



# Alma Media Corporation: Salary and Remuneration Report

2012

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Alma Media applies the Finnish Corporate Governance Code for listed companies, issued by the Securities Market Association on June 15, 2010 and valid as of October 1, 2010, in its unaltered form. This remuneration statement has been prepared in accordance with Section 7 (Remuneration), Recommendation 47. The Finnish Corporate Governance Code for listed companies can be reviewed on the website of the Securities Market Association at [www.cgfinland.fi](http://www.cgfinland.fi) or via a link provided on this page.

## **Salary and remuneration report**

### **Remuneration of the members of the Board of Directors**

The Annual General Meeting of Alma Media Corporation decides on the remuneration of the Board members, based on a proposal prepared by the Nomination and Compensation Committee of the Board of Directors.

As decided by Alma Media's ordinary Annual General Meeting of 2012, the following fees are paid to the Board members for their work in the Board of Directors and in its Committees: The Chairman of the Board shall be paid an annual fee of EUR 33,000, the Deputy Chairman EUR 27,000 and ordinary members EUR 22,000. In addition, the chairmen of the Board and the Committees will be paid a fee of EUR 1,000, the deputy chairmen EUR 700 and ordinary members EUR 500 for each Board and committee meeting they attend. Additionally, travel expenses will be compensated according to the company's travel policy.

The annual remuneration of the members of the Board of Directors is paid in Alma Media shares up to an amount corresponding to approximately 40% of the full amount of the remuneration, and the remainder in money for taxation purposes. Shares thus acquired may not be transferred until the recipient's membership in the Board has ended. In case shares cannot have been acquired until the end of 2012, for example due to a pending insider project, the full annual remuneration is paid in money.

The members of the Board of Directors were paid the following fees (EUR) for work in the Board and its committees in 2012, with comparison data from the previous financial period:

2012 Prev. year	Name	Position	Board meetings			Audit Committee	Nomination and Compen- sation Committee	Fees total
			Annual fee	Annual fee paid in shares, no. of shares *	Meeting fees			
2012	Seppo Paatelainen	Chairman	33,000	2,234	11,000		7,000	51,000
2011			33,000	1,613	14,400		8,100	55,500
2012	Petri Niemisvirta	Deputy Chairman	27,000	1,828	7,700		4,900	39,600
2011			27,000	1,318	9,100		4,200	40,300
2012	Timo Aukia	Member	22,000	1,489	5,500	3,000		30,500
2011			22,000	1,075	6,500	1,500		30,000
2012	Kai Seikku	Member	22,000	1,489	5,000	2,500		29,500
2011			22,000	1,075	7,000	1,500		30,500
2012	Erkki Solja	Member	22,000	1,489	5,500		3,500	31,000
2011			22,000	1,075	7,500	500	3,000	33,000
2012	Catharina Stackelberg-Hammarén	Member	22,000	1,489	5,500	3,000		30,500
2011			22,000	1,075	7,500	2,000		31,500
2012	Harri Suutari	Member	22,000	1,489	5,500	6,000		33,500
2011			22,000	1,075	7,000	4,000		33,000

\* number of shares corresponding to approximately 40% of the full amount of the annual fee, the remainder paid in money for taxation purposes

In financial year 2012, the fees paid on accrual basis to the Board members totalled EUR 245,600.

Members of the Board of Directors of Alma Media Corporation do not have an employment relationship with the company. They are not included in the option programmes, share-based incentive plans or other incentive systems of Alma Media and have not received any other financial benefits.

### Remuneration of the President and CEO and the top management

The Board of Directors of Alma Media Corporation decides on the remuneration and reward system of the President and CEO of the parent company and his/her direct subordinates, based on a proposal prepared by the Nomination and Compensation Committee of the Board.

The reward system for the President and CEO of Alma Media Corporation, as well as the Group's top management, consists of a fixed salary (monthly salary), fringe benefits (car and mobile phone

benefits, for the CEO also housing benefit), an incentive bonus for reaching financial and operational results (short-term remuneration scheme), an option programme, a share-based incentive plan (long-term remuneration scheme) for the Group's key personnel and management retirement benefits. Eligibility for remuneration programmes is determined by the job position.

Alma Media's management incentive programme follows the terms and conditions of Alma Media's incentive programme, based on the principle of continuous result improvement. The incentive bonus for members of the Group Executive Team and heads of business units may be no more than 40% of their respective annual salaries. The CEO's incentive bonus may be up to 60% of his annual salary.

The incentive bonus is defined for each calendar year based on three criteria: meeting the Group's financial targets (weight 40%), meeting the business unit's financial targets (weight 40%) and meeting personal performance targets (weight 20%).

In 2012, the President and CEO of Alma Media Corporation received a total of EUR 449,502 in salary and other rewards, of which EUR 41,580 were based on incentive bonus scheme and EUR 0 as option benefits. The total amount of salaries, rewards and benefits paid to other members of the Group Executive Team was EUR 1,497,640 of which EUR 98,922 were based on the incentive bonus scheme and EUR 71,656 as option benefits.

	Fixed annual salary	Performance-based bonuses	Fringe benefits	Option benefits	Share-based payments
<b>President &amp; CEO</b>					
2012	359,916	41,580	48,008	-	-
2011	308,418	154,192	43,874	12,855	-
<b>Group Executive Team</b>					
2012	1,172,409	98,922	82,997	71,656	-
2011	970,500	274,585	78,948	122,725	-

## Option programmes

In addition to the incentive remuneration system, Alma Media had two option programmes for the management in effect; the 2006 option programme, which already expired and the 2009 option programme. The granting of option rights is decided by Alma Media's Board of Directors based on a proposal by the Nomination and Compensation Committee and according to the terms and conditions decided by the Annual General Meeting. The terms and conditions of both option programmes can be reviewed at Alma Media's website.

The option rights granted to the President and CEO of Alma Media and other members of the Group Executive Team (December 31, 2012):

	Options 2009A	Options 2009B	Options 2009C
<b>Kai Telanne, President &amp; CEO</b>	100,000	100,000	100,000
<b>Pekka Heinänen 1)</b>			
<b>Tuomas Itkonen 2)</b>	30,000		
<b>Jouko Jokinen 3)</b>	30,000	30,000	30,000
<b>Kari Juutilainen</b>	30,000	30,000	30,000
<b>Virpi Juvonen 4)</b>	-	-	-
<b>Kari Kivelä</b>	45,000	45,000	45,000
<b>Mikko Korttila</b>	30,000	30,000	30,000
<b>Juha-Petri Loimovuori</b>	45,000	45,000	45,000
<b>Raimo Mäkilä</b>	45,000	45,000	45,000
<b>Minna Nissinen</b>	30,000	30,000	30,000
<b>Juha Nuutinen 5)</b>	-	-	-
<b>Total</b>	<b>385,000</b>	<b>355,000</b>	<b>355,000</b>

1) until December 10, 2012

2) until October 30, 2012

3) until March 31, 2012

4) acting VP Human Resources and member of Group Executive Team since December 10, 2012

5) since November 1, 2012

The stock option rights granted under Alma Media Corporation's option programmes 2006 C and 2009 A have not been used to subscribe any shares during the financial period 2012.

### Share-based incentive plan

The Board of Directors of Alma Media Corporation resolved on February 14, 2012 on a new share-based incentive plan for the Group's key employees. The aim of the new plan is to combine the objectives of the shareholders and key employees to increase the value of the company, to commit key employees to the company, and to offer them a competitive reward plan based on earning the company's shares and on long-term shareholding in the company.

The new Performance Share Plan consists of three performance periods, the calendar years 2012, 2013 and 2014. The Board of Directors will decide on the plan's performance criteria and targets at the beginning of each performance period. The potential reward from the plan for the performance period 2012 will be based on Alma Media Group's profitability, and it will be paid partly in the company's shares and partly in cash in 2013. In addition, for the members of the Group Executive Team, the plan includes one three-year performance period, calendar years 2012-2014, based on the profitable growth of the Group. The potential reward from the performance period 2012-2014

will be paid partly in the company's shares and partly in cash one year and two years from the end of the performance period.

The shares paid on the basis of one-year performance periods may not be transferred during the restriction period, which will end two years from the end of the performance period. If a key person's employment or service ends during the restriction period, the person must return the shares given as reward to the company without compensation. The members of the Group Executive Team must hold half of all shares received on the basis of the plan until the total value of the member's shareholding corresponds to the value of the member's gross annual salary. Such number of shares must be held as long as member's employment or service in a Group company continues.

The target group of the plan consists of approximately 20 people. The total maximum net rewards to be paid on the basis of the plan are 600,000 Alma Media Corporation shares. In addition, a cash reward will be paid in the amount needed to cover the key employee's taxes and similar obligations arising from the reward at the time of the subscription of the shares.

No rewards were paid in the Performance Share Plan 2012–2014 during the performance period 2012.

	<b>Performance Share Plan Performance period 2012 (profitability) *</b>	<b>Performance Share Plan Performance period 2012-2014 (profitable growth) *</b>
<b>Kai Telanne, President &amp; CEO</b>	20,000	60,000
<b>Pekka Heinänen 1)</b>	6,000	18,000
<b>Tuomas Itkonen 2)</b>	6,000	18,000
<b>Jouko Jokinen 3)</b>	3,000	-
<b>Kari Juutilainen</b>	7,000	20,000
<b>Virpi Juvonen 4)</b>	-	-
<b>Kari Kivelä</b>	7,000	20,000
<b>Mikko Korttila</b>	6,000	18,000
<b>Juha-Petri Loimovuori</b>	7,000	20,000
<b>Raimo Mäkilä</b>	7,000	20,000
<b>Minna Nissinen</b>	6,000	18,000
<b>Juha Nuutinen 5)</b>	-	-
<b>Yhteensä</b>	<b>75,000</b>	<b>212,000</b>

\*The number of shares is the maximum net number of shares (excl. taxes) to be paid in case the performance targets are achieved in full.

1) until December 10, 2012

2) until October 30, 2012

3) until March 31, 2012

4) acting VP Human Resources and member of Group Executive Team since December 10, 2012

5) since November 1, 2012

## **Severance pay**

The period of notice of the President and CEO of Alma Media Corporation, Mr Kai Telanne, is six months. Additionally, he has a director contract whereby he is entitled to a compensation corresponding to his base salary for 12 months in case he is dismissed by the employer and is not guilty of a breach of contract. In case the President and CEO resigns on his own initiative, he will not receive the compensation corresponding to the 12-month salary. The appointment and, if necessary, dismissal, of the President and CEO is decided by the Board of Directors.

The period of notice for the other members of Alma Media Group's Executive Team is six months. In addition, members of the Executive Team will receive a compensation corresponding to their respective base salaries for six months in case the dismissal is initiated by the employer without the members' own fault or negligence. It is a duty of the President and CEO to appoint and, if required, dismiss the other members of the Alma Media Group Executive Team. However, the members of the Group's Executive Team who act as Editors-in-Chief of Aamulehti, Iltalehti, Kauppalehti, Kainuun Sanomat, Lapin Kansa, Pohjolan Sanomat or Satakunnan Kansa make an exception to this procedure. Their appointments and dismissals are confirmed by the Board of Directors of Alma Media Corporation, based on the CEO's proposal.

## **Pension agreements**

The CEO of Alma Media Corporation and members of the Group Executive Team have a defined contribution group pension plan. Those members of the Executive Team who have been appointed prior to the year 2008 will receive a contribution of 20% of their annual pay. Other members receive a contribution of 15% of their annual pay. The age of retirement is 60, at which time the contributions end. The pension is determined on the basis of savings accrued by the time of retirement. The beginning of the pension may be postponed no later than the age of 70. In this case, the pension is determined by the accrued savings adjusted with the value development of the investments.

The terms and conditions of the group pension plan for Alma Media's President and CEO and for other members of the Group Executive Team give the insured persons, after three-year insurance coverage, the right to receive a premium-free policy corresponding to the savings accrued until the termination of employment (paid-up policy). The paid-up policy includes old age pension after retirement age, coverage for incapacity for work and coverage in the event of death.

In 2012, the expenses related to the group pension plan for Alma Media's President and CEO totalled EUR 197,775 and for the other members of the Group Executive Team EUR 266,221. In total, the group pension plan expenses totalled EUR 463,976.

Kai Telanne has held the position of President and CEO at Alma Media Corporation since 2005. The curriculum vitae of the members of the Group Executive Team, available on Alma Media's website, include information on when they have started in their current positions.