
Rent income	**265**	–
Rent expense	**(252)**	–
Net rent income	**13**	–
Fair value of investment property	**8 931**	–

The real estate property taken over as part of the acquisition of the Radio Basilisk group is currently the only item included in this asset category. As an appraisal of the property was obtained from third party experts in connection with the acquisition, no new appraisal was obtained at year-end.

The following limitations exist regarding the realization of the value of this property: It was purchased in construction rights, for which the contract expires in 2035. The contract may be extended for a maximum of 50 years. The party who granted the construction rights has a pre-purchase option. In the event that the property would have to be rendered back to the counter-party, the Group has the right to receive compensation based on the fair value of the property at that time.

Note 22

Investments in associated companies
in CHF 000

	2002	2001
Total	**6 044**	9 148

The decrease in investments in associated companies of CHF 3.1 million is largely due to the Group's lower shares in the net income of such companies, which were less than the dividends distributed – in particular for the "Berner Zeitung".

Other financial assets

Note 23

in CHF 000

	2002	2001
Other investments	**152**	39 152
Long-term loans receivable from third parties	**2 875**	8 785
Pension plan assets	**24 527**	25 369
Other financial assets	**2 806**	2 986
Total	**30 361**	76 292

The elimination of the cross-investments of Bluewin and Winner was largely responsible for the decrease of CHF 45.9 million in other financial assets, which declined from CHF 76.3 million to CHF 30.4 million (see note 47).

Employee benefits

Note 24

in CHF 000

The information and calculations which follow also include the discontinuing operations.

	2002	2001
Plan assets at discounted market values	**793 257**	844 774
Less projected benefit obligation (PBO)	**(824 695)**	(770 387)
Assets in excess of/below obligations	**(31 438)**	74 387
Actuarial losses not recognized	**169 219**	108 665
Excess funding not capitalized (according to IAS 19 § 58b)	**(113 254)**	(157 683)
Pension plan assets included in the balance sheet (other financial assets)	**24 527**	25 369

For the Swiss pension funds, only the board of trustees can make decisions regarding the use of available free funds. Therefore, the capitalization of any over-funding is only possible to the extent that benefits accrue to the employer according to the law and by decision of the board of trustees. In so doing, the actual financial situation of the pension fund must be considered and the equal treatment of active employees and retirees covered must be respected.

Because for the pension plans with PBO's in excess of plan assets, the unrecognised actuarial losses exceeded this under-funding after considering employer's reserves, the under-funding was not recorded as a liability. Amounts recorded as pension plan assets consist of employer reserves and a portion of the pension plans' free funds for those plans which are over-funded.

According to IAS 19 § 58A (revised version of IAS 19 from 2002), the unrecognised actuarial losses as well as the unrecognised excess of plan assets over projected benefit obligations (according to IAS 19 § 58b) would have been CHF 45.0 million less at December 31, 2002.

Analysis of retirement benefit expense from defined benefit plans
in CHF 000

	2002	2001
Current service cost	**33 076**	30 763
Interest cost	**31 592**	29 490
Projected return on plan assets	**(42 897)**	(44 422)
Employee contributions	**(10 795)**	(11 355)
Actuarial loss recognized in the current year according to IAS 19 § 58A	**45 014**	0
Actuarial loss from prior years recognized during the current year	**2 748**	0
Past service costs – non-expiring benefits	**1 285**	942
Change in excess/(deficient) funding not capitalized	**(44 429)**	10 381
Retirement benefit expense reflected in the income statement	**15 594**	15 799

Change in plan assets capitalized
in CHF 000

	2002	2001
Plan assets as of January 1	**25 369**	25 224
Total retirement benefit expense as shown above	**(15 594)**	(15 799)
Employer contributions	**14 752**	15 944
Plan assets as of December 31	**24 527**	25 369

Return on plan assets
in CHF 000

	2002	2001
Actual return on plan assets	**(59 287)**	(44 376)
Less projected return on plan assets	**42 897**	44 422
Actuarial losses from return on plan assets	**(102 184)**	(88 798)

Actuarial assumptions
in %

	2002	2001
Discount rate	**4.0**	4.0
Long-term rate of return on assets	**5.0**	5.0
Salary progression	**1.5**	1.5
Pension benefit progression	**1.1**	1.1

The most recent actuarial appraisal (based on the projected unit credit method) was performed as of January 1, 2002 and rolled forward to December 31, 2002. The market value of plan assets is determined each year.

Contributions to defined contribution plans in CHF 000	**2002**	2001
Total	**1 846**	1 390

Value of property, plant and equipment belonging to pension funds and used by the Group in CHF 000	**2002**	2001
Total	**0**	0

Liabilities to employee benefit plans in CHF 000	**2002**	2001
Liabilities to Tamedia pension funds	**432**	270
Liabilities to other pension funds	**15**	372
Total	**447**	642

Note 25

Deferred tax assets in CHF 000	**2002**	2001
Deferred taxes due to timing differences in the valuation of:		
Investments in associated companies	**7 036**	12 250
Other fixed assets	**159**	0
Tax loss carry-forwards capitalized	**1 300**	565
Deferred tax assets	**8 495**	12 815

Note 26

Tax loss carry-forwards not recognized in CHF 000	**2002**	2001
Tax loss carry-forwards not capitalized	**(87 994)**	(86 217)
expiring within 1 year	**(2 707)**	(5 315)
expiring in 2 to 5 years	**(28 816)**	(10 248)
expiring beyond 5 years	**(56 471)**	(70 654)

At the end of 2002, tax loss carry-forwards not capitalized amounted to CHF 88.0 million, relating primarily to Winner and TeleZüri. The utilization of these tax loss carry-forwards to reduce future taxable income must be regarded as unlikely.

Intangible assets

in CHF 000	Goodwill	Publishing rights and other legal rights	Software development-costs	Film licenses [1]	Other intangible assets	**Total intangible assets**
Historical cost at						
January 1, 2001	**33 878**	**4 790**	**16 129**	**10 883**	**0**	**65 680**
Changes in Group companies	0	0	385	3 541	0	**3 926**
Additions	97 539	0	2 240	11 264	1 758	**112 801**
Disposals	0	(3 211)	(2 480)	0	0	**(5 691)**
Transfers	0	0	(234)	0	0	**(234)**
Balance at December 31, 2001	**131 417**	**1 579**	**16 040**	**25 688**	**1 758**	**176 482**
Changes in Group companies	0	0	0	0	0	**0**
Additions	23 261	0	6 331	0	2 327	**31 919**
Disposals	(1 603)	(1 498)	(4 935)	(25 688)	0	**(33 724)**
Transfers	0	0	3 886	0	(3 886)	**0**
Balance at December 31, 2002	**153 075**	**81**	**21 322**	**0**	**199**	**174 677**
Accumulated depreciation at						
January 1, 2001	**3 528**	**3 632**	**10 801**	**7 341**	**0**	**25 302**
Annual depreciation	5 854	324	2 852	10 283	0	**19 313**
Impairment loss	25 000	0	0	0	0	**25 000**
Other depreciation	0	0	0	0	0	**0**
Disposals	791	(2 923)	(2 226)	0	0	**(4 358)**
Transfers	(1)	0	(117)	0	0	**(118)**
Balance at December 31, 2001	**35 172**	**1 033**	**11 310**	**17 624**	**0**	**65 139**
Annual depreciation	11 606	228	3 613	0	0	**15 448**
Impairment loss	7 000	0	0	0	0	**7 000**
Additions	0	0	0	0	0	**0**
Disposals	(1 530)	(1 216)	(4 706)	(17 624)	0	**(25 076)**
Transfers	(1)	(1)	0	0	0	**(2)**
Balance at December 31, 2002	**52 248**	**44**	**10 217**	**0**	**0**	**62 509**
Net book value at						
December 31, 2002	**100 827**	**37**	**11 105**	**0**	**200**	**112 169**
of which leased	0	0	0	0	0	0
of which for sale	0	0	0	0	0	0
Net book value at						
December 31, 2001	**96 245**	**546**	**4 730**	**8 064**	**1 758**	**111 343**
of which leased	0	0	0	0	0	0
of which for sale	0	0	305	8 064	0	8 369

1 The amortization of film broadcasting rights is included in expenses under "Costs of material and services". Due to the discontinuation of TV3, appropriate provisions were made in 2001.

Intangible assets increased from CHF 111.3 million to CHF 112.2 million, an increase of CHF 0.8 million. The additions of CHF 31.9 million relate to goodwill in the amount of CHF 21.6 million from the acquisition of Radio Basilisk, and CHF 6.3 million for capitalized software project costs, particularly in connection with the introduction of new computer programs in the areas of newspaper editing and distribution. Disposals of intangible assets, which totalled CHF 8.6 million, were made primarily in connection with the liquidation of film broadcasting licenses of TV3.

Based on the revised business plans for the years 2003 to 2007 and the resulting mid-term projections, financial forecasts were made at the end of 2002 assuming different growth rates and various WACC's. These calculations, combined with an assessment of Radio 24's and Radio Basilisk's market position, formed the basis for recording an impairment loss on goodwill in the amount of CHF 4.5 million for Radio 24 and CHF 2.5 million for Radio Basilisk.

Note 28

Financial debt in CHF 000	**2002**	2001
Current bank debt	**0**	9
Current leasing obligations	**4 942**	4 942
Current maturities of long-term financial debt	**6 435**	21 032
Other short-term financial debt	**1 082**	827
Current debt	**12 459**	26 810
Long-term bank debt	**0**	1 000
Long-term leasing obligations	**18 475**	22 579
Long-term loans from third parties	**830**	6 980
Long-term debt	**19 305**	30 559
Financial debt	**31 764**	57 369
Maturities		
within 1 year	**12 459**	26 810
1 to 5 years	**19 305**	29 679
beyond 5 years	**0**	880
Total	**31 764**	57 369
Weighted average interest rate		
within 1 year	**3.8%**	4.4%
1 to 5 years	**3.7%**	4.0%
beyond 5 years	–	3.6%

Financial debt has declined by CHF 25.6 million, from CHF 57.4 million to CHF 31.8 million. This is in particular attributable to the repayment of a credit in the amount of CHF 20.0 million.

Note 29

Trade accounts payable
in CHF 000

	2002	2001
Trade accounts payable to third parties	**40 335**	51 018
Trade accounts payable to associated companies and other related companies or parties	**1 694**	295
Total	**42 029**	51 313

Trade accounts payable sank from CHF 51.3 million to CHF 42.0 million due to lower operating expenses.

Note 30

Other current payables
in CHF 000

	2002	2001
Payable to public authorities	**4 482**	5 679
Advance payments from customers	**3 382**	5 339
Current provisions	**1 668**	81 402
Other current accounts payable	**8 996**	7 284
Total	**18 529**	99 704

Other current payables show a marked decrease of CHF 81.2 million, down to CHF 18.5 million from CHF 99.7 million in the prior year. Current provisions could be decreased by a total of CHF 79.7 million; CHF 34.8 million thereof resulted from the liquidation of TV3, and CHF 45.6 million from the elimination of the cross-investments of Bluewin and Winner (see note 47).

Note 31

Deferred revenues and accrued liabilities
in CHF 000

	2002	2001
Deferred subscription revenues	**86 181**	80 620
Other accrued liabilities	**36 977**	52 612
Total	**123 158**	133 232

Higher levels of subscriptions over several years resulted in an increase in deferred subscription revenues of CHF 5.6 million. The takeover of Meyer's led to higher liabilities for "Schweizer Familie". The remaining increase is primarily attributable to the "SonntagsZeitung". The change in other accrued liabilities of CHF 15.6 million relates for the most part to lower employee profit participation liabilities (decrease CHF 4.7 million) and also to TV3 (decrease CHF 3.0 million).

Note 32

Provisions for deferred taxes
in CHF 000

	2002	2001
Land and buildings	**10 992**	10 342
Other property, plant and equipment	**15 145**	18 286
Pension plans	**5 907**	5 827
Provisions and accruals including taxes	**13 420**	14 289
Marketable securities, loans	**9 708**	2 661
Other balance sheet items	**2 049**	2 997
Total	**57 221**	54 402

Note 33

Provisions
in CHF 000

	Bluewin	Personnel -	TV3	Others	Total
Balance at January 1, 2001	**36 722**	**3 288**	**740**	**7 784**	**48 534**
Increase	94	546	36 810	9 930	**47 380**
Reversal	0	(646)	(198)	(2 083)	**(2 927)**
Used during the period	(12)	(605)	0	(1 306)	**(1 923)**
Balance at December 31, 2001	**36 804**	**2 583**	**37 352**	**14 325**	**91 064**
of which current	36 804	0	35 183	9 415	**81 402**
of which long-term	0	2 583	2 169	4 910	**9 662**
Balance at January 1, 2002	**36 804**	**2 583**	**37 352**	**14 325**	**91 064**
Increase	4	0	1 426	455	**1 885**
Reversal	(623)	(635)	(22 588)	(1 953)	**(25 799)**
Used during the period	(36 185)	0	(15 780)	(7 556)	**(59 521)**
Balance at December 31, 2002	**0**	**1 948**	**410**	**5 271**	**7 629**
of which current	0	407	410	851	**1 668**
of which long-term	0	1 541	0	4 420	**5 961**

Current and long-term provisions dropped from CHF 91.1 million to CHF 7.6 million. The decrease of CHF 83.4 million was largely the result of CHF 36.9 million for the liquidation of TV3, as well as CHF 45.6 million for the elimination of cross-investments in Bluewin (CHF 36.8 million) and Winner (CHF 8.8 million).

Note 34

Other long-term liabilities
in CHF 000

	2002	2001
Total	**1 031**	6 206

Because of the maturity of certain liabilities within the next twelve months, other long-term liabilities have declined by CHF 5.2 million.

Note 35

Share capital
in CHF 000

	2002	2001
10 000 000 registered shares with a nominal value of CHF 10 each, fully paid in	**100 000**	100 000

A shareholders' agreement exists for 76% of the ten million registered shares.

Note 36

Treasury shares

Number of treasury shares Number	2002	2001
Balance at January 1	12 777	0
Purchases	**0**	13 327
Sales	**(5 251)**	(550)
Balance at December 31	**7 526**	12 777

Cost of treasury shares in CHF 000	2002	2001
Balance at January 1	1 398	0
Purchases	**0**	1 442
Sales	**(604)**	(44)
Balance at December 31	**794**	1 398

Prices paid/received in CHF	2002	2001
Purchases (weighted average)	–	108.22
min.	–	78.20
max.	–	173.14
Sales (weighted average)	**115.00**	80.05
min.	**115.00**	80.05
max.	**115.00**	80.05

During the year, 5,251 treasury shares at a total cost of CHF 0.6 million were allocated to employees in connection with the 2001 employee stock option program (see note 50).

Notes to the Consolidated Cash Flow Statement

Note 37

Additional information regarding the acquisition and sales of Group companies

in CHF 000

	2002	2001
Current assets	**3 116**	36 406
Non-current assets	**9 069**	18 954
Total assets	**12 185**	55 360
Current liabilities	**2 220**	35 567
Long-term liabilities	**7 297**	4 328
Net assets	**2 668**	15 465
Minority interests in net assets	**0**	(233)
Net assets acquired/sold	**2 668**	15 232
Share previously held	**0**	(150)
Goodwill	**23 261**	97 539
Badwill	**0**	(9 496)
Purchase price	**25 929**	103 125
Cash and cash equivalents acquired	**(60)**	(6 571)
Cash funds used/(provided)	**25 869**	96 554

During 2002, Radio Basilisk was purchased. As a result, total assets increased by CHF 12.2 million and liabilities by CHF 9.5 million. The net loss was CHF −0.8 million.

In addition to the purchase price for the Radio Basilisk group, the total purchase price includes the subsequent conditional purchase payments for Verlag Finanz und Wirtschaft AG of CHF 1.7 million (2001: CHF 1.3 million), which were based on the earnings of this subsidiary. Depending upon the future earnings of the Radio Basilisk group, in addition to the purchase price paid in 2002, conditional future payments in the maximum amount of CHF 2.0 million may become due until at the latest 2004.

Overall, the acquisitions of subsidiaries in 2002 lead to a net reduction in cash and cash equivalents of CHF 25.9 million.

Note 38

Changes in cash and cash equivalents

Cash and cash equivalents include cash on hand, postal and bank accounts, time deposits with maturities of up to three months, and checks.

Other Notes to the Consolidated Financial Statements

Joint-Ventures

Note 39

in CHF 000

	2002	2001
Current assets	**11 792**	7 665
Non-current assets	**1 971**	1 817
Total assets	**13 763**	9 482
Current liabilities	**8 096**	4 064
Long-term liabilities	**114**	119
Total liabilities	**8 210**	4 183
Shareholders' equity	**5 553**	5 299
Total liabilities and shareholders' equity	**13 763**	9 482
Operating revenues	**71 934**	52 691
Operating expenses	**(71 427)**	(51 927)
Operating income before depreciation and amortization (EBITDA)	**507**	764

The amounts shown above exclude TV3.

Guarantees and assets pledged for the benefit of third parties

Note 40

in CHF 000

There were no guarantees or assets pledged for the benefit of third parties.

Financial leases

Note 41

in CHF 000

	2002	2001
Due within 1 year	**5 054**	5 054
Due between 1 and 5 years	**19 618**	20 215
Due beyond 5 years	**1 098**	5 555
Total	**25 770**	30 824
Less interest component	**(2 353)**	(3 303)
Financial lease obligations	**23 417**	27 521
Of which current	**4 942**	4 942
Of which long-term	**18 475**	22 579

No new financial leases were concluded during 2002. The two existing contracts expire in 2007 and in 2008.

Note 42

Non-cancellable operating leases and rental commitments
in CHF 000

	2002	2001
Land, buildings and fixtures	**69 447**	69 018
Machinery and furnishings	**1 467**	1 396
Total	**70 914**	70 414
Due within 1 year	**6 531**	6 595
Due between 2 and 5 years	**19 952**	19 583
Due beyond 5 years	**44 432**	44 236

Note 43

Purchase commitments
in CHF/EUR 000

	2002	2001
	in EUR	in EUR
Purchase commitments for paper	**39 605**	62 153
	in CHF	in CHF
Purchase commitments project "Rota 2005"	**87 663**	0
Purchase commitments for television licenses	**0**	24 989
of which provided for in the balance sheet	**0**	(14 989)

One- to three-year contracts to purchase newspaper and magazine paper have been entered into with large suppliers. Valued at prices which prevailed as of the balance sheet date, the resulting purchase commitments amounted to EUR 39.6 million.

In connection with the replacement of the newspaper print machine and the expansion of the printing center, commitments of CHF 87.7 million for the purchase of property, plant and equipment exist.

Due to the liquidation of TV3, there are no longer purchase commitments for television broadcasting licenses.

Derivative financial instruments

Note 44

in CHF 000

	2002	2001
Forward foreign currency contracts/currency swaps		
Contract volume	**117 014**	72 621
Fair value	**(592)**	556
Interest rate swaps		
Contract volume	**0**	20 000
Fair value	**0**	0

The forward foreign currency contracts, consisting of EUR forward contracts and currency swaps with total contract volumes of CHF 117.0 million (prior year CHF 72.6 million), serve as hedges of commitments to purchase materials and to purchase the new newspaper offset rotary machines.

Depending upon the maturity of such financial instruments, their fair values are included either in current or in non-current financial assets or liabilities. Currently outstanding hedge transactions are not treated as hedge transactions for accounting purposes.

Encumbrance of assets

Note 45

in CHF 000

	2002	2001
Mortgages and long-term advances secured by land and buildings	**6 165**	20 000
Related to land and buidlings with a net book value of	**128 963**	123 142
Subscription insurance secured by assets	**1 011**	1 116
Related to marketable securities with a net book value of	**5 781**	6 390
Assets pledged as collateral or subject to liens	**7 176**	21 116
Related to assets with a total book value of	**134 744**	129 532

Insured values of property, plant and equipment

Note 46

in CHF 000

	2002	2001
Total	**671 906**	622 413

As a result of the acquisition of Radio Basilisk and of increasing the insurance coverage, the amount of property, plant and equipment insured in the event of fire increased to CHF 671.9 million.

Subsidiaries **Note 47**

The following companies are included in the Tamedia Group as of December 31, 2002:

Company name	Domicile	Currency	Share capital (in thousands)	Business segment	Method of consolidation	Share of capital held 2002	Share of voting rights
Tamedia AG	Zurich	CHF	100 000		F	–	–
alaCasa.ch AG (former Intercity.ch AG)	Zurich	CHF	100	E	E	25.0%	25.0%
Anzeiger von Uster AG	Uster	CHF	600	N	C	10.0%	10.0%
BD Bücherdienst AG	Einsiedeln	CHF	500	S	F	72.0%	72.0%
Service Zentrum Buch SZB AG	Zug	CHF	108	S	E	24.0%	24.0%
Belcom Holding AG	Zurich	CHF	506	E	F	100.0%	100.0%
Radio 24 AG	Zurich	CHF	100	E	F	100.0%	100.0%
TeleZüri AG [1]	Zurich	CHF	8 250	E	F	100.0%	100.0%
Belcom AG	Zurich	CHF	100	E	F	100.0%	100.0%
Takeoff-Communications AG	Zurich	CHF	500	E	F	100.0%	100.0%
Zürivision AG [2]	Zurich	CHF	60	E	F	66.6%	66.6%
Berner Zeitung AG	Berne	CHF	500	N	E	49.0%	49.0%
Betriebsgesellschaft SonntagsZeitung [3]	Zurich	CHF	–	N	F	85.0%	85.0%
Bevo AG	Berne	CHF	100	S	E	25.0%	25.0%
Condor Communications AG	Zurich	CHF	3 000	E	F	70.0%	70.0%
Condor Communications GmbH	D-Berlin	EUR	25	E	F	70.0%	70.0%
DMT Marketing Support AG	Zug	CHF	300	S	F	100.0%	100.0%
Express Zeitung AG [4]	Zurich	CHF	100	N	F	100.0%	100.0%
Facts-Media AG	Zurich	CHF	100	M	F	100.0%	100.0%
Immovista AG	Zurich	CHF	100	E	C	5.0%	5.0%
LH Holding AG	Basle	CHF	224	E	F	100.0%	100.0%
MCC Media Clearing	Basle	CHF	100	E	F	100.0%	100.0%
Basilisk Medienverlag	Basle	CHF	200	E	F	100.0%	100.0%
Balmedia AG	Basle	CHF	100	E	Q	50.0%	50.0%
Medag AG für Medienarbeit	Basle	CHF	150	E	F	100.0%	100.0%
Metro Media AG	Basle	CHF	100	E	E	25.0%	25.0%
Partner Winner AG	Zurich	CHF	100	E	F	100.0%	100.0%
Presse Publicité Rep SA	Geneva	CHF	200	S	E	50.0%	50.0%
PrintOnline AG	Schlieren	CHF	1 600	S	E	25.0%	25.0%
Radio Basilisk Betriebs AG	Basle	CHF	250	E	F	100.0%	100.0%
Regor AG	Rorbas	CHF	400	S	F	100.0%	100.0%
Schweizerische Depeschenagentur AG	Berne	CHF	2 000	S	C	5.0%	5.0%
SECM World Media Network. in Liquidation	F-Paris	FRF	50	N	C	53.0%	53.0%
SMD Schweizer Mediendatenbank AG	Zurich	CHF	900	S	E	33.3%	33.3%
Swissdox AG	Zurich	CHF	100	S	E	33.3%	33.3%
Tagblatt der Stadt Zürich AG	Zurich	CHF	200	N	F	60.0%	60.0%
Tages-Anzeiger Verlag AG	Zurich	CHF	100	N	F	100.0%	100.0%

Company name	Domicile	Currency	Share capital (in thousands)	Business segment	Method of-consolidation	Share of capital held 2002	Share of voting rights
TV3 AG, in Liquidation	Zurich	CHF	100	E	F	100.0%	100.0%
TVtäglich [3]	Zurich	CHF	–	M	Q	50.0%	50.0%
Verlag Finanz und Wirtschaft AG	Zurich	CHF	1 000	N	F	100.0%	100.0%
Verlags-AG SonntagsZeitung	Zurich	CHF	1 000	N	F	85.0%	85.0%
Waser Druck AG	Buchs ZH	CHF	2 500	S	F	100.0%	100.0%
Winner AG	Zurich	CHF	100	E	F	100.0%	100.0%
ZUVO Zustell- und Vertriebsorganisation AG	Zurich	CHF	1 500	S	Q	50.0%	50.0%
AZ Vertriebs AG	Aarau	CHF	100	S	E	12.5%	12.5%
PVG Pressevertriebs GmbH	Lucerne	CHF	102	S	E	16.7%	16.7%
Südostschweiz Pressevertrieb AG	Chur	CHF	100	S	E	17.5%	17.5%

1 held 50% by Tamedia AG and 50% by Belcom Holding AG
2 Tamedia AG and Belcom Holding AG each hold a 33.3% interest
3 simple company
4 name changed in connection with the launch of "express" (former Bonus Medien AG)

Business segment:
N = Newspaper
M = Magazines
E = Electronic Media
S = Services

Method of consolidation:
F = Full consolidation
Q = Quota consolidation
E = Equity method
C = Cost or market value

On January 23, Condor Communications AG founded the subsidiary Condor Communications GmbH in Germany, in which a 70% interest is held (founding capital: EUR 0.03 million). The SMD Schweizer Mediendatenbank AG made a 100% investment in Swissdox AG on March 5 (founding capital: CHF 0.1 million).

In connection with the elimination of the cross investments between Bluewin and Winner, all shares held by third parties were acquired on May 31 – in particular 15.5% in Winner Market AG, 40.8% in Partner Winner AG, as well as 53.5% in Auction Winner AG. At the same time, the 8% interest in Bluewin AG was sold to Swisscom. At the end of June, the following companies from the Winner group were merged with Tamedia AG: TA-Internet AG, Winner Market AG, Auction Winner AG, Car Winner AG, Immo Winner AG, Job Winner AG and Price Winner AG. The provisions which had been made for these transactions were completely sufficient.

On September 13, 100% of the Radio Basilisk group could be acquired. Thus, Tamedia holds 100% of Radio Basilisk Betriebs AG, 100% of LH Holding AG, 100% of MCC Media Clearing Center AG, 100% of Medag AG für Medienarbeit, 50% of Balmedia AG and 25% of Metro Media AG. The total purchase price including transaction costs was CHF 24.2 million. The 5% investment in LZ Medien Holding AG was disposed of on August 29. On November 20, the 33.3% investment in AdLINK Internet Media AG was sold.

Note 48

Related party transactions

With the exception of the employee stock option plan described in note 50, there were no transactions with related parties.

Note 49

Remuneration of executives and directors

During 2002, remuneration of the eight members of Tamedia AG's Executive Board (weighted average 5.6 members) included aggregate amounts of CHF 3.882 million for salaries (2001: CHF 6.995 million), CHF 0.177 million for retirement benefits (2001: CHF 0.219 million), and CHF 0.220 million for out-of-pocket expenses (2001: CHF 0.122 million). Provisions for expenses relating to the resignation of corporate management amounted to CHF 0.482 million (2001: CHF 2.165 million).

During the same year, remuneration of the seven members of the Board of Directors included total fees of CHF 1.905 million (2001: CHF 1.865 million), total retirement benefits of CHF 0.043 million (2001: CHF 0.043 million), and out-of-pocket expenses totalling CHF 0.103 million (2001: CHF 0.096 million).

Note 50

Employee stock ownership plan

An employee stock ownership plan was introduced in connection with the IPO for practically all employees of Tamedia, whereby the following four blocks of shares were defined. The first block A involved a pure investment in shares on which a 20% discount against the issue price was granted. In the remaining blocks B, C and D, employees were entitled to purchase registered shares at the applicable issue price and options to purchase registered shares subject to various terms and restrictions. The costs resulting from these programs were recorded at the time such shares were issued.

Shares and options granted to employees are subject to the following restrictions regarding their sale or exercise:

Number	**2002**	2001
Shares:		
blocked until 4/14/2003	**1 084**	0
blocked until 9/30/2003	**48 536**	48 555
blocked until 9/30/2004	**6 921**	6 921
blocked until 9/30/2005	**2 748**	2 748
Total	**59 289**	58 224
Staff employees	**16 957**	16 976
Management	**10 426**	9 342
Top Management	**4 523**	4 523
Senior Management	**27 383**	27 383
Total	**59 289**	58 224

Number	2002	2001
Options:		
exercisable from 10/1/2002 to 9/30/2005, striking price CHF 260	**5 695**	5 771
exercisable from 10/1/2002 to 9/30/2005, striking price CHF 312	**2 423**	2 595
exercisable from 9/30/2003, striking price CHF 338	**32 195**	38 483
exercisable from 10/1/2003 to 9/30/2004, striking price CHF 260	**5 695**	5 771
exercisable from 10/1/2003 to 9/30/2005, striking price CHF 312	**2 423**	2 595
exercisable from 10/1/2004 to 9/30/2005, striking price CHF 312	**2 423**	2 595
exercisable on 9/30/2005, striking price CHF 312	**2 423**	2 595
Total	**53 277**	60 405
Staff employees	**0**	0
Management	**8 936**	9 088
Top Management	**12 146**	12 834
Senior Management	**32 195**	38 483
Total	**53 277**	60 405

A profit sharing plan for all employees is in effect through the end of 2003, under which the employees are entitled to a bonus equal in total to 5% of operating income (EBIT). In addition, the terms of a stock participation program enable employees to draw this bonus at their choice either in cash or in shares in Tamedia AG. The amount of shares thus issued to employees is determined based on the average closing stock market prices during the 10 days immediately preceding the purchase of such shares. Under the terms of this plan, the Board of Directors is authorized to increase the number of shares thus determined at the company's cost. The increase is established each year separately. The shares are blocked for a period of one year.

For 2002, the decision was made to increase the number of shares thus calculated by 30% (prior year: 30%). The costs of this additional allotment are born by the company and have been provided for (CHF 0.0 million versus CHF 0.7 million in the prior year). The company's commitments under the terms of this plan are met by using treasury shares. No treasury shares were purchased in 2002 (prior year: CHF 1.4 million). For the year 2001, 223 employees drew their bonus in the form of shares (number: 5,251).

The number of participants in the stock ownership plan introduced in connection with the IPO was 570 at the end of the year (prior year: 633). The management program includes 117 participants (prior year: 126), the top management program 40 individuals (prior year: 43), and the senior management program 4 participants (prior year: 6).

Note 51

Subsequent events

No significant events occurred after the balance sheet date.

Report of the Group Auditors

To the general meeting of Tamedia AG, Zurich

As auditors of the Group, we have audited the consolidated financial statements (income statement, balance sheet, statement of cash flows, statement of changes in shareholders' equity and notes, pages 54–103) of Tamedia AG for the year ended December 31, 2002.

These consolidated financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession, which require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates made and the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

We recommend that the consolidated financial statements submitted to you be approved.

Zurich, March 17, 2003

Ernst & Young Ltd

Yves Vontobel
Certified Accountant

Felix Ort
Certified Accountant
(in charge of the audit)

Tamedia AG

Income Statement
in CHF 000

	Note	2002	2001
Publishing revenues		**460 564**	577 555
Printing revenues		**44 388**	55 127
Gain on sales of operating assets		**11**	625
Miscellaneous operating income		**31 638**	26 793
Other operating revenues		**31 649**	27 418
Changes in inventories		**655**	(834)
Operating revenues		**537 256**	659 266
Costs of material and services	1	**(121 011)**	(140 647)
Personnel expenses		**(191 783)**	(204 659)
Other operating expenses		**(146 675)**	(187 186)
Operating income before depreciation and amortization		**77 787**	126 774
Depreciation and amortization		**(22 700)**	(62 638)
Operating income		**55 087**	64 136
Gain on sales of subsidiaries		**7 947**	0
Miscellaneous financial income		**20 456**	37 001
Financial income		**28 403**	37 001
Financial expense		**(24 254)**	(104 848)
Financial income, net		**4 148**	(67 847)
Non-operating income (expense), net		**0**	0
Income before extraordinary items		**59 235**	(3 711)
Extraordinary items, net		**0**	0
Income before taxes		**59 235**	(3 711)
Taxes		**(9 615)**	543
Net income		**49 620**	(3 168)

The accompanying notes form an integral part of these financial statements.

Balance Sheet

Assets in CHF 000, at December 31	Note	**2002**	2001
Cash and cash equivalents		**42 858**	74 249
Marketable securities		**3 582**	4 885
Trade accounts receivable			
from third parties, net of allowance for bad debts		**76 853**	89 023
from related parties and shareholders		**1 787**	1 807
from Group companies		**11 275**	7 401
Trade accounts receivable		**89 914**	98 231
Other accounts receivable			
from third parties		**16 322**	23 895
from related parties and shareholders		**0**	0
from Group companies		**13 600**	108
Other accounts receivable		**29 923**	24 003
Accrued income and prepaid expenses		**2 205**	3 402
Inventories		**4 152**	3 954
Current assets		**172 634**	208 724
Property, plant and equipment	2	**102 035**	95 840
Long-term investments			
Investments in subsidiaries, net of allowance		**190 850**	175 499
Other long-term investments			
with third parties		**5 204**	5 458
with related parties and shareholders		**436**	471
with Group companies		**11 604**	5 529
Long-term investments		**208 094**	186 957
Intangible assets		**9 304**	2 878
Non-current assets		**319 434**	285 675
Total assets		**492 068**	494 399

The accompanying notes form an integral part of these financial statements.

Liabilities and Shareholders' Equity in CHF 000, at December 31	Note	**2002**	2001
Current debt		**5 212**	24 974
Trade accounts payable			
to third parties		**24 224**	27 751
to related parties and shareholders		**1 150**	179
to Group companies		**4 482**	4 988
Trade accounts payable		**29 856**	32 918
Other accounts payable			
to third parties		**30 066**	39 516
to related parties and shareholders		**0**	0
to Group companies		**6 709**	2 638
Other accounts payable		**36 775**	42 154
Deferred revenues and accrued liabilities		**118 527**	120 493
Current liabilities		**190 370**	220 539
Long-term debt	3	**18 475**	22 051
Other long-term liabilities		**1 026**	3 715
Provisions		**15 926**	16 415
Long-term liabilities		**35 428**	42 181
Total liabilities		**225 798**	262 720
Share capital		**100 000**	100 000
Reserves			
General legal reserve	4	**50 000**	50 000
Reserve for treasury shares	5	**794**	1 398
Free reserve	5	**65 856**	83 449
Retained earnings			
Balance brought forward		**0**	0
Net income/(loss) from current year		**49 620**	(3 168)
Reserves		**166 270**	131 679
Shareholders' equity		**266 270**	231 679
Total liabilities and shareholders' equity		**492 068**	494 399

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

Basis

The financial statements of Tamedia AG (parent company financial statements) have been prepared in accordance with Swiss Corporate Law. They are a supplement to the consolidated financial statements prepared according to International Financial Reporting Standards (IFRS) contained on pages 54–103. The retained earnings reported in the parent company financial statements provide the basis for the decision regarding the distribution of earnings to be made during the annual shareholders' meeting.

While the consolidated financial statements reflect the economic situation of the Group as a whole, the information contained in the Tamedia AG financial statements (pages 105–112) relates to the ultimate parent company alone. Furthermore, due to the use of different accounting principles (consolidated financial statements in accordance with IFRS and parent company financial statements according to Swiss legal requirements), the comparison of these two sets of financial statements is possible only on a very limited basis.

The most important products and services of the Tamedia Group are listed below:

	Activity of	
	Tamedia AG	**Subsidiary**
Newspapers:		
– Tages-Anzeiger	•	
– SonntagsZeitung	•	
– Finanz und Wirtschaft		•
– ZürichExpress		•
– Berner Zeitung		•
– Anzeiger von Uster		•
Magazines:		
– Facts	•	
– Schweizer Familie	•	
– annabelle	•	
– TVtäglich		•
– Spick	•	
– du	•	
Electronic Media:		
– TeleZüri		•
– Radio 24		•
– Belcom		•
– Radio Basilisk		•
– Medag		•

	Activity of	
	Tamedia AG	Subsidiary
– Tamedia Online	•	
– Winner		•

Services:

– Tamedia Druckzentrum	•	
– ZUVO		•
– Waser Druck		•
– Regor		•
– Werd Verlag		•
– Condor Communications		•
– BD Bücherdienst		•
– Print Online		•
– Schweizerische Mediendatenbank		•

As the most important products and services are rooted in the parent company, the activities of Tamedia AG are largely identical to those of the Group. Therefore, no detailed information regarding Tamedia AG is presented, and reference is made to information contained in the consolidated financial statements.

Note to the Income Statement

Note 1

Costs of material and services

in CHF 000

	2002	2001
Costs of material	**71 581**	87 589
Costs of services	**49 431**	53 058
Total	**121 011**	140 647

Notes to the Balance Sheet

Note 2

Property, plant and equipment

in CHF 000

	2002	2001
Buildings and fixtures	**58 597**	58 884
Other property, plant and equipment	**43 439**	36 956
Total	**102 035**	95 840

Long-term debt

Note 3

in CHF 000

	2002	2001
Mortgages payable secured by liens and long-term fixed advances from third parties	**0**	0
Leasing obligations	**18 475**	22 051
Total	**18 475**	22 051

Changes in general legal reserve

Note 4

in CHF 000

	2002	2001
Balance at January 1	**50 000**	50 000
Allocation to general legal reserve	**0**	0
Balance at December 31	**50 000**	50 000

Changes in free reserve

Note 5

in CHF 000

	2002	2001
Balance at January 1	**83 449**	1 161
Allocation to free reserve	**(18 197)**	83 686
Transfer to reserve for treasury shares	**604**	(1 398)
Balance at December 31	**65 856**	83 449

Other Notes

Guarantees and assets pledged for the benefit of third parties

Note 6

in CHF 000

	2002	2001
Joint and several guarantees	**none**	none
Guarantees	**none**	none
Guarantees for the benefit of Group companies	**43 450**	57 700
Deposit guarantees	**none**	none
Subordinated debt for Group companies	**114 966**	153 496
Total	**158 416**	211 196
of which provided for	**142 068**	191 429

Note 7

Off balance sheet transactions
in CHF 000

	2002	2001
Forward contracts	**117 014**	72 621
Deviation from market value	**(592)**	556
Purchase commitments	**127 268**	62 153
Replacement cost of interest rate swap (CHF 20 million until January 8, 2002)	**0**	0

Note 8

Encumbrance of assets
in CHF 000

	2002	2001
Land and buildings, at net book value	**58 597**	58 884
Liens (mortgage notes), total nominal value	**87 350**	87 350
of which owned (freely available)	**(67 350)**	(67 350)
Pledged as collateral	**20 000**	20 000
Credit drawn, i.e. security granted for fixed advance	**0**	20 000
Marketable securities pledged as collateral for subscriptions	**1 011**	1 116

Note 9

Lease obligations
in CHF 000

	2002	2001
Lease obligations (future commitments)	**23 712**	28 267
of which current	**5 141**	6 216
of which non-current	**18 571**	22 051

Note 10

Insured values of property, plant and equipment (incl. replacement values)
in CHF 000

	2002	2001
Buildings	**164 772**	159 273
Machinery and furnishings (incl. inventories)	**446 300**	400 000

Note 11

Payables to pension funds
in CHF 000

	2002	2001
Current liabilities		
Current account with Tamedia pension funds	**0**	1
Current account with other pension funds	**257**	210

Change in hidden reserves — Note 12
in CHF 000

	2002	2001
Decrease in hidden reserves	**(19 821)**	n. a.

Investments — Note 13

See note 47 of the consolidated financial statements.

Subsequent events — Note 14

See note 51 of the consolidated financial statements.

Proposal of the Board of Directors

The Board of Directors recommends at the annual shareholders' meeting on June 19, 2003, that the retained earnings for the business year 2002, consisting of:

in CHF 000	2002	2001
Net income (loss)	**49 620**	(3 168)
Balance brought forward	**0**	0
Retained earnings/(accumulated deficits)	**49 620**	(3 168)
Transfer from free reserve	**0**	18 168
Available to the general shareholders' meeting	**49 620**	15 000

be allocated as follows:

Payment of dividend [1]	**15 000**	15 000
Allocation to general legal reserve	**0**	0
Allocation to free reserve	**34 620**	0
Balance to be carried forward	**0**	0

1 Dividends accruing to shares which are held by Tamedia AG as of the date of dividend payment (treasury shares) will be credited to the free reserves.

Zurich, March 14, 2003

For the Board of Directors
The Chairman
Hans Heinrich Coninx

Report of the Statutory Auditors

To the general meeting of Tamedia AG, Zurich

As statutory auditors, we have audited the accounting records and the financial statements (income statement, balance sheet and notes, pages 105–112) of Tamedia AG for the year ended December 31, 2002.

These financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and financial statements and the proposed appropriation of available earnings comply with Swiss law and the company's articles of incorporation.

We recommend that the financial statements submitted to you be approved.

Zurich, March 17, 2003

Ernst & Young Ltd

Yves Vontobel Certified Accountant	Felix Ort Certified Accountant (in charge of the audit)

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