



Report on the First Half of 2002 to the Shareholders of Tamedia AG

Zurich, August 22, 2002

Dear Shareholders
Dear Colleagues
Dear Friends and Partners of the Tamedia Group

In the difficult first half of 2002, Tamedia has worked quite well despite the gloomy economy. The drop in advertising volume continued and also left its mark in the key figures for the Tamedia Group: the operating revenues (turnover) fell by 16% to CHF 336 million, while the operating income before depreciation and amortization (EBITDA) ended up at CHF 46 million (previous year: CHF 96 million). The net income amounted to CHF 27 million (previous year: CHF 38 million).

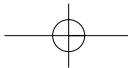
The EBITDA margin reached 13.7% (previous year: 23.9%). The cost reduction measures, introduced at an early stage in late autumn 2001, made a significant contribution to this result.

In early summer 2002, Martin Kall took over the chairmanship of the company from Michel M. Favre. The group's activities were focused into three areas (Newspapers, Magazines and Electronic Media) at the beginning of July, thus tailoring management organization to the strategy.

We do not expect the economy to improve in the second half of the year. On the basis of cost management, the anticipated net income for the continuing operations for 2002 should be achieved: a two digit million amount, although below the level of the comparable results for the previous year (2001: CHF 43 million).

Development in Print Media, Electronic Media and Services

	Print Media	Electronic Media	Services	Not allocable	Eliminations	Total Group
In CHF million						
As of June 30, 2001						
Third parties	349.6	9.2	40.1	0.0	0.0	398.8
Intercompany	0.0	0.0	103.6	0.0	(103.6)	0.0
Operating revenues	349.6	9.2	143.7	0.0	(103.6)	398.8
Operating expenses	(251.9)	(17.8)	(137.3)	0.0	103.6	(303.3)
Operating income before depreciation and amortization (EBITDA)	97.7	(8.6)	6.4	0.0	0.0	95.5
Depreciation and amortization	(4.7)	(2.0)	(9.1)	(3.0)	0.0	(18.7)
Operating income (EBIT)	93.1	(10.7)	(2.7)	(3.0)	0.0	76.8
As of June 30, 2002						
Third parties	274.4	22.9	38.7	0.0	0.0	335.9
Intercompany	0.0	0.0	91.2	0.0	(91.2)	0.0
Operating revenues	274.4	22.9	129.9	0.0	(91.2)	335.9
Operating expenses	(222.0)	(28.2)	(131.0)	0.0	91.2	(290.0)
Operating income before depreciation and amortization (EBITDA)	52.3	(5.3)	(1.1)	0.0	0.0	45.9
Depreciation and amortization	(5.2)	(4.9)	(9.4)	(3.5)	0.0	(23.0)
Operating income (EBIT)	47.1	(10.2)	(10.5)	(3.5)	0.0	22.9



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Print Media

The decline in commercial advertising, classifieds and job advertisements which has continued over the past year has once again led to falling returns for all titles within the Tamedia Group.

The “**Tages-Anzeiger**” was particularly severely affected by this trend with a shortfall of -29.7% (-CHF 62.2 million) in operating revenues. With regard to volume, the “**Stellen-Anzeiger**” and “**Alpha**” had to deal with an above average drop; both felt the economic influence on the labour market directly: they lost 52.6%.

The “**SonntagsZeitung**” had to find its feet in a new market situation, as a third Sunday newspaper (currently distributed free) is fighting for advertisements and readers. Even in this environment, and despite the hesitancy of the advertising industry, we were only CHF 4.7 million (-11.0%) short of the good operating revenues from the previous year.

“**Finanz und Wirtschaft**”, primarily targeted at investors, was similarly unable to escape the negative trend; the drop in operating revenues reached CHF 3.3 million (-17.5%), with the fall in the advertising spending making a significant contribution to the trend.

“**Facts**” saw a reduction in operating revenues of 10.6% in comparison with the previous year due to the drop in advertising.

“**ZürichExpress**”, a free newspaper in a difficult environment, has managed to maintain its top position in the city of Zürich. The drop in its operating revenues was 14.0%.

“**annabelle**” had to deal with a slump of 11.9% in its overall operating revenues. This was also a result of the fact that there were two more editions in the previous year. The preparations for “**annabelle business**”, due to appear for the first time in September, are in full swing.

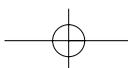
In July 2002, “**Schweizer Familie**” took over the addresses of the “**Meyer’s**” subscribers. It did well and achieved operating revenues of only 2.0% lower than the same period the previous year.

Electronic Media

In the electronic media division, revenue rose by CHF 13.7 million. The radio and TV activities of **Radio 24** and **TeleZüri**, owned by Tamedia since October 2001, generated additional operating revenues of CHF 9.1 million in the first six months. Radio 24 enjoyed a positive trend, while TeleZüri continued to suffer under the difficult market conditions. Listener and viewer figures, however, reached record levels. **Condor Communications AG** managed to achieve a significant increase in its operating revenues of CHF 5.5 million to CHF 11.5 million thanks to a one-time large order. The expansion and adaptation of the online business to tailor it to market factors and expectations led to falling operating revenues of CHF 2.0 million. In May this year, Tamedia disposed its stake in **Bluewin**; within the framework of this transaction with Swisscom, Tamedia took over 100% of the **Winner Group** (electronic classified advertising business). The market potential is to be fully utilized in the future, primarily by forging links between the print titles and the online media (tagesanzeiger.ch).

Services

The services division is comprised primarily of printing and sales, including those for third parties. Reflecting the declining economic trends, order volume decreased, although distribution of “**20 Minuten**” and “**NZZ**” brought around CHF 3.5 million in new revenue. As a result of the high proportion of fixed costs, operating expenses could not be reduced accordingly. Tamedia regards printing and sales as an important instrument in maintaining the independence from its own print titles.



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Outlook

The economic collapse hit the Swiss advertising industry hard: The total advertising space volume of the 15 largest daily newspapers, for example, fell by 20% compared to the first semester 2001. The continuing unsatisfactory economic situation, the uncertainty of the markets due to worldwide economic scandals and the stock market collapses do not allow us to conclude any rapid recovery in the advertising and labour markets. "Stellen-Anzeiger" and "Alpha" hold leading positions in Switzerland and are among the most important sources of revenue for Tamedia. In contrast, there is the wrap-up of the liquidation of TV3 and the elimination of a significant source of losses; at the same time, cost reduction measures have been implemented which are now bearing fruit.

On the whole, we are not expecting any significant positive impulse in the second half of the year. It is, however, still likely for the Group to achieve its announced goal of a two digit million sum – although below the previous year's result – for net income from continuing operations.

Financial Report on the First Half of 2002 for Tamedia AG

Accounting Principles

The un-audited consolidated interim financial statements of June 30, 2002, were prepared in accordance with the International Accounting Standard (IAS) 34 "Interim Reporting" and correspond to the accounting principles detailed in the 2001 year-end report. In order to ensure comparability, the values for the consolidated income statements for the first half of 2001 are also shown according to IAS.

The changes in net income as of June 30, 2001, due to the change from ARR to IAS are presented in the following analysis:

	CHF million
Net Income as of June 30, 2001, according ARR	37.0
Amortization of goodwill	1.8
Change in tax rate applied for deferred taxes	(0.4)
Other adjustments	(0.4)
Net Income as of June 30, 2001, according IAS	38.0

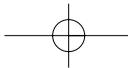
In order to be better able to assess the income and revenue trends for the Tamedia Group without TV3, the operational performance and expenses associated with the closure of TV3 are shown together in the income statement as "Discontinuing Operations".

Changes in Group Companies

The following changes were made to the group companies in the first half of 2002:

Additions

Winner Market AG	Increase of interest held from 84.5% to 100%
Auction Winner AG	Increase of interest held from 46.5% to 100%
Car Winner AG	Increase of interest held from 84.5% to 100%
Immo Winner AG	Increase of interest held from 84.5% to 100%
Job Winner AG	Increase of interest held from 84.5% to 100%
Partner Winner AG	Increase of interest held from 59.2% to 100%
Price Winner AG	Increase of interest held from 84.5% to 100%
Winner AG	Increase of interest held from 84.5% to 100%



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These increases were made at the end of May 2002 in connection with the elimination of cross-investments with Bluewin. In June 2002, all of these subsidiaries, with the exception of Partner Winner AG and Winner AG, were merged with Tamedia AG.

Operating Revenues

In the first half of 2002, Tamedia earned operating revenues of CHF 335.9 million. Compared to the same period the previous year, this represents a fall of CHF 62.9 million or 15.8%. Print Media showed the most severe absolute drop of CHF 75.2 million or 21.5%. The corresponding operating revenues fell from CHF 349.6 million to CHF 274.4 million. In Electronic Media, the operating revenues rose by CHF 13.7 million or 148.9% to CHF 22.9 million. Operating revenues in Services dropped by CHF 1.3 million to CHF 38.7 million.

Further information on the operating revenues for each division can be found in the sections regarding the developments in the three divisions.

Operating Income before Depreciation and Amortization

The operating income before depreciation and amortization, EBITDA, fell from CHF 95.5 million by CHF 49.6 million or 51.9% to CHF 45.9 million. The EBITDA margin dropped from 23.9% to 13.7%.

Discontinuing Operations

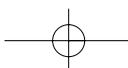
The discontinuing operations are comprised solely of TV3. It was decided to liquidate TV3 in December 2001. The result for the first half of 2001 corresponds with operational performance over this period. The income for the first half of 2002 includes the release of provisions of CHF 14.3 million (CHF 11.0 million net of taxes) which were not entirely required for the liquidation.

Capital and Asset Structure

Total assets fell in the first half of 2002 from CHF 748.0 million by CHF 64.7 million to CHF 683.3 million. The equity ratio was 50.9% (43.6%). The shareholders' equity of CHF 326.4 million increased in the first half of 2002 by CHF 21.5 million or 6.6% to CHF 347.9 million. Besides the net income for the first half of 2002 of CHF 26.9 million, changes in the group companies and the market valuation of financial assets contributed CHF 6.7 million and CHF 2.7 million, respectively to this increase in equity. Over the same period, a dividend of CHF 15.0 million was paid out and the treasury shares were reduced by CHF 0.6 million (5 251 shares) in connection with the profit sharing plan.

The reduction in current liabilities from CHF 320.8 million by CHF 77.4 million to CHF 243.4 million can largely be attributed to the CHF 76.5 million drop in current provisions. Thereof, CHF 45.1 million were used for the elimination of cross-investments with Bluewin and an additional CHF 31.4 million decline occurred in connection with the liquidation of TV3, of which CHF 14.3 million were released. Based on current knowledge, these provisions appear no longer to be necessary due to the successful negotiations with regards to purchase commitments as well as outstanding contracts and additional returns from sales of property, plant and equipment. The remaining provisions are considered to be sufficient to finalize the liquidation.

The drop in assets was mainly due to the non-current assets. The essential reductions resulted from the elimination of the cross-investments with Bluewin, CHF 44.4 million, the omission of broadcasting rights due to the liquidation of TV3 of CHF 8.1 million, and the amortization of goodwill of CHF 4.5 million.



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Further Information

In May 2002, Tamedia decided to order a new rotation plant. This investment will replace the printing presses in the newspaper division. The commissioning of the new printing plant is to take place in two stages beginning in mid-2004. In connection with planned investments into a renewed printing center (approximately CHF 150 million), Tamedia has currently entered into commitments amounting to CHF 76.6 million.

Tamedia intends to acquire 100% of the shares in Radio Basilisk Betriebs AG and LH-Holding AG for the price of CHF 23.75 million. This is subject to the approval of the Bundesamt für Kommunikation/Eidgenössisches Departement für Umwelt, Verkehr, Energie und Kommunikation (Uvek – Federal Communications Bureau/Swiss Federal Department for the Environment, Traffic, Energy and Communications), which is required according to the Radio and Television Law for any acquisition of a radio station. On June 24, 2002, the Wettbewerbskommission (Weko – Competition Commission) ruled that the takeover of Radio Basilisk Betriebs AG and LH-Holding AG by Tamedia would be harmless.

Yours faithfully



Dr. Hans Heinrich Coninx
Chairman of the Board



Martin Kall
Chief Executive Officer

Consolidated Income Statement

	2002	2001	January 1–June 30 in CHF million
Operating revenues	335.9	398.8	
Operating expenses	(290.0)	(303.3)	
Operating income before depreciation and amortization (EBITDA)	45.9	95.5	
Depreciation and amortization	(23.0)	(18.7)	
Operating income (EBIT)	22.9	76.8	
Share in earnings in affiliated companies	2.5	4.6	
Other financial income (expense), net	0.9	(0.2)	
Income before taxes	26.3	81.2	
Taxes	(10.8)	(25.1)	
Income before minority interests	15.5	56.1	
Minority interests in net income	0.4	2.1	
Net income from continuing operations	15.9	58.2	
Discontinuing operations	11.0	(20.2)	
Net income	26.9	38.0	
			January 1–June 30 in CHF
Net income per share (undiluted)	2.70	3.80	
Net income per share (diluted)	2.70	3.80	

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Consolidated Balance Sheet

	2002	2001	June 30/December 31 in CHF million
Current assets	281.0	287.4	
Non-current assets	402.3	460.6	
Total assets	683.3	748.0	
Current liabilities	243.4	320.8	
Long term liabilities	92.0	100.8	
Total liabilities	335.4	421.6	
Shareholders' equity before minority interests	344.5	329.9	
Minority interests in equity	3.4	(3.5)	
Shareholders' equity	347.9	326.4	
Total liabilities and shareholders' equity	683.3	748.0	

Consolidated Cash Flow Statement

	2002	2001	January 1-June 30 in CHF million
Cash flow from operating activities	43.0	90.8	
Cash flow from other ordinary activities	8.0	(23.4)	
Cash flow of continuing operations	51.0	67.4	
Discontinuing operations	(8.5)	(14.4)	
Cash flow from operations	42.5	53.0	
Cash flow for investment activities	(5.3)	(43.1)	
Cash flow after investment activities	37.2	9.9	
Cash flow for financing activities	(48.4)	(16.1)	
Changes in cash and cash equivalents	(11.2)	(6.2)	

Consolidated Statement of Changes in Shareholders' Equity

	Share capital	Treasury shares	Reserves	Consolidated Shareholders' equity	Minority interests in equity	Shareholders' equity
in CHF million						
December 31, 2001	100.0	(1.4)	231.3	329.9	(3.6)	326.4
Dividends paid	0.0	0.0	(15.0)	(15.0)	0.0	(15.0)
Net income	0.0	0.0	26.9	26.9	(0.4)	26.5
Changes in group companies	0.0	0.0	(0.6)	(0.6)	7.3	6.7
Purchase/Sale of treasury shares	0.0	0.6	0.0	0.6	0.0	0.6
Net adjustment of financial assets to market value	0.0	0.0	2.7	2.7	0.0	2.7
June 30, 2002	100.0	(0.8)	245.3	344.5	3.3	347.9