

Addressing New Challenges

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Key Figures

Consolidated Financial Statements

	Dec. 31, 2001	Dec. 31, 2000	Change
Revenues [EUR m]	2,015	2,155	-6.5%
Pre-tax profit [EUR m]	106	205	-48%
Net profit for the year [EUR m]	68	93	-27%
EBIT [EUR m]	154	245	-37%
EBITDA [EUR m]	225	332	-32%
Cash flow in accordance with DVFA/SG [EUR m]	1,253	1,279	-2%
Earnings per share in accordance with DVFA/SG [EUR]	0.34	0.53	-36%
Total assets [EUR m]	2,028	1,669	22%
Shareholders' equity [EUR m]	650	647	0.5%
Equity ratio	32%	39%	-18%
Pre-tax return on equity	16%	32%	-50%
Pre-tax profit margin	5%	10%	-50%
Programming assets [EUR m]	1,206	1,147	5%
Programming assets / Total assets	59%	69%	-14%
Programming investment [EUR m]	1,180	999	18%
Net financial debt	897	550	63%
Dividend* [EUR]	0.16	0.30	-47%
Dividend yield	0.50%	0.93%	-46%
Tax rate			
ProSiebenSat.1 Media AG	37%	44%	-16%
ProSiebenSat.1 Group	38%	56%	-32%
Employees**	3,029	3,187	-5%

* Dividend per share of preferred stock

** Full-time equivalent jobs as of December 31

At a Glance

ProSiebenSat.1 Media AG

Share capital: EUR 194,486,400
(194,486,400 no-par shares)

Common stock

(restricted registered shares)
97,243,200 no-par shares
Portion of capital represented by one share: One euro

Executive Board

Urs Rohner (Chairman)
Born in 1959 in Zurich
Management segment: Multimedia and Sales

Dr. Ludwig Bauer
Born in 1957 in Freyung
Management segment: Television

Jürgen Doetz
Born in 1944 in Heidelberg
Management segment: Media Policy and Regulation

Lothar Lanz
Born in 1948 in Bihlafingen
Management segment: Finance, Merchandising and Services

Claus Larass
Born in 1944 in Jüterborg
Management segment: Information, News and Political Programs

Ownership of share capital

KirchMedia GmbH & Co. KGaA 52.52%
Axel Springer Verlag AG 11.48%
Free float 36.00%

Preferred stock

(bearer shares)
97,243,200 no-par shares
Portion of capital represented by one share: One euro

Supervisory Board

Dr. Dieter Hahn (Chairman)
Deputy Chairman of TaurusHolding GmbH & Co. KG, Ismaning

Thomas Kirch (Vice-Chairman)
Businessman, Munich

Dr. Mathias Döpfner
Chairman of the Executive Board of Axel Springer Verlag AG, Berlin

Alfred Lehner
Former Chairman of the Executive Board of Bayerische Landesbank Girozentrale AG, Munich

Prof. Dr. Hans-Joachim Mertens
Professor at Johann Wolfgang Goethe-Universität, Frankfurt am Main

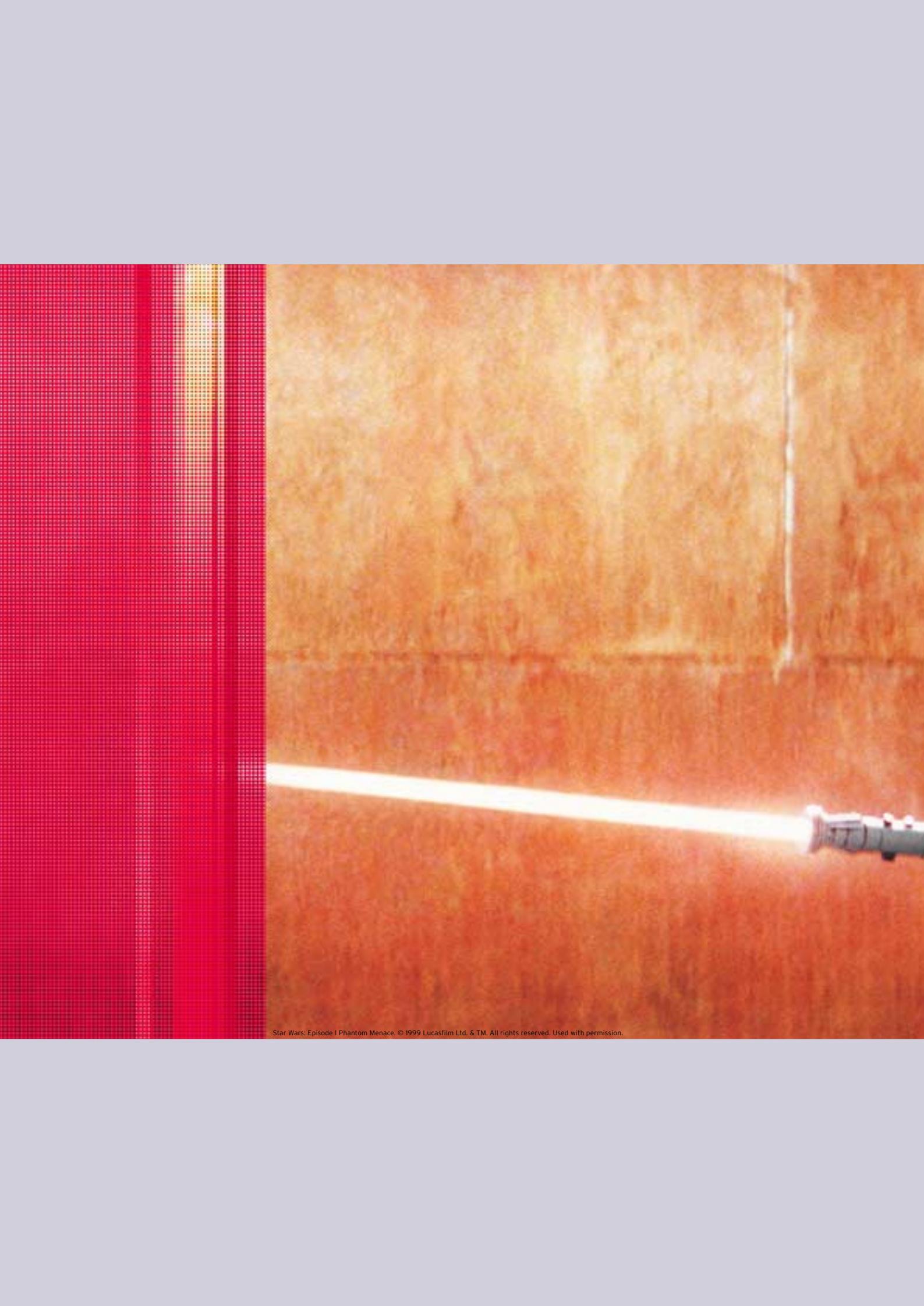
Jan Mojto
General Manager of TaurusHolding GmbH & Co. KG, Ismaning

Dr. Klaus Piette
General Manager of TaurusHolding GmbH & Co. KG, Ismaning

Hans Reischl
Chairman of the Executive Board of REWE-Zentral AG, Cologne

Gisela Schmitt
Member of the Executive Board of REWE-Zentral AG, Cologne

January 1984	Sat.1 is the first German commercial television company to go on the air
August 1988	Launch of Sat.1 Text
January 1989	ProSieben goes on the air
February 1992	Kabel 1 goes on the air. ProSieben holds a 45 percent interest
July 1992	Formation of the MediaGruppe München marketing company
January 1993	Formation of SZM Studios
July 1994	Launch of ProSieben Text
November 1995	ProSieben acquires the remaining 55 percent of Kabel 1
December 1995	ProSieben is transformed into a stock corporation
March 1996	ProSieben takes over MM Merchandising München
April 1996	Launch of ProSieben Online
September 1996	Launch of Sat.1 Online
July 1997	ProSieben is listed on the stock exchange
August 1997	Launch of Kabel 1 Text and Kabel 1 Online
April 1999	Formation of the SevenSenses creative agency
August 1999	Formation of the Sat.1 marketing company Media 1
January 2000	N24 goes on the air. Launch of N24 Text and N24 Online
October 2000	Formation of ProSiebenSat.1 Media AG
November 2000	SevenOne Media formed by the merger of MediaGruppe München and Media 1
May 2001	ProSiebenSat.1 Media AG acquires 48.4 percent of Euvía Media AG & Co. KG
July 2001	N24 partially moves from Munich to Berlin



Star Wars: Episode I Phantom Menace. © 1999 Lucasfilm Ltd. & TM. All rights reserved. Used with permission.



Merrill Lynch	Interim Report, first six months of 2001
Neil Blackley, Thomas Deitz	August 16, 2001

"ProSieben is the most profitable commercial channel in Germany."

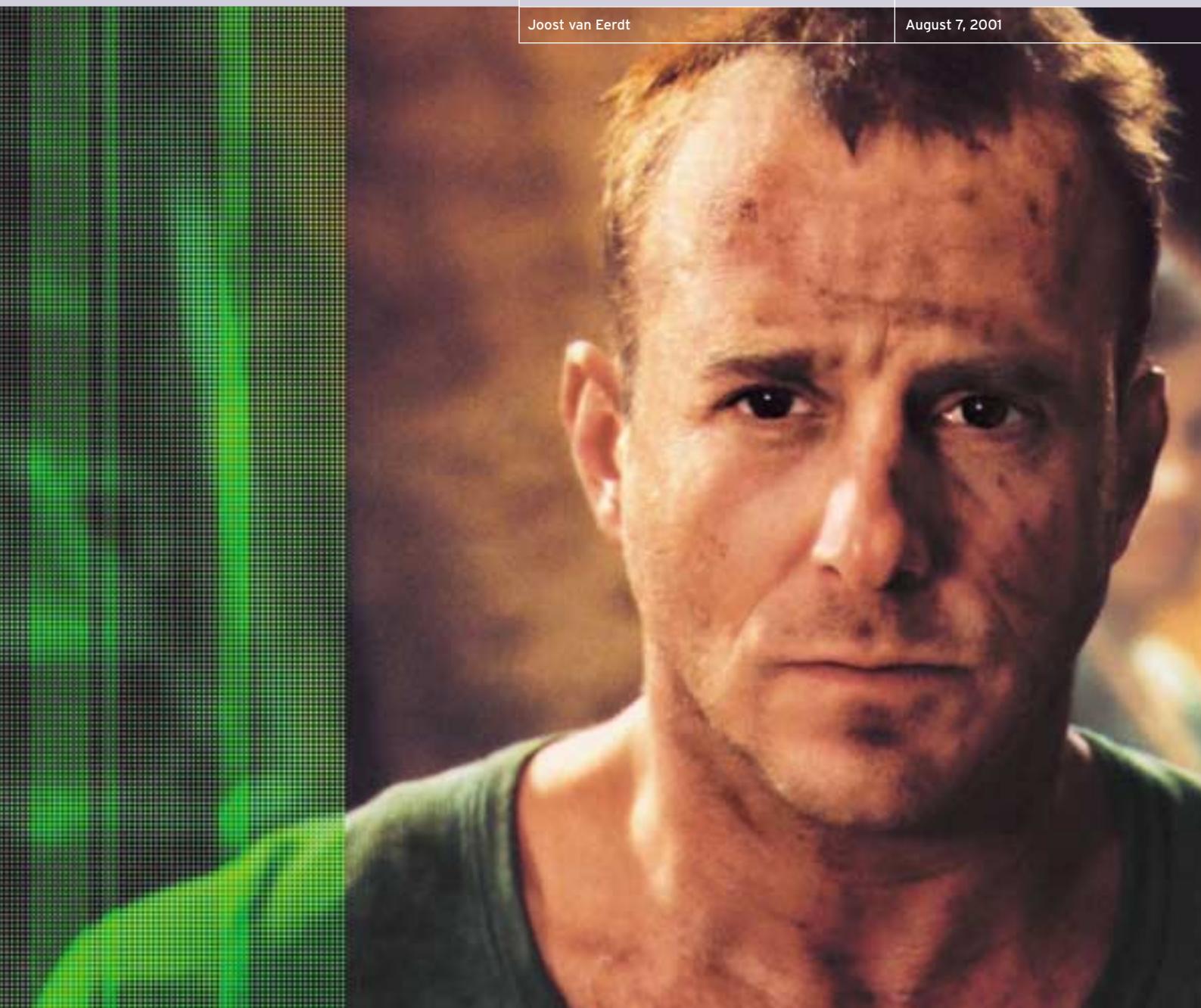
"An important benefit originating from the merger is the enhanced positioning of Sat.1 and ProSieben in the network."

Kempen & Co

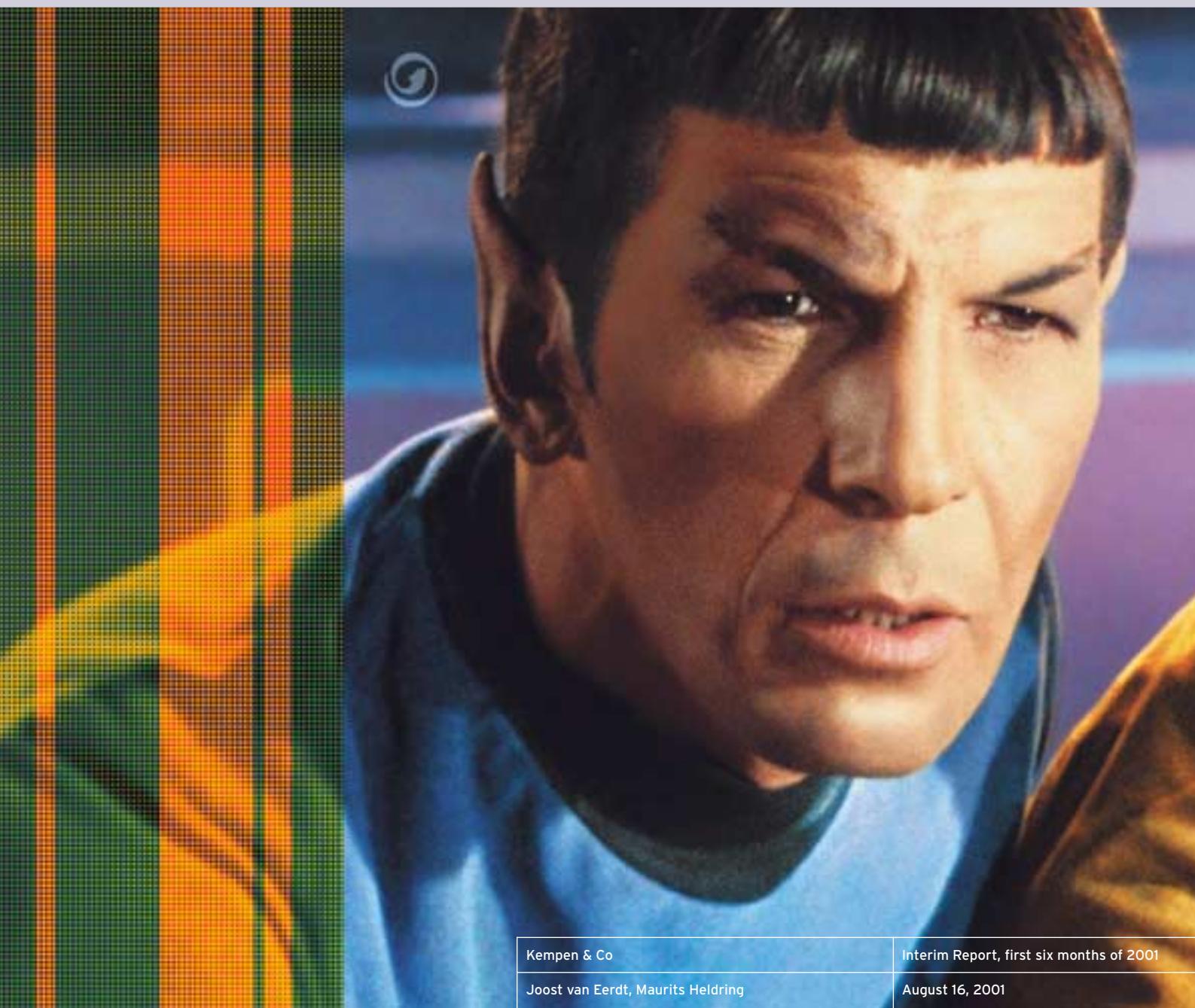
Interim Report, first six months of 2001

Joost van Eerdt

August 7, 2001







Kempen & Co

Interim Report, first six months of 2001

Joost van Eerdt, Maurits Heldring

August 16, 2001

"Kabel 1 is clearly profitable and positioned for further growth."



"Although ProSiebenSat.1 should benefit from synergy within the group as N24 provides news for the entire channel family, higher than expected rises of the programming expenses are likely."

Commerzbank AG	Interim Report, first nine months of 2001
Sarah Schmitz	October 23, 2001





Dear Shareholders,

The ProSiebenSat.1 Group has a difficult fiscal 2001 behind it. The economic climate steadily cooled over the course of the year and demand for advertising continued to recede. The direct and indirect consequences of the appalling terrorist attacks in New York and Washington on September 11 intensified the economic downswing. At the beginning of the year the entire television industry had still expected the TV advertising market to grow six or seven percent; now we must assume a decline of seven to eight percent for 2001. The economic environment in Germany has never deteriorated so fast, and the German television market has never gone into such an unexpected slide. For long periods, it was almost impossible to make any serious projections about what the year would bring next in terms of advertising. Naturally, all this had a substantial impact on our Group's business. We had to scale back our expectations for fiscal 2001 three times, in April, September and November.

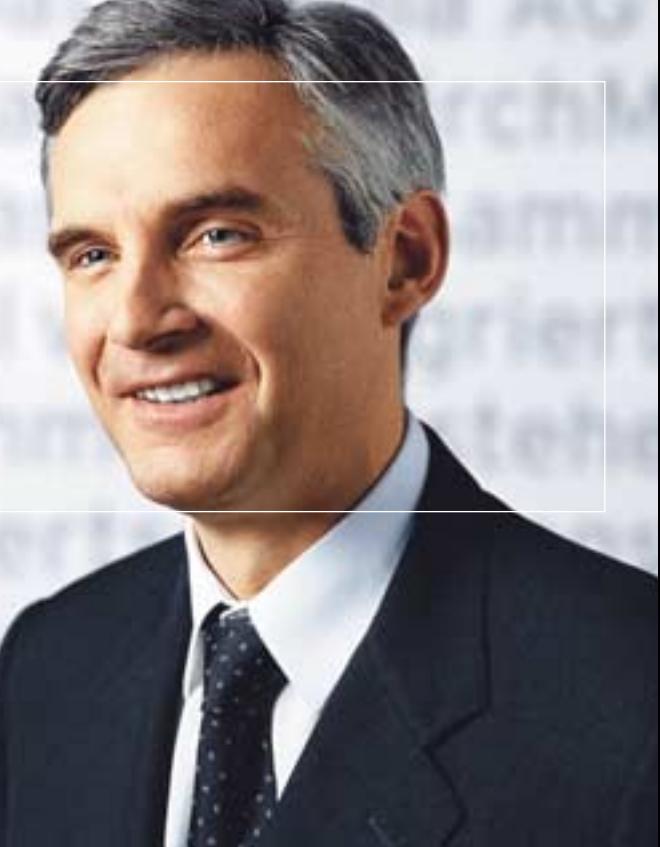
With total revenues of EUR 2.015 billion, the ProSiebenSat.1 Group fell 6.5 percent short of the previous year's figure. Consolidated pre-tax income was EUR 106 million, down 48 percent. Compared to our year-2000 record, revenues were down EUR 140 million. Yet rigorous cost management made up on the net earnings side for just under 30 percent of this figure. In fact we were able to reduce total expenditures by approximately EUR 150 million from our original rough projections for 2001 – an achievement that our staff can justly be proud of. At the Group level, the ProSiebenSat.1 Group thus shows a net income of EUR 68 million for the year. This represents a decline of 27 percent from 2000. EBIT was EUR 154 million, following EUR 245 million. EBITDA was EUR 225 million, after EUR 332 million.

In comparison to the rest of the industry, the ProSiebenSat.1 Group did better than the market as a whole. During the first year since the merger of Sat.1 and ProSieben Media AG, we actually increased the ProSiebenSat.1 Group's share of the TV advertising market to 45.6 percent. But we are not satisfied with the past year's trend of business as a whole. Sat.1 – though it was largely able to

maintain its position in the audience market – looks back on a particularly disappointing business year. The performance of ProSiebenSat.1 stock was also disappointing. In 2000 we were still one of the world's top media stocks; during fiscal 2001 our stock lost around 80 percent of its value. With an end-of-year market price of EUR 5.75, the stock of the ProSiebenSat.1 Group was significantly undervalued. To be sure, we are not alone. Recessionary advertising markets have hit almost every media stock in the world with price drops, sometimes very substantial ones.

For several months, the price of our stock was additionally weighed down by our planned merger with KirchMedia – which has now been canceled. From September 2001 through February 2002, we carefully examined the risks and opportunities inherent in a merger with our majority shareholder. A merger would have created a vertically integrated media corporation able to cover almost every aspect of the audiovisual value chain. As obvious as the strategic advantages of a merger were, the financial situation of the Kirch Group has turned out to be extremely complex and difficult. This of course had an adverse impact on the price of our stock. Amid this situation, we decided on February 22, 2002, to postpone the planned merger and make it contingent on a solution for the Kirch Group's financial problems. Four weeks later it became clear that no merger would be possible in the foreseeable future. On March 20, 2002, by joint agreement with KirchMedia, we finally canceled the project. Unfortunately there was no way to incorporate this decision into the Management Report of the ProSiebenSat.1 Group, which had already been audited in February.

In the course of the preparations for the merger, on February 22, 2002, the Executive Board and Supervisory Board of ProSiebenSat.1 Media AG made an important decision that will remain in effect despite the cancellation of the merger: At the July 2002 annual meeting of shareholders, the two boards will propose converting the company's non-voting preferred stock to voting common stock. KirchMedia,



which holds 88.5 percent of our common stock and 16.5 percent of our preferred stock, also announced on February 22 that it will support this step. If the meeting adopts the proposal, ProSiebenSat.1 Media AG will have only a single, uniform category of stock in the future.

We have undertaken a great many other projects for the new fiscal year. These explain why this annual report is entitled "Addressing New Challenges." In 2002, we expect the television advertising market to take a mildly positive turn at best. But even under optimistic assumptions, no sustained improvement can be expected until the second half of the year at the earliest. The years of turbulent growth in our industry, with gains in the double-digit percentages, are probably over for good. Nor can we rule out the possibility that new competitors might enter the German television market, and cause decisive changes in our market environment over the medium to long term.

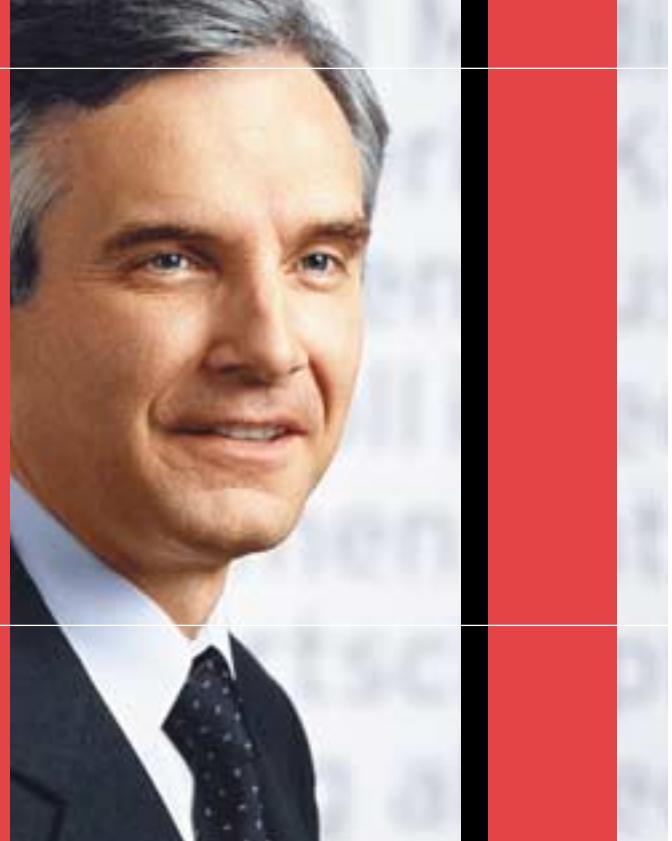
In short: 2002 will once again not be an easy year for television companies. But with our four stations, our strong position in the advertising market, and our activities in television-related lines of business, we are on a very good footing to hold our own even in difficult times. Shortly before the end of fiscal 2001, we implemented a substantial cost-cutting program throughout the ProSiebenSat.1 Group. We view this as an ongoing process for optimizing our profits. Our goal is to enhance our organization's efficiency still further, and to save roughly another EUR 30 million on costs for all segments of the ProSiebenSat.1 Group combined.

The ProSiebenSat.1 Group is well positioned to face up successfully to the challenges of the future. Transparency, rigorous cost management and a focus on our core business are the cornerstones of our business policy. They will enable the ProSiebenSat.1 Group to stand firm even in a difficult economic period.

Sincerely,

A handwritten signature in blue ink, appearing to read "U Rohner".

Urs Rohner
Chairman of the Executive Board



"Autonomously and independently financed"

Why did you cancel plans for the merger between ProSiebenSat.1 Media AG and KirchMedia?

The merger plans were increasingly hampered by the Kirch Group's financial difficulties. As far back as February 2002, we announced that a merger would be possible only if the Kirch Group could be put on a sound financial base. Then in March, it became clear that no merger would be feasible for the foreseeable future. That was why we canceled.

What had you expected from a merger between ProSiebenSat.1 Media AG and KirchMedia?

We viewed KirchMedia's merger offer as a unique strategic opportunity, which our duty to our shareholders required us to review carefully. A merger would have created a vertically fully integrated media corporation, able to cover the entire audiovisual value chain except pay TV - from program production, to trading in sports, film and series rights, to commercial showings on free TV. It would have allowed us to diversify our sources of revenue and reduce our company's dependence on advertising income. At the same time, the merger would have given us direct access to the largest programming library in Europe. And last but not least, it would have yielded significant potential for synergy, especially in our technical and central administrative operations.

What assurance would there have been that the interests of ProSiebenSat.1 shareholders would be preserved against KirchMedia, the majority shareholder?

The entire Executive Board was well aware that our other shareholders might take a critical view of our planned merger with our majority shareholder, KirchMedia. We and the Supervisory Board were all agreed that at every stage of the review and preparation of the merger, the Executive Board must act as trustee for the minority shareholders. The Supervisory Board itself had formed a task force to scrutinize the valuation, the exchange ratio and all terms and conditions of the transaction - regardless of where the majority shareholder's interest might lie. In addition, we had engaged two investment banks - Credit Suisse First Boston (Europe) Ltd. and Deutsche Bank AG - to produce a fairness opinion on the transaction. Deutsche Bank's fairness opinion was to be produced on behalf of the minority shareholders. Besides that, the lead-up to the merger preparations involved comprehensive audits of KirchMedia's legal, financial and business situation. Our final agreement to the merger would have been contingent on the results of those audits. This eventuality, however, never ensued.

What consequences will the ProSiebenSat.1 Group suffer from the collapse of the KirchMedia merger?

In the short term, there will be no adverse effects. With our four stations we are well positioned amid a difficult market environment. We will continue to focus on our core business and rigorous cost management, and concentrate on expanding our share of the television advertising market. However, for the long term we must develop strategic alternatives to the merger so that we can continue enhancing our profitability in the future. We will certainly address this task, and will be giving it our fullest attention in the next few months.

What will be the impact of the Kirch Group's current financial difficulties for the ProSiebenSat.1 Group?

Our company is autonomously and independently financed. We are well capitalized, listed on the stock exchange, and profitable - notwithstanding the difficult advertising environment. To that extent, the Kirch Group's problems have no direct impact on our operations. But we are keeping a sharp eye on developments. The Kirch Group is of course not only our main shareholder, but also our most important programming supplier. We have had a long-standing, profitable business relationship with it.

How much programming do you get from the Kirch Group?

In fiscal 2001, we got roughly 41 percent of our total programming from KirchMedia. Three years before that, the figure was still just slightly less than 48 percent. KirchMedia is our most important, yet not our sole supplier of programming rights. Our supplier list now includes more than 120 vendors. The ProSiebenSat.1 Group's programming assets currently comprise nearly 35,000 hours of feature-film and series rights under contract. So a large portion of our stations' programming supply is already secure for the next few years.

Even without the merger, will the company's nonvoting preferred stock still be converted to voting common stock?

In February 2002, the Executive Board and Supervisory Board of ProSiebenSat.1 Media AG decided to propose to the July 2002 annual meeting of shareholders that non-voting preferred shares of our stock should be converted to voting common shares. KirchMedia, as our majority shareholder, explicitly announced its support for this project on February 22. If a 75 percent majority of all holders of common and preferred stock votes in favor of the proposition, ProSiebenSat.1 Media AG will have only one, uniform category of stock in the future - as the capital market has long wanted.

"ProSiebenSat.1 holds a strong market position despite the current crisis!"

Performaxx AG	Interim Report, first nine months of 2001
G. Möderndorfer	October 26, 2001

The Economic Situation

Advertising market contracts for first time

The entire German advertising industry found 2001 a difficult year. The recessionary mood of the German economy exacerbated an already-declining advertising market still further, especially in the second half of the year, due to the direct and indirect effects of the September 11 terrorist attacks. By the time of their autumn assessment, released at the end of October, Germany's six leading economic institutes were assuming that economic growth for 2001 would reach only 0.7 percent. In December, the ifo institute for economic research corrected its projection to a rise of only 0.5 percent in gross domestic product. Initially the institute had anticipated a gain of 2.5 percent for the year.

Because the economy has cooled so significantly, the ProSiebenSat.1 Group is now operating on the assumption that the German TV advertising market receded by seven to eight percent. No precise figure for the actual size of the slippage is available yet. The ZAW, Germany's national advertising association, will not publish television broadcasters' net advertising revenues until May 2002. These figures are based on information provided voluntarily by the broadcasters themselves, and reflect advertising revenues before deducting cash discounts but after deducting agency commissions and bulk discounts. The ZAW's preliminary estimates indicate that advertising expenditures declined by roughly four percent for the advertising industry as a whole, and five percent for conventional media. In other words, the advertising market contracted for the first time since 1970.

Television does better than market as a whole

All media forms showed declines on the basis of gross advertising spending as well. But these gross figures offer no real foothold for direct conclusions about broadcasters' actual advertising revenues, since the values include not only bulk discounts but agency commissions and self-promotion. The gross figures indicate that the market as a whole was down 6.3 percent against 2000. Radio and daily newspapers were off 10.5 percent, and trade journals' revenues dropped a full 15.9 percent from the previous year. Compared to the other advertising media, television held its own remarkably well. With a decline of 5.2 percent, the television business made a better showing than the market as a whole. Among conventional media, television once again generated the highest gross advertising revenues, EUR 7.6 billion. This means that 44.4 percent of all gross advertising spending went for television advertising - a gain of 0.5 percentage points from 2000.

ProSiebenSat.1 Group consolidates lead in advertising market

Despite declining demand for television advertising, ProSiebenSat.1 Group broadcasters strengthened their combined market standing and consolidated their lead in the television advertising market. With a gross share of 45.6 percent of the advertising market, they gained 0.6 percentage points against the previous year. RTL Group broadcasters achieved a market share of 41.2 percent, putting them in second place.

While the number of companies and products advertised on television was down for the first time in 2001 - a trend that was paralleled in virtually every other medium - average television advertising budgets per product actually rose four percent from the year before, and budgets per company were up as much as 15 percent. In other words: in a difficult year for advertising, TV advertising clients significantly expanded their reliance on television. By contrast, conventional media overall suffered an average decline of one percent in both product and corporate budgets during 2001.

Weak advertising market puts pressure on earnings

The significant contraction of the advertising market in Germany slowed the ProSiebenSat.1 Group's business growth in 2001. Group revenues were EUR 2.015 billion, 6.5 percent below the previous year's figure of EUR 2.155 billion. Yet rigorous cost management made up on the earnings side for just under 30 percent of the EUR 140 million in lost revenues. Pre-tax income amounted to EUR 106 million, following on EUR 205 million the previous year. This figure includes a charge of EUR 15 million for the integration costs associated with the merger between ProSieben and Sat.1, and a write-down of EUR 14 million on the Group's equity interest in the Internet mail order company LetsBuyIt.com. Excluding these one-time effects, the Group's pre-tax earnings amounted to EUR 135 million. The pre-tax profit margin was five percent. With a tax rate of just under 38 percent, the ProSiebenSat.1 Group achieved a net income of EUR 68 million for the year. The previous year's figure was EUR 93 million.

Earnings per share, calculated according to the criteria of the German Society of Financial Analysts and Asset Managers (DVFA) and the Schmalenbach Society for Business Administration (SG), were EUR 0.34, following the previous year's EUR 0.53. EBIT was EUR 154 million, down EUR 91 million from the previous year. EBITDA amounted to EUR 225 million, following the previous year's EUR 332 million.

Because multimedia activities have been pooled in our new subsidiary Kirch Intermedia, the 2001 financial statements no longer include the online marketer SevenOne Interactive, or the ddp and ddp/vwd Wirtschaftsnachrichten news agencies. Nor are the operations of ProSieben Digital Media reflected here. These companies were removed from the scope of consolidation retroactively to January 1, 2001. In the previous year, they had generated charges of EUR 9 million against Group income, and added EUR 18 million to Group revenues.

Net worth, financial position and operating results

As of the December 31, 2001, reporting date, ProSiebenSat.1 Media AG's total assets had risen from EUR 1.669 billion to EUR 2.028 billion.

On the assets side of the balance sheet, the expansion was due to an increase in both fixed and current assets. Financial assets increased EUR 176 million. This figure reflects the acquisition of a 48.4 percent interest in Euvía Media AG & Co. KG, for which ProSiebenSat.1 Media AG furnished a cash contribution of EUR 67 million, and granted a corporate loan of EUR 112 million. The write-down on our equity interest in the Internet mail-order firm LetsBuyIt.com reduced financial assets by EUR 11 million from the year before. Current assets grew from EUR 1.413 billion to EUR 1.612 billion. Receivables and other current assets were up 25 percent, to EUR 294 million. These are principally trade accounts receivable and amounts due from Group companies. Bank deposits also rose compared to the year before, from EUR 27 million to EUR 107 million.

The increase of EUR 359 million on the liabilities and equity side was due primarily to a rise of EUR 429 million in gross financial debt. Net financial debt rose EUR 348 million, to EUR 897 million. Equity was up slightly, from EUR 647 million to EUR 650 million. In 2001 the ProSiebenSat.1 Group had an equity ratio of 32 percent, while the previous year's figure was 39 percent. Thus our media company still has a solid capital base, which provides an extremely stable foundation for our further business development.

Programming assets grow to EUR 1.206 billion

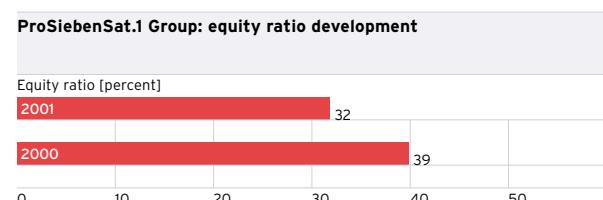
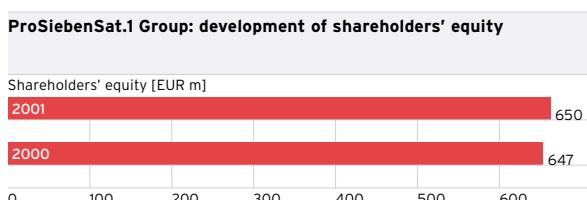
With a share of 59 percent of total assets, programming is the ProSiebenSat.1 Group's most important asset item. It was valued at EUR 1.206 billion as of the reporting date - a rise of five percent. Programming investments with an impact on the balance sheet amounted to EUR 1.180 billion in 2001. They were 18 percent above the previous year's value.

The ProSiebenSat.1 Group's on-balance-sheet programming assets are mainly feature films and series, along with commissioned productions intended for one-time or multiple airings. Feature films and series are included here as of the beginning of their license term; commissioned productions are capitalized as showable programming assets as of their completion. The ProSiebenSat.1 Group has further programming assets worth EUR 1.070 billion that have not yet been capitalized. Thus total programming assets under contract amounted to EUR 2.276 billion as of December 31, 2001. This programming inventory comprised 34,922 hours of broadcasting rights under contract, including 15,055 hours of international feature films, 11,137 hours of international

ProSiebenSat.1 Group: balance sheet structure

	2000	2001	Change y/y	Percentage in 2001
Assets [EUR m]				
Fixed assets	240	394	64%	19%
Current assets	1,413	1,612	14%	80%
portion in programming assets	1,147	1,206	5%	59%
Prepaid and deferred items*	16	22	38%	1%
Total assets	1,669	2,028	22%	100%
Liabilities and shareholders' equity [EUR m]				
Shareholders' equity	647	650	0%	32%
Accruals	155	105	-32%	5%
Liabilities	866	1,272	47%	63%
Deferred items	1	1	0%	0%
Total liabilities and shareholders' equity	1,669	2,028	22%	100%

* Including deferred taxes



series, 2,951 hours of cartoons, 2,076 hours of German series, and 905 hours of German feature films. The revenue potential of these programming assets by way of airings on Sat.1, ProSieben and Kabel 1 is around EUR 3.5 billion.

reserves and bringing forward a total of around EUR 25 million as accumulated profits.

Use of programming assets further optimized

In response to the contraction in the market for television advertising, the ProSiebenSat.1 Group further optimized the use of its programming assets in fiscal 2001. Although programming costs for the year had originally been budgeted to rise seven percent, the actual increase was held down significantly by cost-conscious programming on all channels over the course of the year. In all, depreciation of programming assets increased a moderate 1.6 percent, to EUR 1.109 billion. Depreciation of capitalized programming assets due to broadcast use is a major component of the item for cost of programming and materials that appears in our statement of income. This item also includes expenses for licenses, broadcasting fees and materials, as well as production costs. In all, the cost of programming and materials increased one percent, to EUR 1.399 billion.

Shareholder-friendly dividend policy to continue

ProSiebenSat.1 Media AG will continue its profit-oriented, shareholder-friendly dividend policy for 2001. The allocation of profits to be proposed to the annual meeting calls for distributing approximately 40 percent of the net income of ProSiebenSat.1 Media AG to the company's shareholders. Thus the payout ratio remains roughly the same as the prior year's 44 percent. At the annual meeting, the Executive Board and Supervisory Board will propose a dividend of EUR 0.16 per share of preferred stock, and EUR 0.14 per share of common stock. This is equivalent to a total distribution of some EUR 29 million. The proposal also calls for allocating EUR 20 million to revenue

Difficult market conditions in core business

The ProSiebenSat.1 Group generates 97 percent of its revenues from its four stations Sat.1, ProSieben, Kabel 1 and N24. In its core business of commercial television, in 2001 the company confronted the most difficult market environment since commercial television began operating in Germany.

The slack advertising market held down revenues for the ProSiebenSat.1 Group's Television segment to EUR 1.961 billion, compared to the previous year's EUR 2.086 billion. Externally generated revenues, at EUR 1.942 billion, were down seven percent. The operating profit was EUR 137 million; the previous year's figure had been EUR 282 million. The decline was exacerbated by the further deterioration of the economic climate after the terrorist attacks on September 11. In the television business, the last four months are traditionally the most profitable time of the year: around 40 percent of the TV advertising revenues for any given year are generated between September and December. Amid this difficult market environment, the Group's four stations - Sat.1, ProSieben, Kabel 1 and N24 - met with varying levels of success.

Business at Sat.1, for example, took an unsatisfactory turn in 2001. With the television advertising market in decline, during the year the station was unable to make up for the November 2000 loss of one of its top advertising clients, which had provided a gross advertising budget of EUR 100 million. The impact on revenue growth was substantial, even though the station's performance declined only minimally in terms of audience market. Sat.1 achieved a market

share of 10.1 percent among all viewers - as compared to the previous year's 10.2 percent. The station held its own among viewers age 14 to 49, with a market share of 11.6 percent, compared to the previous year's 12.0 percent.

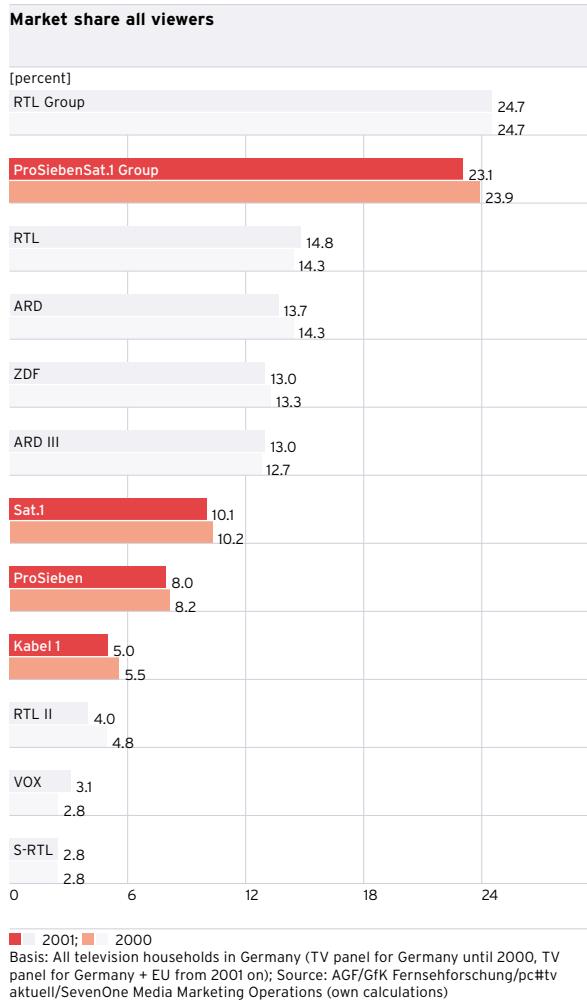
Overall, in fiscal 2001 Sat.1 generated revenues of EUR 831 million - a drop of EUR 125 million. Before-tax income was negative, at EUR -77 million. The previous year's equivalent figure was a profit of EUR 34 million, after adjustment for the channel's merchandising activities, which are now reported under the Merchandising business area.

Even in a market environment this difficult, ProSieben once again demonstrated its exceptional standing in the German television market. After a record 2000, Germany's most profitable broadcaster boosted its pre-tax income by another EUR 5 million, to EUR 262 million. Its revenues amounted to EUR 860 million, following on EUR 866 million the previous year. The profit margin, at 30 percent, maintained the previous year's high level. Thus ProSieben was able to compensate for the slight decline in revenues by

further optimizing its use of programming. In doing so, the station benefited most from its strong position among viewers between the ages of 14 and 49. With a market share of 13.3 percent, ProSieben likewise maintained the previous year's high level among this target audience.

Kabel 1 led the second generation of German broadcasters once again in 2001, with a market share of five percent among all viewers (over the age of three). The previous year, the station reached 5.5 percent in this target audience. Kabel 1's market share among viewers age 14 to 49 was 5.2 percent, compared to the previous 5.4 percent. Revenues for 2001 were EUR 215 million, down EUR 5 million from the year before. Pre-tax income was EUR 34 million, a drop from the previous year's figure of EUR 51 million, due primarily to already-budgeted increases in spending on programming.

During its second year on the air, news channel N24 carved out a permanent position for itself in the German television market. By the end of 2001, N24 was reaching approximately



68 percent of all German TV households. When it first began broadcasting on January 24, 2000, its technical reach was just 30 percent. No other broadcaster has developed so rapidly under such difficult conditions as N24. By mid-February 2002, it had boosted its technical reach to 24.5 million households - just under 74 percent of all German television households. The news channel's revenues were up 76 percent during fiscal 2001, to EUR 67 million. Substantial revenue gains resulted from the expansion of news production to Sat.1. N24 is the central information service provider for all broadcasters in the ProSiebenSat.1 Group. Effective July 1, 2001, the news channel moved part of its operations to the nation's capital, Berlin. N24 showed a negative pre-tax result of EUR -38 million in 2001, compared to the previous year's EUR -34 million. Results were pulled down by the station's move from Munich to Berlin, and by declining advertising spending in response to the poor stock-market environment.

Transaction television

By acquiring 48.4 percent of Euvía Media AG & Co. KG, during 2001 the ProSiebenSat.1 Group expanded its business portfolio into the transaction television segment. Euvía wholly owns the Neun Live station, which has transformed channel tm3 into a niche channel for live entertainment with interactive viewer participation. In H.O.T. Networks AG, the largest single shareholder, the ProSiebenSat.1 Group has an experienced partner that holds 48.6 percent of Euvía and will cover all projected startup losses. Three percent of Euvía belongs to Christiane zu Salm, who chairs the company's Executive Board.

A critical factor in Neun Live's business success is the number of calls from viewers who participate in its interactive programming by phone. Neun Live is financed mainly by call-in charges, and only to a small extent by advertising. The station must also rely on an adequate technical reach over German cable networks.

In addition to the Euvía stake, since March 2001 Sat.1 and Kabel 1 have also carried two live shopping windows totaling two hours daily, produced in cooperation with Home Shopping Europe AG. The ProSiebenSat.1 Group and Home Shopping Europe AG share equally in the advantages and profits from this cooperative venture. In its first year, the partnership gained an average of 900 new customers a day via the shopping window.

Multimedia, Merchandising and Services

Multimedia operations pooled

In 2001, the ProSiebenSat.1 Group restructured its portfolio of holdings in the multimedia sector. The merger of ProSieben Digital Media GmbH and Kirch New Media AG, retroactive to January 1, 2001, yielded Kirch Intermedia GmbH. The new company combines all multimedia activities of the ProSiebenSat.1 Group and the Kirch Group. The ProSiebenSat.1 Group is the largest single shareholder, with a 49.9 percent stake. It also holds a call option for a further 0.2 percent of the company. Kirch Intermedia owns 100 percent of the ddp news agency. The new joint undertaking will also run all further subsidiaries or joint ventures in the New Media segment. Pooling all resources in the online segment not only offers significant cost advantages, but will also substantially expand the product portfolio and accelerate the ProSiebenSat.1 Group's plans to tie in its conventional television business with the Internet world. As the largest single shareholder, the ProSiebenSat.1 Group is systematically counting on further efficiency enhancements and substantial cost cuts at Kirch Intermedia.

Merchandising business continues to grow

The Merchandising segment combines the activities of MM Merchandising München, ArtMerchandising & Media and SevenOne Club & Shop. Here the ProSiebenSat.1 Group boosted its total revenues in 2001 from EUR 50 million to EUR 66 million. Externally generated revenues grew from EUR 45 million to EUR 59 million. The Merchandising segment's operating profit rose to EUR 15 million, compared to EUR 11 million in 2000. The latter figures have been adjusted to include the Sat.1 merchandising business.

Aside from the further growth of Merchandising activities, the expansion of viewer loyalty builders through SevenOne Club & Shop also had a positive impact on business. The "Sat.1 - Meine Welt" viewer community, launched on May 15, 2001, had attracted 69,000 members by year's end. Over the same period, 68,000 new customers registered for the new Kabel 1 viewer loyalty projects. The ProSieben Club, a success since 1995, set new records with 294,500 members and a gain of 19 percent from the previous year. In April 2001, ProSieben Club & Shop GmbH was renamed SevenOne Club & Shop GmbH.

Services: internally generated revenues up significantly

The Services segment comprises subsidiaries SevenSenses and SZM Studios, and the IT company ProSieben Information Services. During fiscal 2001, the Services segment boosted total revenues 33 percent, to EUR 172 million. Externally generated revenues maintained the previous year's level, at EUR 11 million. The operating profit was EUR 8 million, following on the previous year's negative figure of EUR -4 million. The importance of the Services sector for the entire broadcasting group is also reflected in the growth of EUR 42 million in internally generated revenues, to EUR 161 million. The ddp news agency, a wholly-owned subsidiary of the former ProSieben Digital Media, was spun off retroactively to January 1, 2001, and is no longer included in the 2001 financial statements.

Personnel

Staff down five percent

In 2001, the ProSiebenSat.1 Group's staff averaged 3,001 employees (not including trainees and interns). This represents a reduction of five percent from the year before. Key factors in this change were the divestments of ProSieben Digital Media, the ddp news agency, and the SevenOne Interactive marketing company. By pooling and restructuring operations within the broadcasting family, ProSiebenSat.1 was additionally able to merge certain segments and departments, which were then reassigned to other subsidiaries of the Group. Consequently, Sat.1 had an average of 325 employees less than the previous year. The change was chiefly the consequence of reassigning positions to other segments of the ProSiebenSat.1 Group. The staff of the Services segment grew eight percent. The staff increase of 34 percent in the Merchandising segment reflects the expansion of viewer loyalty builders and e-commerce activities. The average age of all ProSiebenSat.1 Group personnel was 33. Because of the smaller staff, personnel expenses were down EUR 11 million, to EUR 209 million.

Research and Development

Market research still a high priority

Ongoing research and market analysis is a top priority for the ProSiebenSat.1 Group. The Group's expenditures on market research in fiscal 2001, at EUR 20 million, remained at the same high level as the year before. There is virtually no other industry where success and failure can be measured as quickly as in the television market. Every day, detailed analyses of audience reach and market share are available the morning after a program is aired. These figures ensure constant transparency in the television market, and document performance for advertising clients.

They are the most important management tool for broadcasters' programming executives. Ratings are determined by the GfK, a consumer research association, by measuring viewing patterns among a representative panel of viewers. The research is commissioned by the AGF, a television research federation whose membership includes all major commercial television stations and the public stations. The AGF/GfK ratings are used to calculate advertising prices and check the efficacy of advertising campaigns.

Not only do research results provide relevant information about the success of programming and marketing campaigns, but the advertising industry uses these detailed analyses as an important source of information for media scheduling. As a service, the ProSiebenSat.1 Group offers its advertising clients not only conventional analyses to monitor media performance and individual campaigns, but also extensive qualitative studies. These include, for example, studies and sets of tools for TV and target audience scheduling, as well as resources for studying advertising impact, ad-hoc analyses of the impact of new forms of advertising, industry-specific media reports and qualitative programming research tools. On commission from ProSiebenSat.1 Media AG, Prognos AG produces what is thus far the market's only study on medium to long-term advertising market trends. In addition to Germany and Austria, the Prognos Study included Switzerland for the first time in 2001. Thus the ProSiebenSat.1 Group offers its clients the most comprehensive insight ever into the advertising market throughout the German-speaking region of Europe. The development of new, integrated forms of advertising has also intensified demand for information about user exposure in the electronic media. The ProSiebenSat.1 Group conducts its quarterly "@facts" survey to detect the latest developments. This is Germany's and Europe's largest and methodologically most sophisticated Internet study, interviewing 120,000 people a year about their use of New Media.

Investment in developing new formats

In 2001, the four channels Sat.1, ProSieben, Kabel 1 and N24 together aired 19,590 program hours of in-house or commissioned productions. These include news, magazine shows, special reports, talk shows, comedy shows, TV movies, series and trailers. In all, some 56 percent of the programming hours shown are produced in-house or on commission. The stations' profile is defined by their own programming, like "Für alle Fälle Stefanie," "taff." and "Abenteuer Leben." Unlike programming shown on license, these shows can be produced daily or weekly over extended periods.

The ProSiebenSat.1 Group is constantly at work developing new programs. Development editors draw on ideas from

Involvement in transaction TV

By acquiring 48.4 percent of Euvía Media AG & Co. KG in May 2001, ProSiebenSat.1 Media AG expanded its business portfolio to include the promising transaction television segment. Euvía operates the Neun Live station, formerly tm3, which has been transformed during the year into a niche channel for live entertainment with interactive viewer participation. Neun Live is financed primarily by the proceeds from transactions. Euvía's largest single shareholder, with 48.6 percent, is H.O.T. Networks AG, whose Supervisory Board is headed by Dr. Georg Kofler. Also among the shareholders is Executive Board Chair Christiane zu Salm, who owns three percent of the company.



in-house and suggestions from outside, and develop projects over a period of several months, from pilot to ready-to-air product - often in cooperation with outside producers. In 2001 they developed around 41 pilot projects, from talk shows to event films to magazine shows. Production commissions were issued for 138 shooting scripts. In all, the ProSiebenSat.1 Group's development costs for new programming totaled EUR 8 million. This figure has been pared down EUR 3 million from the year before, with no lack of further achievements in innovative programming. Here again the effects of optimized cost management within the ProSiebenSat.1 Group are evident.

Events Subsequent to the Reporting Date

Merger preparations and audits

As fiscal 2002 began, the process of the merger between ProSiebenSat.1 Media AG and KirchMedia GmbH & Co. KGaA was in the due diligence and appraisal phase. Due diligence refers to an in-depth audit of both companies' business, financial and legal situation by outside experts. In the appraisal process, independent auditors produce a joint appraisal of the value of the merging companies. This appraisal also serves as a basis for the proposed exchange ratio. Wirtschaftsprüfungsgesellschaft Arthur Andersen mbH is the accounting firm acting for ProSiebenSat.1 Media AG in this process. KirchMedia GmbH & Co. KGaA has engaged Deloitte & Touche GmbH. The joint appraisal by the two accounting firms will be audited by a court-appointed merger auditor. In preparing for the transaction, the ProSiebenSat.1 Group has engaged Credit Suisse First Boston (Europe) Ltd. as a consultant. Additionally, ProSiebenSat.1 Media AG has engaged Deutsche Bank AG to examine a fairness option for minority shareholders, intended to check that the corporate transaction is fair to them.

Risk Report

A high-performance risk management system

During fiscal 2001, ProSiebenSat.1 Media AG further optimized its risk management system. The particular focus here has been on the Group's TV channels, which contribute by far the biggest share of revenues and earnings. The ProSiebenSat.1 Group's risk management system ensures that potential risks to the company will be detected early, making it possible to take appropriate mitigating measures. Early warning indicators have been defined for all measurable and material areas of risk. These indicators are used as a basis for monthly reports to the Executive Board on the evolution of the risk picture. Specific staff members have been assigned the responsibility for monitoring identified risk areas. In addition, a monitoring system ensures that mitigating measures are initiated as soon as any indicator exceeds a specified tolerance limit.

The monitoring system's early warning indicators primarily cover the ProSiebenSat.1 Group's performance in the audience and advertising market, the profitability and appeal of the program inventory, human resources development and developments having to do with media policy and other legal issues.

Detailed audience and advertising market analysis

The ProSiebenSat.1 Group is Germany's largest television company, with its four stations, Sat.1, ProSieben, Kabel 1 and N24. Its position in the audience market is analyzed daily in detail, on the basis of AGF/GfK data. Audience market share is the most important early warning indicator of changes in television use.

The ProSiebenSat.1 Group uses comprehensive analytical methods to monitor trends in advertising revenues. Revenues for the year as a whole are projected on the basis of bookings for advertising spots. Monthly reports submitted



"We welcome digitization"

The year in media policy was dominated by the debate over the future of cable networks. Although new network operators announced they would be expanding cable into a digital full-service platform, the upgrade has failed to materialize so far. Yet it is urgently needed, not only to eliminate the current shortage of transmission capacity, but also to enable additional interactive options and intensify competition in telephone and fast Internet services.

Naturally, large investments are needed to upgrade the old analog cable networks, and these must be financed by way of the market. For that reason, ever since the debate over the sale of the cable networks began, we have called for a non-restrictive regulatory framework. Yet we believe - and here I find our opinion is widely shared by many media-policy and regulatory authorities - these developments should benefit only companies that also actually invest in the old networks, and not those who would merely abuse them as a capital investment or a preferred channel for carrying their own content. So it becomes all the more important for all market participants - network operators as well as media companies - to use the uniform European MHP standard for multimedia applications. German content providers will not accept proprietary systems that would give a network operator an unfair competitive advantage for its imported content.

At the same time, our programming's high audience acceptance makes us extremely optimistic as we go into negotiations with the new network operators, whom we view essentially as our partners. We welcome digitization, with the opportunities it offers for us to develop interactive capabilities. For the same reason, we are also actively involved in developing and setting up alternative transmission channels, such as DVB-T.

For the ProSiebenSat.1 Group, the amendment of the law on copyright agreements was almost as important an issue in fiscal 2001 as the problem of technical reach. Television broadcasters, producers, rights traders and publishers together were able to draw a good deal of the

sting from the Federal government's original bill. The law was passed on January 25, 2002. Yet in our opinion it still contains an important point for criticism. For the first time, the "Best Seller" paragraph will apply to the film industry. Under this provision, every author and performing artist is entitled to receive additional consideration if a work proves especially successful - and if earnings are conspicuously out of proportion to the consideration originally paid. Because the new stipulation is retroactive - and would furthermore allow the claim for consideration to apply against everyone involved in the copyright exploitation phase - we are investigating the possibility of a constitutional challenge.

Protecting young people will also remain on the agenda. We welcome and vigorously support plans to reorganize the responsibilities of the Federal and state governments in this regard. As a provider of broadcasting and new, Internet-based services, we too want to be sure that provisions for the protection of young people are designed to be timely and efficient. One important element we have repeatedly emphasized here is a greater self-policing capability. The political decision-makers at the Federal and state levels have already clearly stated their agreement with this principle.

Finally, we have promoted discussion about liberalizing the rules on advertising. The German states have already taken an important first step in this direction, and submitted requests to this effect in Brussels while the pertinent European Directive was in the process of being revised. However, another development we had hoped for failed to materialize. The Sixth Amended Interstate Broadcasting Treaty, scheduled to take effect on July 1, 2002, still reflects no progress in cutting back expensive obligations to provide regional programming windows.

Jürgen Doetz,
Member of the Executive Board
Media Policy and Regulation

to the Executive Board list actual and projected values as well as the previous year's figures, and provide a detailed picture of revenue developments. The analysis also covers the position of competitors and developments within the economy and the advertising industry.

Rigorous cost management in 2002

The economic climate in Germany cooled significantly in fiscal 2001. All economic research institutes gradually revised their growth projections downward. The German television market did not escape the trend. The advertising industry's spending on television advertising declined for the first time since commercial television was instituted in Germany. Amid this setting, the ProSiebenSat.1 Group was also compelled to reduce its business projections three times over the course of the year. In contrast to the explosive early years of private television, the industry can no longer insulate itself from changes in the economy as a whole.

In 2002, the ProSiebenSat.1 Group overall expects a slight recovery in the television advertising market. But for the first half, one can expect only stagnation at best. Any improvement will not set in until the second half at the earliest. For that reason, the ProSiebenSat.1 Group has initiated a substantial cost-cutting and efficiency enhancement program that extends to all major business segments. Nevertheless, both viewers and advertising clients will still be able to count on the quality of our programming.

The advertising market in 2002: low visibility impedes projections

The difficult economic conditions in fiscal 2001 demonstrated that visibility in the German television advertising market is comparatively low. Information from multiple companies about the net development of the advertising market is published only once a year, in May of the subsequent year, by the country's advertising industry association (ZAW). Apart from the ProSiebenSat.1 Group, only the RTL Group,

another listed company, regularly releases information about the development of its business. To improve visibility, for fiscal 2002 the ProSiebenSat.1 Group is developing a projection tool to survey top advertising clients and agencies on a standardized basis about their future spending plans for television advertising. Preliminary results can be expected in the course of the first quarter.

For the economy as a whole, the leading German analytical institutes - the DIW and ifo - anticipate a recovery in the second half of the year. Both project a rise of 0.6 percent in gross domestic product. However, if the economic upswing is delayed a quarter, the institutes anticipate that GDP will gain only 0.1 percent in 2002. For the advertising industry, the ZAW projects growth of one percent for the overall market in 2002. It expects new impetus mainly from intensified advertising by the insurance industry, retailers and the pharmaceutical industry. Television advertising is expected to profit from this growth. But it is not yet clear how great the actual increase will be. For the European TV advertising market as a whole, the international advertising agency Zenith Optimedia projects growth of 1.7 percent. Given the low visibility in Germany's advertising market, and the fact that the country has the lowest growth rate in Europe, this mark can serve only as a rough guideline as to the evolution of business within the ProSiebenSat.1 Group.

Changes among German cable operators

For the broadcasters in the ProSiebenSat.1 Group, lasting success in the advertising market depends most significantly on high audience reaches. Apart from programming appeal, this reach depends mainly on the geographical range the stations can cover. The Group's three full-service stations, Sat.1, ProSieben and Kabel 1, have high technical reaches. Via cable, satellite and antenna, Sat.1 reaches 96 percent of Germany's roughly 34 million television households. ProSieben reaches 92 percent and Kabel 1 reaches 88 percent. The N24 news channel reaches nearly 70 percent of TV households.

The new liberalization of the cable market is extremely important for the ProSiebenSat.1 Group. Among the cable-network operators are new players whose business policy includes digitization of their networks. This will vastly amplify the capacity available for carrying television programming, opening up new business prospects for the ProSiebenSat.1 Group. However, the reach of the four stations Sat.1, ProSieben, Kabel 1 and N24 must still be assured amid the transition from the analog to the digital age. For that reason, in the next few years the ProSiebenSat.1 Group will make arrangements for simulcasting - the simultaneous analog and digital distribution of its programming.

Looking at the prospect of feeds into digital cable networks, the ProSiebenSat.1 Group is optimistic that its four stations' appeal, high audience acceptance and contribution to variety will gain them cable slots even where the Group has no direct legal claim to be shown. Additionally, the German states responsible for broadcasting legislation have made it clear that digitization is by no means intended to result in the availability of fewer stations on digital cable than on analog cable. ProSiebenSat.1 Media AG will negotiate with all major cable network operators for analog and digital feeds of its programming. Broadcasters' position in the matter of digital feeds was further strengthened in May 2001 by a decision of the Leipzig Regional Court in a suit brought by Deutsches SportFernsehen against the cable network operator PrimaCom AG. The court ruled that cable network operators can digitally feed in programming only with the television broadcasters' consent.

In the future, the number of channels available on cable could increase significantly as digitization advances. Yet even in a more heavily fragmented television market, the four stations of the ProSiebenSat.1 Group would still be in a position to maintain their competitive positions in the free TV sector. Regardless of the essentially high barriers against any new provider's entry into the market, the Group's standing will be particularly assured by widespread awareness of its station brands, its long-term contracts for broadcasting rights, and its strong position within the audience and advertising markets.

Antitrust authority reviews planned sale of cable network

Although Deutsche Telekom AG has decided to sell the major portion of its cable network to the American company Liberty Media, the Federal Cartel Authority has not yet granted its approval. ProSiebenSat.1 Media AG has exercised its right to be summoned as an interested party in these proceedings, to ensure discrimination-free access for its programming even after the cable network changes owners. Accompanied by all German broadcasters, the European Commission and the German state regulatory agencies for broadcasting, ProSiebenSat.1 Media AG has argued for the use of open interfaces and decoder systems based on the MHP standard. Some cable companies' plans to install proprietary decoder systems that would tie subscribers to their own programming would restrict viewers from having access to future TV programming and shut them out from important developments. ProSiebenSat.1 Media AG has taken an active, broad-based role in this social debate, in order to counter these restrictions on television viewers.

A rose for "TV total"

Since February 2001, "TV total" has gone to four times a week. Monday through Thursday, Stefan Raab attracted an average of 20 percent of the audience between 14 and 49 during 2001. His legendary match against Women's Boxing World Champ Regina Halmich drew 7.64 million viewers. The host earned an exceptional honor in April 2001: His show was awarded the Bronze Rose at Montreux.



Program inventory with high appeal and high profits

Another critical factor in a television company's success is the profitability and appeal of its programming inventory. The ProSiebenSat.1 Group's four stations, with their complementary programming and positioning, offer extensive synergies in program purchasing and use. The broadcasting family also profits from its legal ties with KirchMedia GmbH & Co. KGaA. KirchMedia is the largest European programming company, and the ProSiebenSat.1 Group's most important licensor. It has strong, long-standing business relationships with every relevant production company and studio in the US. Two current legal disputes with the Universal and Paramount studios represent no threat to the substance of these relationships. The ProSiebenSat.1 Group assumes that all rights it acquires will be usable as planned. As a rule, contracts for program packages, feature films and series are signed several years before the actual airing dates. To reduce investment risk, the revenue potential of broadcasting rights under contract undergoes regular review. One early warning indicator is the total return on programming inventory.

In fiscal 2001, the ProSiebenSat.1 Group's programming supplier list included more than 120 entries. In acquiring programming, the company applies criteria of both profitability and appeal. The programming rights it has under contract to date will cover roughly 57 percent of the ProSiebenSat.1 Group's needs for licensed programming on its Sat.1, ProSieben and Kabel 1 stations until the year 2004.

Post-merger appraisal proceeding

The merger of Sat.1 and ProSieben Media AG to form ProSiebenSat.1 Media AG in fiscal 2000 created a special case for the risk report. The holders of voting common stock unanimously approved the merger at a special meeting of the shareholders on August 22, 2000. At the separate meeting of the preferred shareholders on the same day, a clear majority also voted in favor of the transaction: 99.43 percent of the preferred capital present approved the merger. Nevertheless, it has now become common practice for shareholders to attempt to improve the exchange ratio by instituting an appraisal proceeding in the courts. ProSiebenSat.1 Media AG must now likewise contend with such a proceeding. Eleven holders of preferred stock in the former ProSieben Media AG have filed a demand for an additional cash payment. As grounds, they claim that the valuation ratio between the two companies was unfairly weighted in favor of shareholders of Sat.1 Holding GmbH - notwithstanding the fact that the corporate valuations were based on an independent appraisal, produced by the Andersen accounting firm and confirmed by the court-appointed merger auditors, BDO Deutsche Warentreuhand Aktiengesellschaft. It is not yet clear whether the appraisal proceeding will result in financial charges. After a first hearing of the parties before the Munich Regional Court I in April 2001, the court-appointed appraisers began reviewing the matter. ProSiebenSat.1 Media AG has already provided the appraisers with extensive documentation, and has made itself available for any



consultations needed. There have been no further developments in the appraisal proceedings so far.

Taking an active part in the political opinion-shaping process

At all levels, the ProSiebenSat.1 Group is actively engaged in the process of helping shape public opinion on media policy, advocating a liberalization of the legal framework and opposing potential restrictions. For example, currently there is a debate at German and European policy levels whether advertising for certain products, such as alcohol, should be restricted.

The share of advertising for alcoholic beverages among ProSiebenSat.1 Group stations averaged just under four percent of total 2001 gross advertising revenues within the broadcasting hours that would be affected by a potential restriction on advertising. ProSiebenSat.1 Group stations would have to make up for these losses. This might be done with television advertising from sectors that hitherto have used little or no TV advertising. By introducing new integrated, convergent communications concepts, it would also be possible to gain additional advertising clients who would reach their target audiences via all audiovisual media included in the ProSiebenSat.1 Group.

However, so far as the ProSiebenSat.1 Group is currently aware, it is unlikely that restrictions on alcohol advertising

will be introduced. For one thing, these ideas are a matter of controversy even within the Federal cabinet itself. For another, the replacement of the Federal Minister of Health in 2001 appears to have shifted the political emphasis. At the EU level, there is only a Council recommendation on alcohol consumption by children and young people. So far this recommendation has not incorporated any proposals for restrictions on television advertising that go beyond the voluntary restraints already operative in Germany.

Changes in protection of minors

New legislation is in preparation to amend the protection of minors in the media. ProSiebenSat.1 Media AG regards these changes as fundamentally positive. Under the arrangement currently being contemplated, responsibility for protecting minors, which is now divided among the Federal and state governments, would be pooled. The Commission for Protection of Young People in the Media (KJM) would be the central supervisory agency. There are also plans to significantly strengthen the TV broadcasters' voluntary controlling body, the FSF. It is still unclear what role the KJM would play in reviewing the voluntary organization's decisions. If existing rules are revised, it is conceivable, for example, that broadcasters might no longer receive exception permits for films with restricted broadcast hours. The consequence might be prime-time losses.



European regulations on advertising

The debate over media policy also extends to the European regulatory framework governing television. In 2001, the European Union conducted a study of advertising shown by television broadcasters in the EU. Both the contents and the methods of the study have come under fire, but one finding was that German commercial broadcasters allegedly do not comply with European advertising regulations. The study ignored certain advertising practices that are quite permissible under European law and consistent with the guidelines of German state broadcasters, such as the "sliding hour" or bundling films into series. The ProSiebenSat.1 Group has made its position clear to the supervisory authorities in appropriate position papers. In the unlikely event that the EU Commission seeks a stricter interpretation of EU regulations on the "sliding hour" and film series, German operators might suffer adverse effects because it might impede the optimum marketing of advertising time. Any resulting losses of revenue would have to be made up by offering new forms of advertising or acquiring new clients.

From today's vantage point, although a few EU member states are seeking to tighten the regulations on advertising for children, it is not likely that any such additional restrictions will find acceptance.

Changes in media concentration laws

The Sixth Amended Interstate Broadcasting Treaty, scheduled to take effect on July 1, 2002, will also amend the laws on media concentration. As before, an audience market share limit of 30 percent will apply in establishing the presumption of a predominant influence on public opinion among commercial television operators. Counting all programming that might be attributed to it, the ProSiebenSat.1 Group does not reach this limit. A new development, however, is that in the future the Commission on Concentration in the Media (KEK) will initiate an extensive review of media-relevant markets as soon as the 25 percent limit is reached. Hitherto, such measures were not to be instituted until a share rose to "slightly below" the 30 percent limit. On the other hand, broadcasters will now be credited with a bonus of two percentage points for broadcasting regional programming windows. Providing broadcasting slots for independent third parties earns a broadcaster three percentage points of credit in calculating audience market share. If a company makes full use of these credits, the KEK's extensive review of media-relevant markets would not take place until the company's audience market share reached 30 percent. Conversely, for the ProSiebenSat.1 Group this would mean that cutting back time slots available for independent third parties or regional-window programming would have adverse repercussions in terms of media concentration law.

A new look for Sat.1

Sat.1 is television with passion. The station's trademark is intense feeling - from the harmonious to the hard-boiled. The full range of emotions is reflected in the new design the station has used since September. It also has a new motto, in keeping with the new look: "Powered by emotion." The new design builds on Sat.1's well-established image. And of course that still includes the station's familiar "ball" insignia.

Changes in copyright law

On January 25, 2002, the Bundestag, Germany's parliament, approved the Act to Strengthen the Contractual Position of Authors and Performing Artists on the bill's second and third readings. The ProSiebenSat.1 Group, as a user of license rights, is also affected by the new law. The reform has three emphases: First, creative artists are to be entitled to fair consideration. Second, the creative artists' representative associations are to have an enforceable option to negotiate all-inclusive contracts on consideration with the users of copyrights, or associations representing the latter. And finally, the reform would entitle each author and performing artist to receive additional consideration if a work proves especially successful and earnings are conspicuously out of proportion to the consideration originally paid. The economic impact of this reform cannot be foreseen as yet. There is some risk that in the medium term it may raise costs for the acquisition of license rights. It is not impossible that the Bundesrat, representing the federal states, might convene a "Mediation Committee" of the Bundestag and Bundesrat, which might introduce further amendments to the legislation.

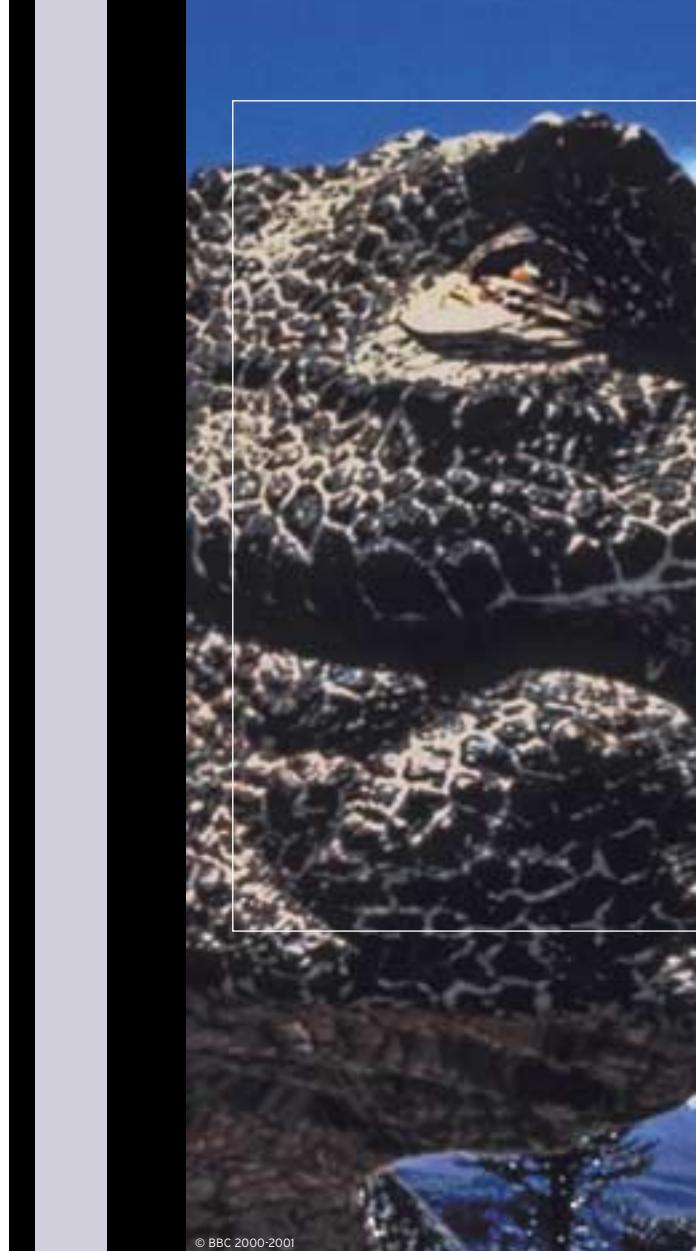
Reform of German film subsidies

With the planned reform of German film subsidies as of January 1, 2004, the Federal government intends to improve the environment for the production and exploitation of theatrical films in Germany. In this connection, the Fed-

eral Commissioner on Culture and the Media has submitted a "Film Policy Concept." Among other changes, it calls for shortening the license terms for broadcasting rights to subsidized films in favor of the film producers, and increasing TV broadcasters' contributions to the Federal Film Subsidy Fund (FFA). Both changes would raise costs for ProSiebenSat.1 Media AG. All involved are engaged in intensive discussions within the "Alliance for Film" to achieve a result that will be in the broadcasters' interest.

Relations with Affiliated Companies

In compliance with § 312 of the German Corporations Act, ProSiebenSat.1 Media AG has prepared a report on the company's relationships with affiliated businesses, which concludes with the following statement: "In the year under review ProSiebenSat.1 Media AG did not engage in any legal transactions involving third parties initiated by or in the interest of TaurusHolding GmbH & Co. KG (formerly KirchHolding GmbH & Co. KG), or any businesses affiliated with that company. No measures subject to reporting under § 312 of the Corporations Act were either taken or omitted. In each legal transaction entered into with TaurusHolding GmbH & Co. KG and affiliated businesses during the year under review, ProSiebenSat.1 Media AG agreed upon fair consideration within the meaning of § 312 of the Corporations Act, and also received such consideration insofar as performance was required during the year under review."



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Outlook

Low visibility in the advertising market

The cooling economic climate worldwide had a significant influence on business trends at ProSiebenSat.1 Media AG in 2001. Declining demand for television advertising had an appreciable impact on the company's revenue and earnings situation. Nor had the overall economic environment improved materially at the beginning of fiscal 2002. However, early indicators suggest the economy may be turning around. Defying expectations, the ifo business climate index, which reflects the mood of German business, rose significantly in January 2002. In its latest assessment for 2002, the German government's council of economic experts projects that gross domestic product will rise 0.7 percent against last year. But in the event that the upswing anticipated in the US this spring fails to materialize, the leading economic experts actually expect gross domestic product to decline 0.5 percent.

Within this setting, no firm projection about 2002 trends in the television advertising market is possible. Assuming there is a recovery of the economy as a whole, the ProSiebenSat.1 Group anticipates that the German television advertising market will grow slightly in 2002. But no sustained improvement can be expected until the second

half of the year at the earliest. In that case the ProSiebenSat.1 Group anticipates that the percentage of revenue growth at the Group level will be in the low single digits. The Group will continue its rigorous cost management in fiscal 2002. The significant cost-cutting measures it initiated last year will make a positive contribution to the individual business segments' results. On that assumption, consolidated pre-tax income is projected to grow by a percentage in the upper single digits.

In the past few months the ProSiebenSat.1 Group has taken the requisite steps to carefully prepare and review a merger with KirchMedia GmbH & Co. KGaA. The planned merger is intended to yield a vertically fully integrated media company that covers almost the entire value chain in audio-visual media. This will not only enable the ProSiebenSat.1 Group to tap new growth prospects, but improve its competitive position in both the domestic and the international media market. First, by merging with KirchMedia, the company ensures its access to Europe's largest programming inventory of film and series rights. Second, by diversifying revenue sources it can reduce its direct dependence on the advertising market. For that reason, the ProSiebenSat.1 Group regards the merger as a strategically important step, in the face of increasingly intense competition in the German television market.



A huge success

ProSieben can cite gigantic ratings in documentaries: The two-part BBC/ProSieben documentary "Die Erben der Saurier - Im Reich der Urzeit" (shown in the UK as "Walking with Beasts") averaged a 30.3 percent market share in the 14-to-49 audience. Pioneering computer animation brought creatures back to life that had become extinct millions of years ago. In prime time, audiences could watch how mammoths, saber-toothed tigers and Gastornis, a giant carnivorous flightless bird, struggled for survival in a world very different from ours, and how humans started populating the Earth. The first ProSieben/BBC co-production, "Dinosaurier - Im Reich der Giganten" (shown on the BBC as "Walking with Dinosaurs") was an immense success back in 1999.

The merger was originally supposed to be consummated no later than June 30, 2002. But at the end of February 2002, KirchMedia and ProSiebenSat.1 Media AG agreed to revise the time schedule. KirchMedia will now present a comprehensive new merger plan at the earliest opportunity. The Kirch Group will take advantage of the postponement to make a number of decisions needed to ensure a sound financial base for its group as a whole. Among these will be a stable solution for the ownership structure and financing of its Premiere pay TV platform. It will also sell KirchMedia's interests in the Spanish free TV station Telecinco, as well as KirchBeteiligungs GmbH & Co. KG's share in Axel Springer Verlag AG. In addition to these conditions for the consummation of the planned merger, KirchMedia and ProSiebenSat.1 Media AG are also in agreement that the majority interest held by KirchBeteiligungs GmbH & Co. KG in the Formula 1 racing series should become a part of the merged company only if a satisfactory solution can be reached beforehand with the racing teams and the involved automotive manufacturers. Additionally, both companies have agreed to take all necessary actions to ensure that the merged entity will hold investment-grade status.

Against this background, and in response to long-standing requests from the capital market, the Executive Board and

Supervisory Board of ProSiebenSat.1 Media AG plan to propose to the shareholders to convert nonvoting preferred stock into voting common stock. This proposal is to be presented at the annual meeting in July 2002. KirchMedia, the largest shareholder, will support the conversion. If the proposal is accepted at the meeting, it will ensure that all shareholders have an equal vote in deciding about the planned merger with KirchMedia.

"ProSiebenSat.1: simply undervalued."

BNP Paribas	Segment Report
Filippo Lo Franco	November 2001

ProSiebenSat.1 Shares: A Troubled 2001 in the Stock Market Affects Price

33

2001 on the stock exchange: a worldwide downtrend

The stock-market trend brought no relief for investors in 2001 – the second losing year in a row. Only twice before in market history has there been such a sustained decline. While the slump of New Economy stocks dominated 2000 both in Germany and abroad, in 2001 the market labored under a worldwide recession. Every sector suffered from the cooling economic climate. The scope of the deterioration took even the experts by surprise, and was reflected by a plunging DAX index. At the worst moment, this most important of all German stock indexes lost 44 percent. The MDAX, the barometer of the market's attitude toward Germany's 70 largest second-tier stocks, fell from 4,678.53 points to 4,326.12 points within a year.

Faced with a worldwide recession and declining profits, companies repeatedly cut back their advertising budgets as the year went on. This economic chain reaction had consequences for every form of media. Every European media stock felt the impact of declining advertising markets. The sector's European index, MSCI Europe Media, lost as much as 48 percent of its value during 2001. The broader-based Dow Jones Stoxx 600 Media index ended 2001 down 25 percent.

ProSiebenSat.1 stock: performance consistent with rest of sector

ProSiebenSat.1 stock kicked off 2001 with a continuation of its record performance from the year before. Gaining more than 100 percent in market price during 2000, the stock had developed extraordinarily well in comparison to other European media stocks. On February 7, 2001, ProSiebenSat.1 stock reached the year's peak, at EUR 39.75 per share. At that point, comparable media stocks had already been trending downward for months. From the beginning of October 2000 to the beginning of February 2001, the

RTL Group lost around 20 percent, TF 1 was down 16 percent, and the MSCI Europe Media Index sagged 12 percent. Over the same period, ProSiebenSat.1 stock gained roughly 18 percent.

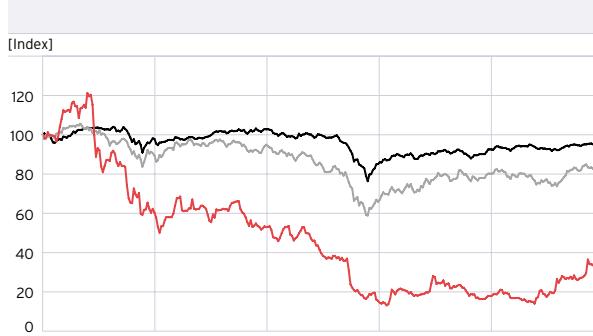
With the first signs of generalized economic weakness in February, the steady downturn on international stock exchanges began. The situation only worsened in the second half of the year. Amid this environment, ProSiebenSat.1 stock also yielded a significant amount of ground. Because it had been priced so high at the beginning of the year, the correction was disproportionately high – a development that was to be expected. Yet, allowing for its market performance during 2000, ProSiebenSat.1 stock put in about the same showing as other comparable European stocks. TF 1's stock was priced at EUR 24.45 at the beginning of January 2000, but dropped to EUR 14.84 by the end of December 2001. Over the same period, RTL Group stock lost 41 percent and Pearson stock lost 55 percent. During a comparable period, ProSiebenSat.1 was down 59 percent.

Merger project affects market price

In the second half of the year, the market price for ProSiebenSat.1 Media AG stock was significantly affected by the projected merger with KirchMedia. On the first two trading days after the announcement on September 6, 2001, that ProSiebenSat.1 Media AG had agreed in principle to prepare and examine a merger with KirchMedia GmbH & Co. KGaA, the stock dropped 40 percent. The change reflected the markets' uncertainty about the terms of the planned merger, and about the lack of transparency at KirchMedia until then.

At that point most analysts advised investors to hold on to the stock and watch how the merger process evolved. Consequently there were sometimes significant price fluctuations

ProSiebenSat.1 stock: price performance since 2001



Basis: Xetra closing quotes. Index of 100 = January 1, 2001
Source: Datastream/Deutsche Bank

■ ProSiebenSat.1 ■ MDAX ■ DAX

ProSiebenSat.1 stock: price performance comparison



Basis: Xetra closing quotes. An index of 100 = January 1, 2001
Source: Datastream/Deutsche Bank

■ ProSiebenSat.1 ■ RTL Group ■ TF 1 ■ M6 ■ Vivendi ■ Pearson

ISIN	DE0007771172	2001	2000
German securities ID number	777 117		
Stock symbol	PSM GY (Bloomberg) PSMG_p.DG (Reuters)		
Total dividends	[EUR m]	29.17	56.40
Dividend per preferred share	[EUR]	0.16	0.30
Number of shares	[million]	194.5	194.5
Preferred shares (listed)	[million]	97.24	97.24
Common shares	[million]	97.24	97.24
DVFA earnings per share	[EUR]	0.34	0.53
Cash flow per share	[EUR]	6.44	6.58

Price performance of ProSiebenSat.1 stock			
		2001	2000
Close	[EUR]	5.75	32.09
Low	[EUR]	3.75	14.34
High	[EUR]	39.75	46.70
Market capitalization	[EUR bn]	1.118	6.241
Daily trading volume		253,056	274,246
Price-earnings ratio		16.91	60.55
Price to cash flow ratio		0.89	4.88
Dividend yield	[percent]	0.50	0.93

over the remainder of the year. By September 12, 2001, with the stock at EUR 6.20, the Sal. Oppenheim investment company was already declaring it undervalued by 42 percent. The experts at BNP-Paribas arrived at the same conclusion on November 9, with the stock at EUR 6.25. In view of the ProSiebenSat.1 Group's assets and development potential, the analysts regarded the stock as notably undervalued at this price.

On February 22, 2002, when the announcement was released that the two companies had modified their merger plans, and that specific requirements would have to be met before the project went forward, the price of ProSiebenSat.1 stock leaped 33 percent in a single day of trading on the floor of the Frankfurt Stock Exchange. When the merger was finally canceled on March 20, 2002, the price jumped again by more than 20 percent, to EUR 11.71.

High trading volume in ProSiebenSat.1 shares

Trading volume in ProSiebenSat.1 stock during 2001 totaled around 3.96 million shares. From January to December

2001, an average of 253,056 shares of ProSiebenSat.1 were traded each day. Some 90 percent of this volume was traded over the Xetra electronic trading system, eight percent was traded on the Deutsche Börse in Frankfurt, and two percent was traded on other German stock exchanges. ProSiebenSat.1 stock is listed in the Official Trading segment of the Frankfurt Stock Exchange, and is also traded on all other exchanges in Germany. In the United States, ProSiebenSat.1 stock is traded over the counter as an ADR (American Depository Receipts) security under Rule 144(a) of the US Securities Act of 1933. ADR securities are depository receipts representing stocks from outside the United States.

Since October 5, 2001, ProSiebenSat.1 stock has been included in the Dow Jones Sustainability World Index (DJSI World). This is the first family of indexes selected according to ecological and ethical criteria, and admission was preceded by an extensive review procedure. Only 27 German companies have qualified for this sustainability index. Institutional investors in particular, such as pension funds from the English-speaking investing world, have been



"We have tightened cost management even further"

Fiscal 2001 was a major challenge to the ProSiebenSat.1 Group's finance operations in more ways than one. The unexpectedly severe deterioration of the economy in Germany lowered advertising revenues sharply. We countered with a package of measures aimed at tightening cost management within the Group even further. They were a success. On programming, personnel and every other expense item, we kept costs well in hand. In the past twelve months we reduced total expenditures by EUR 150 million from our original rough projections for 2001 with no adverse effect at all on our strong position in the television market - still less any loss of standing.

At the same time, despite the unfavorable environment in the capital markets, in March 2001 we launched a EUR 400 million Eurobond issue with a five-year maturity. The revenues from the Eurobond issue most importantly allowed us to retire financial debt from the former Sat.1 Group. In addition, the bond issue expanded our investor base and has opened up financing options for our company's further expansion. For example, it allowed us to get into transaction television by acquiring a 48.4 percent equity interest in Euvia Media AG & Co. KG during fiscal 2001. For this we furnished a cash contribution of EUR 67 million, and granted a corporate loan of EUR 112 million.

The immense discipline on costs that has been evident throughout our company in the past year would have been impossible without the high reporting standards in our commercial operations. Prompt transparency, both in-house and to the outside world, is an indispensable requirement in managing a listed company like the ProSiebenSat.1 Group. For this, we have all the necessary tools at our fingertips - as is particularly evident from the company's increasingly swift releases of its quarterly and annual financial statements. Here we are in a leading position in the German media industry.

With such a difficult year behind us, we are very pleased to still be in a position to pay out some EUR 29 million in dividends to our shareholders for 2001. At the annual meeting, the Executive Board and Supervisory Board will propose a dividend of 16 cents per preferred share and 14 cents per common share. In all, this represents some 40 percent of our net earnings. Despite the rough weather in the television market, our assessment of the ProSiebenSat.1 Group's profitability remains positive. With our equity base of 32 percent we still have everything we need to continue pursuing our shareholder-friendly, earnings-oriented dividend policy.

Lothar Lanz
Member of the Executive Board
Finance, Merchandising and Services

incorporating social and ecological criteria into their investment decisions. Rising payments into these funds mean that "sustainable" stocks are likely to attract growing interest in the future.

Dividend: total payout around EUR 29 million

Despite all the difficulties of fiscal 2001, ProSiebenSat.1 Media AG will continue its earnings-oriented, shareholder-friendly dividend policy. The allocation of profits to be proposed by the Executive and Supervisory Boards calls for distributing approximately 40 percent of the net income of ProSiebenSat.1 Media AG to its shareholders. This dividend amounts to EUR 0.16 per preferred share and EUR 0.14 per common share, and is equivalent to a total distribution of some EUR 29 million.

Best IR website

ProSiebenSat.1 Media AG sets a high priority on innovative communication with the capital market. It has won several awards for its efforts in this regard. The ProSiebenSat.1 Group's business-to-business website was named Germany's best investor relations site by "Börse Online" magazine (issue 45/2001). The ProSiebenSat.1 Group is the first MDAX company to be rated this highly for capital market information among German corporations. Hitherto this position had always been taken by DAX companies. In their opinion, the jury of experts especially emphasized that the ProSiebenSat.1 site offered the most information of any company they reviewed.

At www.ProSiebenSat1.com, investors can find company figures, up-to-date price charts, analyses, upcoming financial events, annual and interim reports, and facts of general relevance to investor relations. They can also chart comparisons against other stocks, the peer group, and the major indexes. With an average of 150,000 hits per month, the ProSiebenSat.1 website is one of the most heavily used German corporate sites on the Internet.

In November 2001, "Wirtschaftswoche" magazine awarded the site third place among the 70 MDAX stocks in its study of the best investor websites. "Capital" magazine awarded eleventh place among the MDAX companies to ProSiebenSat.1 Media AG's investor relations efforts. The 2000 Annual Report also received top scores for presentation in their poll for "Best Annual Report of the Year."

In spring 2001 ProSiebenSat.1 also set up a no-charge telephone hot line for private investors. The last six digits of the number, 08000-777 117, are the German securities ID number of ProSiebenSat.1 Media AG.

ProSiebenSat.1 stock: use of net income for year		2001	2000
Net income for the year	[EUR m]	66.15	127.06
Allocation to revenue reserves	[EUR m]	20.00	63.00
Dividend	[EUR m]	29.17	56.40
Retained earnings	[EUR m]	24.63	7.65

Direct investor contact is also becoming an increasingly important aspect of communicating with the capital market. In March 2001, ProSiebenSat.1 Media AG was one of the most important exhibitors at Germany's largest financial trade show, Invest 2001, where contacts with private and institutional investors were tended and expanded. The Group's exhibit logged more than 18,000 visitors on the three days of the show.

The ProSiebenSat.1 Group has also steadily deepened the dialog with institutional investors. During fiscal 2001, the company provided information to investors and financial analysts worldwide in nearly 300 individual conversations and numerous group meetings, road shows and conference calls. The regional emphases here were in the United States and Europe.

Strong involvement of Anglo-American investors

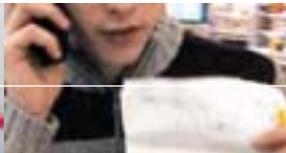
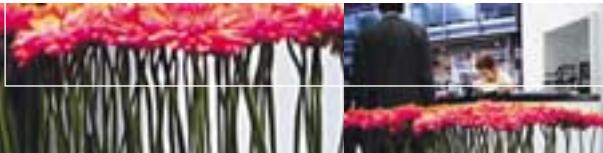
Large portions of the preferred stock, which is listed on the exchange, are in the hands of institutional investors. The latest study by ProSiebenSat.1 Media AG, in December 2001, showed a particularly strong involvement on the part of investment funds from the United States and Great Britain. The number of investors from continental Europe had also increased slightly since the last analysis. In all, around 40 percent of ProSiebenSat.1 stock is probably held by investors outside Germany. The number of private shareholders has remained stable at roughly one-third, and thus complies with the Best Practice standard of the National Investor Relations Institute (NIRI) in the USA.

The Executive Board and Supervisory Board of ProSiebenSat.1 Media AG plan to propose to the annual meeting of shareholders in July 2002 that nonvoting preferred shares of ProSiebenSat.1 stock should be converted to voting common shares. If this proposal is adopted at the meeting, ProSiebenSat.1 Media AG will have only a single, uniform category of stock in the future. This will make ProSiebenSat.1 stock even more attractive, and will bring the company into line with the principle of one share, one vote, which prevails on the international capital markets.

Award-winning financial communications			
	Ranking	category	Publication
Best investor relations site	1	all categories (DAX, MDAX, Nemax 50, SMAX)	Börse Online 45/01
	3	MDAX	Wirtschaftswoche 45/01
	1	MDAX	Das Wertpapier 9/00
	2	DAX, MDAX, Nemax 50	Capital 4/00
	3	MDAX	Wirtschaftswoche 45/99
Best investor relations work	11	MDAX	Capital 19/01
	3	MDAX	Capital 10/99
	2	DAX 100	Capital 11/98
	10	MDAX	Capital 9/98
Best annual report	15	MDAX	Capital 20/01
	3	MDAX	Capital 21/00
	10	DAX, MDAX, Neuer Markt, Smallcaps, Banks	Capital 10/99
	1	Newly listed companies	Manager Magazin 10/98
	5	MDAX	Capital 9/98

Direct contact with investors

Private and institutional investors came face to face with the fascinating television business of ProSiebenSat.1 Media AG at "Invest 2001," Germany's largest financial trade show. All four of the Group's stations - Sat.1, ProSieben, Kabel 1 and N24 - were on hand for three days to meet the show's 18,000 visitors. Interested investors could find out all the major business facts about Germany's only television stock corporation, as well as a lot about the media world. Camera teams from news station N24 reported directly from the show.



"ProSiebenSat.1 is the number one television-broadcasting player in the German market in the commercially decisive 14-49 aged market."

Kempen & Co	Interim Report, first six months of 2001
Joost van Eerdt	August 7, 2001

Most difficult market environment since private television was launched

Commercial television is the ProSiebenSat.1 Group's core business. The company's four stations - Sat.1, ProSieben, Kabel 1 and N24 - generate 97 percent of its revenues. Fiscal 2001 ushered in the most difficult market environment since private television was launched in Germany. The unexpectedly severe cooling of the nation's economy caused spending on television advertising to decline for the first time ever. Amid this environment, the ProSiebenSat.1 Group stations maintained a course of rigorous cost management. All together the stations held their own as a market heavyweight, even as they achieved savings significantly beyond the original projections for fiscal 2001. In fact they actually expanded their lead in the market for television advertising, increasing their gross share of the advertising market by 0.6 percentage points, to 45.6 percent. By comparison, RTL Group broadcasters achieved a gross advertising market share of 41.2 percent.

The flagging market for television advertising had a serious impact on revenues and earnings at all four stations. Revenues for the ProSiebenSat.1 Group's Television segment totaled EUR 1.961 billion overall, after the previous year's EUR 2.086 billion. Externally generated revenues, at EUR 1.942 billion, were down seven percent. The operating profit was EUR 137 million; the previous year's figure had been EUR 282 million.

SevenOne Media: The Group's Marketer

Making television an even more powerful advertising medium

SevenOne Media is responsible for marketing advertising time on all the Group's stations. In fiscal 2001 SevenOne Media benefited from its up-to-date structure, its integrated portfolio, and its skills in cross-media marketing. With complementary programming, sharply defined station profiles and an expanded range of conventional and innovative forms of advertising, the marketer presents strategic advantages for the advertising industry in planning and conducting campaigns. By a technique known as "road-blocking" - scheduling blocks of advertising simultaneously on Sat.1, ProSieben, Kabel 1 and N24 - SevenOne Media can offer advertising clients extremely attractive reaches and target audiences.

SevenOne Media continues to find ways to make television an even more powerful advertising medium. Last year the marketer introduced additional new forms of advertising, with great success. A variety of split-screen formats offer clients new opportunities to optimize their TV mix. Its broader range of television advertising options enabled SevenOne Media to expand television's capabilities signifi-

cantly as an advertising medium, so that today television can be used to achieve communications objectives that were formerly the exclusive preserve of other media.

The SevenOne Media name stands for more than skill in television advertising. In tandem with its co-subsidiary SevenOne Interactive, the company has completed the process of becoming an expert in modern convergence marketing. Whether on free TV, pay TV, teletext or online services - even the latest WAP and SMS services - the SevenOne Media network can offer its clients integrated communications solutions across the full range of conventional and new screen media.

SevenOne Media focuses on service and advice

SevenOne Media considers itself more than simply a marketing company. It acts not only as a top-notch service provider, but as a consultant that offers clients the most reliable possible criteria for deciding where to invest in television advertising. Research represents a key factor in its service activities. Its highly sophisticated Adtrend tracking tool, for example, allows SevenOne Media to continuously monitor the performance of more than 60 brands. This study also provides meaningful information about general patterns of efficacy in television advertising. With Emnid's semiometry data, and now that Germany's top television research system, AGF/GfK, has included Sinus milieus target-audience information in its television data, SevenOne Media offers clients the latest tools for qualitative target-audience planning.

Company	SevenOne Media
Legal form	GmbH
Founded	2000 by merger MediaGruppe München: 1992 Media 1: 1999
Interest held	100%
Type of business	Advertising air time marketer
Main activities	Marketing advertising space on electronic media, research services
Management	Peter Christmann
Address	Medienallee 9 D-85774 Unterföhring Tel. +49 [89] 950 04-0 Fax +49 [89] 950 04-399 www.sevenonemedia.de

Sat.1: The Station for Young Families

The Economic Situation

Sat.1 increases reach for advertising blocks

With a gross advertising market share of 19.8 percent, in fiscal 2001 Sat.1 was one of the three most successful stations in the German television advertising market. The other two were ProSieben, with a market share of 20.2 percent, and RTL, with 28.5 percent. Sat.1 was the only one of the "Big Three" private broadcasters to notably expand its reach for advertising blocks among the target audience of viewers between the ages of 14 and 49. With an average of 470,000 viewers, the station expanded the reach of its advertising slots by six percent. RTL remained almost constant, with a gain of 0.3 percent, while ProSieben was down about one percent from the year before, to 540,000 viewers.

Stable development in the audience market

Sat.1 was among Germany's most popular television stations once again in 2001. The station maintained its position in the audience market among all viewers age three and above, with a share of 10.1 percent following the previous year's 10.2 percent. Among the 14 to 49-year-old target group, Sat.1 achieved a market share of 11.6 percent, following 12.0 percent in 2000.

Sat.1 shows programming with a broad appeal. It counts on emotion-packed television that attracts changing majorities within the 14-to-49 target audience. The core of Sat.1's target audience is viewers between the ages of 30 and 49. This is the segment in which the station achieved its highest market share, 12.1 percent. Its programming variety also allows it to appeal to all other important target groups, from children and teenagers to young heads of households and the middle-aged.

Revenue and income recede

Sat.1 felt the repercussions of declining advertising revenues more than other stations in fiscal 2001. The difficult advertising environment interfered with the station's ability to make up for the loss of a top advertising client with a gross advertising budget of EUR 100 million. This situation had a crucial impact on revenue development. Sat.1's total revenues amounted to EUR 831 million. This is equivalent to a decline of EUR 125 million, or 13 percent, from the adjusted figure for 2000. Pre-tax income was negative, EUR -77 million, far below the adjusted comparison figure of EUR 34 million. The previous year's annual financial statements for Sat.1 still included merchandising activities - a line of business that was incorporated into the Merchandising segment at the beginning of 2001. Including merchandising activities, in 2000 Sat.1 reported revenues of EUR 971 million, and pre-tax income of EUR 38 million.

High-quality in-house productions

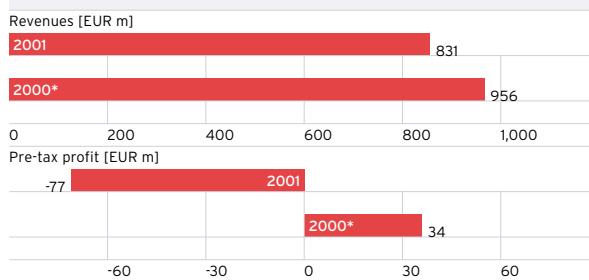
Sat.1's programming is characterized by a generous share of in-house and commissioned productions. The station's in-house productions are synonymous with top-quality television. An obvious example is "Der große Sat.1 Film," the station's "big movie" on Tuesday evenings. The twenty broadcast premieres in 2001 achieved a market share averaging 16.2 percent among viewers age 14 to 49. Not least of all, this figure was the result of a long-term, continuous optimization of the broadcast's brand - a development whose success is evident in annual gains in market share.

Sat.1's "event" productions set new standards for outstanding feature film quality. Miniseries like the award-winning "Der Tunnel," "Der Tanz mit dem Teufel - Die Entführung des Richard Oetker" and "Antonia" were successes among both critics and the viewing public, with market shares of around 20 percent in the audience between 14 and 49.

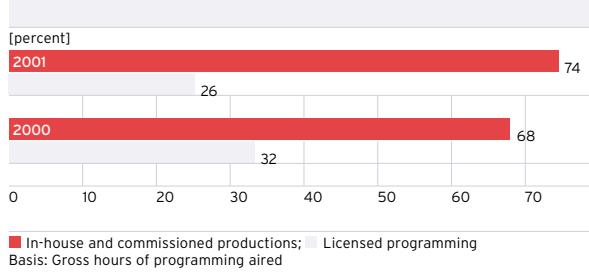
Sat.1 also showed its strength in series during fiscal 2001. Successful shows like "Kommissar Rex," "Für alle Fälle Stefanie," "Der Bulle von Tölz," "alphateam" and "Wolffs Revier" proved to be reliable ratings winners. All of them regularly achieved prime-time market shares of between 14 percent and 18 percent in the 14-to-49 age group.

Another Sat.1 trademark is comedy. Established attractions like "Die Wochenshow" and the "Harald Schmidt Show" - winner of the German Television Prize - are cornerstones

Sat.1: revenue and profit development



Sat.1: percentage of in-house and commissioned productions



"Was guckst Du?!"

Kaya Yanar, winner of the 2001 German Television Prize for Best Comedy, has attracted a lively fan following with his ethno-comedy high jinks. "Was guckst Du?!" with an average market share of 18.7 percent in the all-important 14-to-49 age group, was one of 2001's most successful comedy shows on German TV. Kaya and his crew - Hakan, Ranjid, Suleyman and reporter Tarek - will continue to be a feature on Sat.1. The comedian just might surprise his fans with a few new characters as well.



of the station's entertainment programming. A major attention-getter in 2001 was the ethno-comedy "Was guckst du?!" with Kaya Yanar. The show achieved an 18.7 percent market share among viewers age 14 to 49.

Last but not least, the Sat.1 brand also stands for first-rate sports reporting. The flagship show "ran" earned top scores among German soccer fans. A recent survey by the forsa polling institute put Sat.1 soccer broadcasts far ahead in public favor, with 35.9 percent. When viewers turned thumbs down on the August 2001 change to a prime-time slot at 8:15, the station responded immediately. Since then, "ran" has been moved back to a prime access slot at 7:00 in the evening. Here "ran - Sat.1 Bundesliga" has returned to earning an average market share of 20.7 percent among viewers between 14 and 49. Once again in 2001, live sports broadcasts were among the Sat.1 programs with the farthest reach. The boxing match between Vitali Klitschko and Ross Puritty attracted 7.51 million viewers over the age of three. The 2002 World Cup soccer playoff between Ukraine and Germany achieved the highest market share in the station's history, with 55.1 percent among 14 to 49-year-olds.

In daytime programming, talk shows like "Franklin," "Vera am Mittag" and "Britt - Der Talk um Eins" generated market shares of between 14.3 percent and 14.5 percent in the 14-to-49 audience group. The station's court shows set a new trend in the German television market. "Richterin Barbara Salesch" earned steadily rising market shares over the course of the year, and averaged 22.4 percent for the year among viewers age 14 to 49. "Richter Alexander Hold" had a strong launch in November, and achieved an average market share of 22.0 percent for the year among 14 to 49-

year-olds. "Die Quiz Show" continues to bring in solid market shares during the prime access period. On average for the year, the show achieved a market share of 13.9 percent among viewers age 14 to 49.

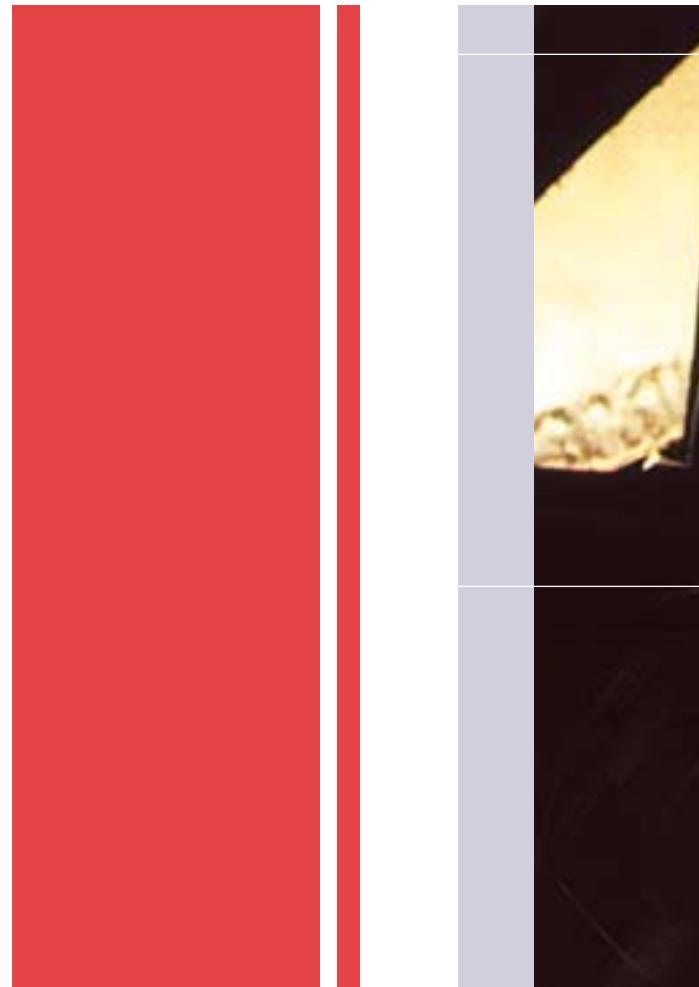
Net Worth, Financial Position and Operating Results

Current assets grow

Sat.1's total assets were up 28 percent from the year before, to EUR 832.7 million.

On the assets side, the expansion of the balance sheet was due to an increase in current assets. The proportion of current assets to total assets was 89 percent at the end of 2001. Primarily because of the absorption of Sat.1 net results by ProSiebenSat.1 Media AG, receivables and other current assets rose EUR 85 million, or 73 percent, to EUR 200 million. In parallel, Sat.1 programming assets grew 29 percent, to EUR 538 million. This gain is due entirely to the merger of GBV Gesellschaft für Beschaffung und Verwertung von Fernsehrechten into Sat.1 Satelliten Fernsehen GmbH. As part of the merger, GBV's programming rights were transferred to Sat.1. With a share of 65 percent of total assets, programming is Sat.1's most important asset item.

Sat.1's programming investments with an impact on the balance sheet amounted to EUR 740 million, and were thus up 14 percent from the previous year's figure of EUR 648 million. Depreciation of programming assets was EUR 660 million, approximately the same level as the previous year's EUR 641 million. The proportion of unscheduled depreciation included in this figure was reduced nine percent, to



EUR 43 million. Here again we see the positive impact of optimized program utilization. Depreciation of programming assets is a major component of the item for programming and material costs that appears in the statement of income. Total expenses for licenses, broadcasting and production fees, and materials remained at approximately the same level as the year before, at EUR 787 million.

Sat.1's on-balance-sheet programming assets are mainly feature films and series, along with commissioned productions intended for one-time or multiple airings. The station has further programming assets worth EUR 463 million that have not yet been capitalized. This figure includes programming rights worth EUR 13 million secured through lease agreements.

Sat.1's programming inventory under contract comprises exclusive broadcasting rights worth a total of EUR 1.001 billion. These rights cover 7,557 hours of programming in all - feature films, series, entertainment and magazine shows.

A large portion of this programming is suitable for airing in the prime access or prime time periods - i.e., the evening hours between 5:00 and 11:00, the time of day with the greatest reaches and the highest advertising revenues. The total revenue potential of the programming library is around EUR 1.4 billion. The programming rights the station had under contract up to December 31, 2001, will cover roughly 66 percent of its needs for licensed programming in the heaviest-revenue time periods until the year 2004. Thus Sat.1 has an extremely solid programming base.

As of the reporting date, December 31, 2001, the company's equity ratio was ten percent. The chief feature of the liabilities and equity side of the balance sheet was a rise in debt. Increased financing needs pushed up borrowings by a total of EUR 212 million, to EUR 718 million. This change is reflected primarily in the item for amounts owed to Group companies, because the financing was procured through ProSiebenSat.1 Media AG. Bank debt was reduced 45 percent, to EUR 77 million.



Top-class TV events

Great television needs great stories. Sat.1's event films set new standards in 2001. Productions like "Der Tanz mit dem Teufel - Die Entführung des Richard Oetker" and "Der Tunnel" earned the station acclaim from critics and audiences alike. The former, an exciting two-parter with Tobias Moretti, achieved a market share of 19.5 percent among viewers age 14 to 49. And the refugee thriller "Der Tunnel" reached a market share of 27.2 percent among this target group. TV critics were also impressed. Every Sat.1 event production won major television awards, including the German Television Prize for "Der Tunnel."

Staff down 55 percent

Sat.1 Satelliten Fernsehen GmbH employed an average of 267 staff members in 2001. This is equivalent to a reduction of 55 percent. Personnel expenses were down approximately 60 percent, to EUR 21 million. The change is due primarily to the pooling and restructuring of operations within the broadcasting family.

As part of the merger between Sat.1 and ProSieben Media AG, Sat.1's merchandising activities were merged with MM Merchandising München as of January 1, 2001. The design and graphics department was incorporated into Seven-Senses GmbH. Internet activities were transferred to Kirch Intermedia, which handles all the Kirch Group's online operations centrally. The EDP department was transferred to SZM Studios, and Sat.1 subsidiary Sat.1 Berlin Produktion GmbH was merged into SZM. In July 2001, finally, the Sat.1 news department was combined with N24. N24 is the central news service provider for all ProSiebenSat.1 Group

stations, and produces the news programming for Sat.1, ProSieben and Kabel 1.

The average age of all Sat.1 personnel in 2001 was 36. In its editorial operations, the station had four trainees. Throughout the year, Sat.1 trained an additional 99 interns.



"Focusing on our core business television"

The whole media industry found 2001 a difficult year. After a record-setting 2000, almost everyone involved agreed as the new year began that the television advertising market would gain six to seven percent. Yet as the overall economic climate cooled, these projections had to be revised downward, step by step. In all, the television advertising market probably actually receded seven or eight percent in fiscal 2001. We will not have more accurate information on developments in the advertising market in Germany until the country's advertising industry association, the ZAW, publishes its figures in May 2002. Amid this situation, we too had to retrench our business expectations over the course of the year.

In the first year since the merger of ProSieben and Sat.1, we especially had to face the task of completing the integration between the two companies. This has largely been done. We had projected savings of around EUR 20 million on costs for fiscal 2001, and we achieved 90 percent of that figure. Only in our news operations did we fall somewhat short of our original savings target of EUR 7.5 million, because we moved part of our news channel N24 to Berlin during the year. We will make up the outstanding reduction of EUR 3.5 million in costs during the current year. At the same time, the merger netted us an additional EUR 1.5 million in unexpected savings. By contrast, on the earnings side the merger did not benefit us as expected. Demand for television advertising was simply too weak in 2001.

In the course of merging Sat.1 and ProSieben, we also pooled our two marketing companies, Media 1 and MediaGruppe München. SevenOne Media is Germany's largest marketer of advertising time. Though it met with some very critical attitudes at first, SevenOne Media has now earned full acceptance and recognition among advertising clients and agencies. The new marketing company stands for innovative, up-to-date marketing concepts, including the "Performance Module" that guarantees clients advertising services at firm prices. Clients can book the "Advertising Clock" immediately before a news broadcast, with spots embedded in a split screen that generates additional interest with a digital countdown until the news show begins. In soccer, we have been using the "Split Kick" for advertising since the Germany-Ukraine playoff game. Here the spot runs on two-thirds of the screen, while information about the game is broadcast in the remaining space. SevenOne Media also makes systematic use of all the opportunities for convergence afforded by the ProSiebenSat.1 Group.

For us, the whole theme of fiscal 2001 was strategically focusing on our core business television. The merger of our subsidiary ProSieben Digital Media with Kirch New Media AG, the Kirch Group's multimedia company, removed most of our multimedia activities from our consolidated accounts. We hold 49.9 percent of the resulting company, Kirch Intermedia. Kirch Intermedia also owns the ddp news agency and the SevenOne Interactive marketing company.

Urs Rohner
Chairman of the Executive Board
Multimedia and Sales

Research and Development

Production ordered on 106 scripts

High-quality in-house productions are a key feature of the station's programming and belong to its core competence. Developing new and innovative programs is a very important activity at Sat.1. Sat.1 has the largest share of in-house and commissioned broadcasts of any German commercial station - 74 percent in 2001, or 6,462 hours of programming aired. The channel invests extensively in new shows and sets the standard for production quality on German television. Last year it ordered production on 106 scripts, and developed 12 pilot films. In all, Sat.1 spent around EUR 5 million on new programming development

Events Subsequent to the Reporting Date

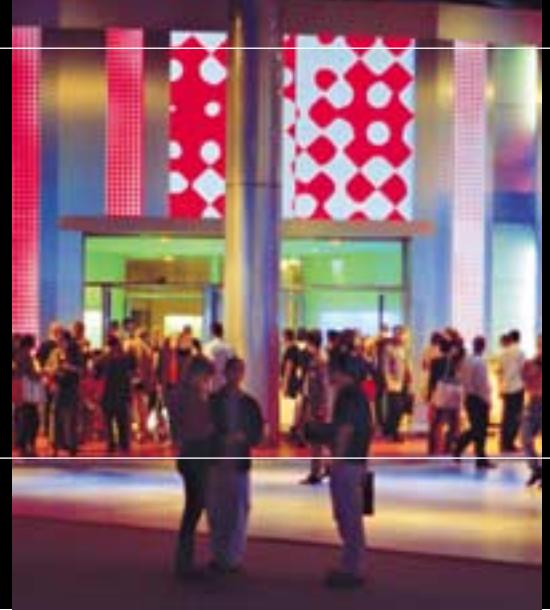
A number of programs off to a successful start

At the beginning of the new fiscal year, Sat.1 improved its market position even further among viewers over age three. In January, the station increased its market share

Company	Sat.1
Legal form	GmbH
Founded	1984
Interest held	100%
Type of business	Television broadcaster
Main activities	Organizing and broadcasting a commercial full-service television schedule
Management	Jürgen Doetz, Martin Hoffmann
Address	Jägerstraße 32 D-10117 Berlin Tel. +49 (30) 20 90-0 Fax +49 (30) 20 90-20 90 www.Sat1.de

Telemesse 2001

The Telemesse trade show in Düsseldorf in August 2001 was the first time the ProSiebenSat.1 Group channels appeared together under the umbrella of the SevenOne Media marketing company. Visitors named the ProSiebenSat.1 Group's booth Best in Show. The booth was also the one with the most visitors. Such were the results that emerged from a survey commissioned by Telemesse management. Telemesse is the German television advertising market's most important trade show. Forty TV stations and seven marketers presented their planned lineups for 2002 to some 5,500 visitors from the trade.



among this target audience by 0.1 percentage point from the previous month, to 9.7 percent. Among the 14 to 49-year-old target group, Sat.1 achieved a total of 11.1 percent, following 11.6 percent the month before.

Sat.1 daytime programming is performing very well, with two court shows and one psychological talk show. Programs like "Richter Alexander Hold" and "Richterin Barbara Salesch" achieve market shares of up to 30 percent among the key target audience for advertising. New prime-time programs like "Der Bulle von Tölz" and "Wolfs Revier" earn top market shares, and attract up to six million viewers from the total audience. "Der Bulle von Tölz" particularly stands out for its great success among viewers and its high cost effectiveness. Even on its fourth airing, this series attracted 5.6 million viewers. This is equivalent to a market share of 20.5 percent among viewers age 14 to 49. In the "Edel & Starck" series, Sat.1 successfully launched an in-house production against tough Monday night competition. The market share in the commercially crucial target audience was 16.3 percent at the program's launch. Another successful launch in January was the sketch comedy "Ladykracher." Anke Engelke's new show achieved market shares averaging around 20 percent.

The "Harald Schmidt Show" was an especially great success. An average of 1.25 million viewers watched the show's 15 episodes during the first month of the year - the highest monthly reach in nearly four years. The late-night show earned Harald Schmidt the "Golden Camera" award, and was also nominated for the Grimme Prize in three categories early this year.

Outlook

Attractive programming lineup in fiscal 2002

Fiscal 2002 will be a year of major productions at Sat.1. Some 25 high-quality TV movies will further reinforce the station's core competence in in-house productions. International co-productions like "Die Kreuzritter" and the two-part "Reckless" are additional signs of the importance Sat.1 attaches to theatrical-quality TV films. The comedy lineup will be expanded further, with not just the premiere of Anke Engelke's "Ladykracher," but also "Mensch Markus" with Markus Maria Profitlich.

Soccer will be one of the heavyweights of the Sat.1 schedule again in 2002. During the World Cup in South Korea and Japan, Sat.1 will broadcast a World Cup magazine show each evening at 9:15, with all the games and all the goals. And in the run-up to the World Cup, it will show a weekly series, "ran - WM-Fieber."

Sat.1 has laid important groundwork for audience and advertising-market gains in 2002. It has high-quality programming assets, and can achieve extensive optimization in how it makes use of its programming, thanks to the ProSiebenSat.1 Group's pooled purchases of film and series licenses.

ProSieben: Young Television with Strong Brands

The Economic Situation

ProSieben consolidates lead in advertising market

Even though demand for TV advertising waned, ProSieben was able to pick up further weight in the market during fiscal 2001. Its gross advertising market share was up 1.1 percentage points, to 20.2 percent. This makes the station the second-largest advertising medium in Germany, in terms of gross advertising revenues.

Germany's most profitable broadcaster

ProSieben once again demonstrated its exceptional standing in the German television market during fiscal 2001. Germany's most profitable broadcaster boosted its pre-tax income by another EUR 5 million, to EUR 262 million. The profit margin, at 30 percent, repeated the previous year's high level. Revenues amounted to EUR 860 million, following on EUR 866 million the previous year.

ProSieben held firm to its market share in the commercially crucial target audience between the ages of 14 and 49, drawing 13.3 percent. Among all viewers over the age of three, the station earned a market share of 8.0 percent, following the previous year's 8.2 percent. The station's uptrend was particularly evident in the first half of the year, when ProSieben expanded its market share in the 14-to-49 age group by 0.6 percentage points, to 14.1 percent. Audience viewing habits in the second half were dominated by the September 11 terrorist attacks and their consequences. Demand for news rose sharply.

In a year of declining advertising spending, ProSieben's clear positioning proved to be an important competitive advantage. Of all German broadcasters, this was the station with by far the youngest television audience. In the target group between ages 14 and 29, ProSieben edged its market share up another 0.6 percentage points to 18.6 percent, just behind market leader RTL.

The station with the red seven stands for young television with strong brands. ProSieben has the best image values of any German TV station. According to a telephone survey by the forsa market research institute, TV viewers age 14 to 49 agree that ProSieben has the best feature films, best entertainment shows, best series and best science magazines and comedy shows. 21 percent of those surveyed said ProSieben was the station they would least like to do without, giving ProSieben the best score of any TV station.

Number one broadcaster of feature films

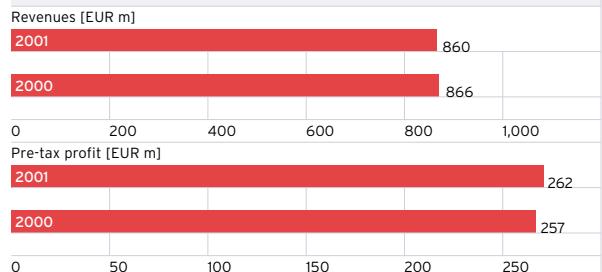
ProSieben continues to be Germany's number one broadcaster of feature films. It is considered the first place to look for highlights from Hollywood. According to forsa,

40 percent of young Germans consider ProSieben the station with the best feature films. Last year the station showed 1,358 feature films - 234 of them German free TV premieres. The Sunday time slot has particularly benefited here. In this slot, blockbusters like "Murder at 1600," "Deep Impact," "Mouse Hunt," and "The Truman Show" earned market shares between 32 percent and 36 percent among viewers age 14 to 49. The station's consistent blockbuster programming boosted its Sunday prime time market share among 14 to 49-year-olds by 3.6 percentage points, to 18.5 percent.

ProSieben shows not only Hollywood features, but very successful German productions. TV movies made in Germany, like the thriller "Ratten - sie werden Dich kriegen!" and the comedy "Verliebte Jungs," achieved market shares of more than 20 percent in the essential 14-to-49 target audience.

Comedy shows were among the most important pillars of the ProSieben schedule again in 2001. "TV total" proved a particularly strong ratings magnet. The legendary match between Stefan Raab and Women's Boxing World Champ Regina Halmich drew a total of 7.64 million viewers in March 2001. The "TV total" special earned a market share of 55.5 percent among viewers age 14 to 49. Expanding Germany's most successful comedy show to four slots a week proved to be a ground-breaking decision in programming strategy. The change boosted market share significantly against the previous year in the slot between 10:15 and 11:15, Tuesday through Thursday evenings. The

ProSieben: revenue and profit development



Company	ProSieben
Legal form	GmbH
Founded	1988
Interest held	100%
Type of business	Television broadcaster
Main activities	Organizing and broadcasting a commercial full-service television schedule
Management	Nicolas Paalzow
Address	Medienallee 7 D-85774 Unterföhring Tel. +49 (89) 95 07-10 Fax +49 (89) 95 07-11 22 www.ProSieben.de

"Der Schuh des Manitu"

No German film has ever attracted audiences as big as ProSieben's co-production "Der Schuh des Manitu," authored by and starring Michael "Bully" Herbig. More than 11 million viewers saw the multi-award-winning western parody. Michael Herbig - director, lead actor, co-writer and co-producer - made the leap from his "bully-parade" comedy show on ProSieben to film stardom.



"bullyparade" comedy trio has also earned long-established cult status among audiences. Last year "bullyparade" attracted an average market share of 20.9 percent among viewers age 14 to 49. The outstanding success of the feature film "Der Schuh des Manitu" has no doubt made the "Bully" fan community larger than ever. In 2001 this ProSieben co-production became the most successful German theatrical release of all time, with an audience of more than 11 million.

International premium series in prime time are another ProSieben trademark. Multiple award-winners like "The X Files" and "ER" stand for movie-quality television, and ensure good market shares among the target audience in this important time slot. The launch of "Sex and the City" expanded this segment even further. This series from the US has earned cult standing, and boosted the market share in this time slot by a hefty 4.8 percentage points from the year before, achieving a 13.7 percent share among viewers age 14 to 49.

It was also a good business year for the news and information sector. "ProSieben Reportage" expanded its market share 4.9 percentage points, to 15.4 percent, among the key target audience for advertising. The young business magazine "Bizz" continued its uptrend, gaining 6.6 percentage points to win a market share of 14.2 percent among the 14-to-49 group. Another success was the ProSieben knowledge magazine "Galileo," which gained 2.4 percentage points to develop a 12.6 percent market share among younger viewers. This series reinforced ProSieben's standing as the station with the best science magazines.

Net Worth, Financial Position and Operating Results

Programming the most important asset item

Total assets as of the end of the year, at EUR 638 million, remained at nearly the same level as the previous year's EUR 629 million. With a share of 92 percent of total assets, programming was the most important asset item. Receivables and other current assets, at EUR 53 million, were down ten percent from the 2000 figure. This item largely comprises accounts receivable, which gained 49 percent from the year before, to reach EUR 49 million. By contrast, amounts owed by Group companies declined to EUR 3 million. The higher figure from the previous year was a result

of the spin-off of the Television segment of ProSieben Media AG for the purpose of founding ProSieben Television GmbH, which was necessary as part of the merger between Sat.1 Holding GmbH and ProSieben Media AG. Fixed assets primarily comprised intangible items and office furniture and equipment.

On the liabilities and equity side, shareholder equity remained exactly at the previous year's level of EUR 451 million. All profits are transferred directly to ProSieben-Sat.1 Media AG under a profit transfer agreement, and thus have no impact on equity. With an equity ratio of 71 percent, ProSieben has a very good equity capitalization.

Accruals, at EUR 18 million, were down 15 percent from the previous year. Accruals for outstanding invoices were down particularly significantly from the year before.

Liabilities were up a total of eight percent as of December 31, 2001, to EUR 169 million. The change was primarily the result of an increase from EUR 76 million to EUR 112 million in liabilities to Group companies.

Programming assets grow to EUR 584 million

ProSieben's on-balance-sheet programming assets are mainly feature films and series, along with commissioned productions intended for one-time or multiple airings. Feature films and series are included here as of the beginning of their license term; commissioned productions are capitalized as showable programming assets as of their completion. As of the reporting date on December 31, 2001, the figure was EUR 584 million, representing a rise of three percent.

ProSieben Television GmbH has further programming assets worth EUR 529 million that cannot be capitalized yet. Thus the total programming inventory under contract amounted to EUR 1.113 billion as of December 31, 2001. The revenue potential of these programming assets by way of airings on ProSieben is around EUR 1.8 billion. They comprise 21,555 hours of broadcasting rights under contract, including 9,640 hours of feature films, 7,823 hours of series and 2,942 hours of cartoons. The programming rights ProSieben has under contract up to today will cover roughly 64 percent of its needs for licensed programming until the year 2004.



Use of programming assets further optimized

Programming expenditures reflected in the balance sheet increased 41 percent, to EUR 544 million. There were several reasons for the rise: First, for 2001 the news programs aired on ProSieben and produced by the Group's central news provider N24 were set up within the ProSieben programming assets. Second, airing four "TV total" shows per week, and exchanging programming within the Group, led to a rise in spending on programming. Last but not least, in fiscal 2001 ProSieben spent a considerably larger amount on programming to ensure a long-term supply of attractive programming rights.

Depreciation of programming assets increased a total of ten percent, to EUR 455 million. This figure appears in the statement of income under the item for programming and materials costs. The rise in depreciation was caused by the capitalization of news shows as programming assets, and to the quadrupling of "TV total" broadcasts each week, together with the introduction of new high-quality series like "Sex and the City." In the past fiscal year, ProSieben further optimized its programming purchases to match needs. This approach reduced unscheduled depreciation of programming assets by more than nine percent, to EUR 46 million. Expenses for third-party services were down 38 percent, to EUR 42 million. Total expenses for licenses, broadcasting fees and materials were down six percent from the year before, to EUR 36 million. In all, the cost of programming and materials rose a moderate two percent, to EUR 533 billion.

Extension of "taff." leads to staff growth

The ProSieben staff averaged 289 employees in 2001, equivalent to an expansion of around six percent. In parallel, personnel expenses grew nine percent, to EUR 21.7 million. The staff expansion was due mainly to the 2001 expansion of the time slot for the station's "taff." magazine.

The average age of all ProSieben personnel in 2001 was 31. The station trained 39 editorial trainees in addition to a further five trainees. Throughout the year, ProSieben trained an additional 233 interns.

Research and Development

EUR 3 million invested in developing new shows

In 2001 ProSieben showed a total of 3,174 hours of programming it had commissioned or produced itself. The programs included news, magazine shows, special reports, talk shows, comedy shows, TV movies and series. In all, some 36 percent of the programming hours shown are produced in-house or on commission for the station. ProSieben's unique programs like "taff." and the "Galileo" science magazine have defined its profile among viewers and advertising clients. In 2001, ProSieben invested around EUR 3 million in developing new programming. It developed 21 pilot shows and 32 scripts.

ProSieben got a new look in April 2001. A new on-air design was developed, based on the red seven. The new look's moving color patches tie into design elements from the Internet world. The multimedia feel illustrates the positioning of a multimedia-oriented brand: ProSieben stands for young entertainment, no matter what screen you are watching on.

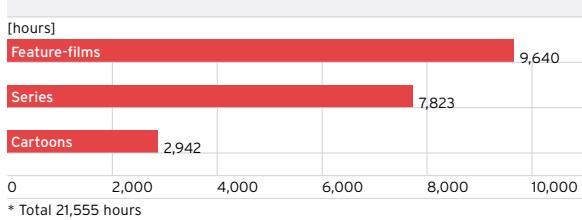
Events Subsequent to the Reporting Date

2002 programming year off to a successful start

ProSieben got off to an encouraging start in fiscal 2002. In January, the station achieved a market share of 13.1 percent in the primary target audience for advertising, gaining a full percentage point from the previous month. The station picked up 1.9 percentage points among viewers age 14 to 29, boosting its market share to 18.9 percent. Among the factors that contributed to this success were film events like "Independence Day," with a market share of 41.0 percent among the 14-to-49 audience group, and the BBC/ProSieben documentary "Die Erben der Saurier - Im Reich der Giganten." Both parts of this documentary miniseries earned an average market share of 30.3 percent among viewers between 14 and 49.

Toward the end of the year, "elton.tv" again proved ProSieben's knack for comedy. The new program's average market share in January 2002 was 18.5 percent in the 14-to-49 viewer group. This success prompted ProSieben to decide to produce a second round of the series, to be aired immediately after the end of the first round.

Emphasis of ProSieben programming inventory*

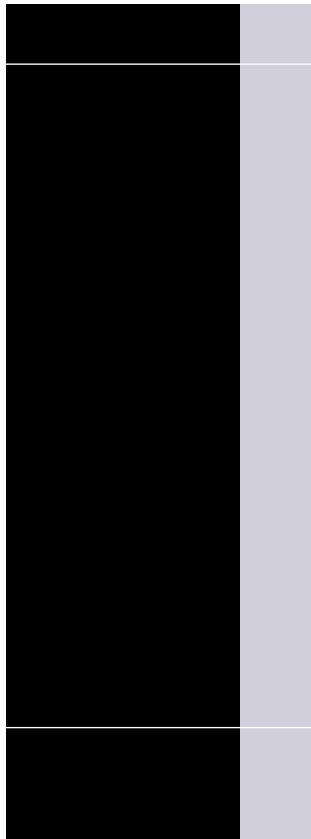


Outlook

High-quality feature-film and series events scheduled for 2002

In fiscal 2002 ProSieben will continue to count on high-quality feature-films and series. The feature-film schedule includes international blockbusters like "Star Wars: Episode I - The Phantom Menace," "The Sixth Sense," "The Cider House Rules," and "Rush Hour." ProSieben will show international luminaries of the screen live on March 25, 2002, with the gala Oscar presentations in Los Angeles. This is the fourth time the station will carry the ceremony for the awarding of the world's most coveted film prize. The station will reconfirm its credentials as the top source of young entertainment with the innovative event shows "Mission: Germany" and "The Project." Last but not least, star entertainer Stefan Raab will make an excursion into the world of sports for the station: In May and June this holder of the 2001 Bronze Rose award from Montreux and the German Television Prize will cover the World Cup in Japan and Korea live each day for "TV total." ProSieben will reinforce its image as the station with the best young comedy in 2002, with programs like "headnut.tv," the show with the sensational team of Erkan & Stefan, "Back to Life," the up-to-the-minute stage program with Michael Mittermeier, and a new season of "bullyparade" with Michael "Bully" Herbig.

In addition to feature-films from Hollywood, ProSieben will set the standard for German movies again in 2002. Showings will include the exciting two-part "Operation Rubikon" with Maria Schrader, and "Das Jesus Video," after the best seller by Andreas Eschbach.



The Economic Situation

Kabel 1 leads the second generation stations

Among Germany's "second generation" stations, Kabel 1 took the lead in all relevant audience groups during 2001. With a market share of 5.0 percent among all viewers over the age of three, following 5.5 percent the year before, Kabel 1 was well ahead of competitors Vox (3.1 percent) and RTL II (4.0 percent). In the important viewer group from 14 to 49, Kabel 1 earned a share of 5.2 percent, compared to the previous year's 5.4 percent.

Kabel 1 features a successful pairing of timeless entertainment with up-to-the-minute news and information shows. The station stands for some of the all-time favorites on German television: Its schedule is dominated by "The Best Films of All Time" and classic series. It also shows remakes of a variety of successful show classics.

Kabel 1: a success with audiences

Once again in 2001, "The Best Films of All Time" generated excellent market shares for Kabel 1 among viewers age 14 to 49. "Dirty Harry II" alone achieved a market share of 12.1 percent in this, the most important target audience for the advertising industry. "The Wild Geese," with 11.4 percent, and "Tora! Tora! Tora!" with 11.3 percent, also brought in record ratings. Among all viewers "Flight from Alcatraz," with a reach of 2.95 million viewers, was the most successful film of 2001.

Kabel 1's news and information programs were also on the rise among audiences. "Abenteuer Leben" added 0.9 percentage points from the previous year to reach a 6.3 percent market share, expanding its position significantly among the 14-to-49 group. "K1 Extra," "K1 Das Magazin," "K1 Die Reportage" and "Abenteuer Auto" also achieved an average joint market share of more than six percent in 2001 among viewers age 14 to 49.

Kabel 1 celebrates tenth year

Happy birthday: This year Kabel 1 is celebrating its tenth year on the air. The channel began broadcasting at 10:15 on the morning of February 29, 1992, as the Deutsche Telekom network's cable channel, "Der Kabelkanal." Following Sat.1, RTL and ProSieben, "Der Kabelkanal" was the fourth private station to go on the air throughout Germany. Renamed Kabel 1 in 1994, the station offers a mix of feature films and series that quickly claimed the lead among Germany's "second generation" of TV channels. Kabel 1 achieved break-even in 1998, and was the third private station to get into the black.

The prime access period at Kabel 1 is the preserve of successful game shows. "Was bin ich?," "Wheel of Fortune" and "Geh aufs Ganze!" proved to be reliable ratings magnets. All of these shows earned average market shares between 3.2 percent and 5.3 percent in the important 14-to-49 age group.

Kabel 1: revenue and profit development



Pre-tax profit of EUR 34 million

With the television advertising market so difficult, in 2001 Kabel 1 generated revenues of EUR 215 million - EUR 5 million below the previous year. Pre-tax income was EUR 34 million, a drop from the previous year's EUR 51 million, due primarily to a scheduled increase in depreciation of programming assets.

Net Worth, Financial Position and Operating Results

Optimum utilization of programming resources

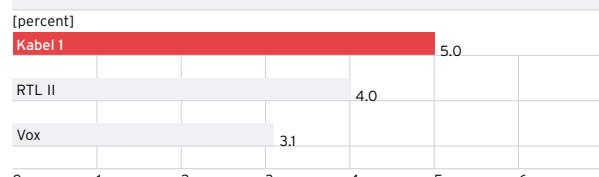
Depreciation of capitalized programming assets is a major component of programming and materials costs. Rising license expenses pushed depreciation at Kabel 1 to EUR 119 million, compared to the previous year's EUR 107 million. Other expenses for licenses, broadcasting fees and materials, at EUR 19 million, were below the previous year's EUR 21 million. Expenses for third-party services amounted to EUR 11 million, following on EUR 13 million the year before. Unscheduled depreciation was EUR 2 million, at the same favorable level as 2000. Thus Kabel 1 was able to make optimum use of its programming resources again in 2001.

Net worth and financial position remain stable

Kabel 1's total assets rose 51 percent from the year before, to EUR 159 million.

On the assets side, the higher figure for total assets is the result of an increase in current assets, which rose 50 percent from the year before to approach 98 percent of total

Kabel 1: market shares of second generation stations

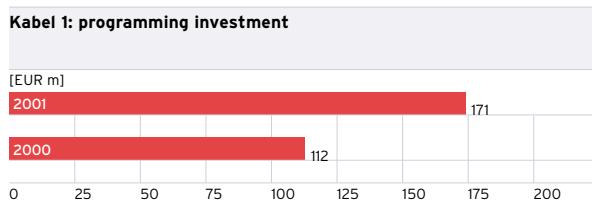


* Market shares among all viewers above age three in 2001
Basis: All television households in Germany (TV panel for German + EU citizens);
Source: AGF/GfK Fernsehforschung/pc#tv aktuell/SevenOne Media Marketing Operations

assets by year's end. Besides an increase of EUR 4 million in accounts receivable to EUR 12 million, the increase in programming assets was the main factor in this change. On-balance-sheet programming assets grew from EUR 94 million to EUR 142 million. Programming expenditures with an impact on the balance sheet reached EUR 171 million, compared to the previous year's EUR 112 million - a 65 percent increase. The 2001 acquisition of additional attractive programming rights will ensure high-quality programming at Kabel 1 in the future. The station will thus be able to expand its lead among the second-generation stations.

Kabel 1's on-balance-sheet programming assets are mainly feature films and series, along with commissioned productions intended for one-time or multiple airings. Feature films and series are included here as of the beginning of their license term; commissioned productions are capitalized as showable programming assets as of their completion. Kabel 1 has further programming assets worth EUR 48 million that have not yet been capitalized. Programming assets under contract totaled EUR 190 million as of December 31, 2001.

Kabel 1's programming inventory comprises 7,797 hours of broadcasting rights under contract. Of this total, 4,912 hours are feature films. Within the ProSiebenSat.1 Group, Kabel 1 is positioned as the station that shows film classics from the past four decades. A second focus of its programming is series. Here Kabel 1 has a programming inventory of 2,803 hours. The total revenue potential of its broadcasting rights is around EUR 311 million. The programming rights the station had under contract as of December 31, 2001, will cover roughly 53 percent of its needs for licensed programming in the heaviest-revenue time periods until the year 2004. Thus Kabel 1 enjoys a solid programming base.



The key reason for the expansion of the balance sheet on the liabilities and equity side was an increase in amounts owed to Group companies, from EUR 45 million to EUR 144 million. Kabel 1 took out a further EUR 30 million in corporate loans from ProSiebenSat.1 Media AG, raising the total to EUR 60 million. Additionally, because the station's earnings transfer agreement went into effect in 2001, the year's net income of EUR 34 million was also allocated to liabilities to Group companies.

New programs require larger staff

Kabel 1 K1 Fernsehen GmbH employed an average of 47 staff members during the year. This represents an increase of 14 percent from the year before. The new employees were hired to build up the editorial teams for the new Kabel 1 programs. The larger staff pushed up personnel expenses by EUR 1 million, to EUR 4 million.

The average age of all Kabel 1 personnel in 2001 was 34. In its editorial operations, the station had one trainee. Six individuals were on internships.

Research and Development

Eight pilot shows developed

Developing innovative programs is a very important activity at Kabel 1. Among the key features of the station's profile are its high-quality in-house productions, such as the new Kabel 1 magazines and exciting game shows, along with licensed programming. Last year, it developed five pilots for the launch of new Kabel 1 magazine shows, and three pilots for Kabel 1 entertainment shows. In all, Kabel 1 invested more than EUR 0.5 million in developing new programming.

Company	Kabel 1
Legal form	GmbH
Founded	1992
Interest held	100%
Type of business	Television broadcaster
Main activities	Organizing and broadcasting a commercial full-service television schedule
Management	Andreas Bartl
Address	Gutenbergstraße 1 D-85774 Unterföhring Tel. +49 (89) 95 07-21 00 Fax +49 (89) 95 07-21 58 www.Kabel1.de



"Focusing even more intently on core competence"

Within their competitive environments, our three full-service stations, Sat.1, ProSieben and Kabel 1, focused even more intently on their core competences. They reinforced their complementary programming orientations with sharply profiled formats, and differentiated their station brands even more clearly and unmistakably. Thus, in the second year since our merger, we further strengthened the market's confidence in our stations. As the year wore on with its greater advertising difficulties, this approach proved to be an important cornerstone for our stations' successful further development - especially after September 11, which caused significant changes in television viewing habits. In collaboration with N24 as our highly skilled news provider, we were more than able to satisfy the public's intensified hunger for information.

Sat.1 sharpened its positioning in 2001. As part of its revised communication campaign, it further accentuated the "emotional quality" of television for today's families. Among the station's key ingredients for success since last year have been its court shows featuring "Richterin Barbara Salesch" and "Richter Alexander Hold." These have won Sat.1 the afternoon market lead. The station established its Tuesday German movies with equal success. Major Sat.1 films have become a standing date for viewers seeking "made by Sat.1" quality. The station's Wednesday and Thursday series, including "Der Bulle von Tölz," also scored points with viewers in 2001. TV events like "Der Tunnel" and "Tanz mit dem Teufel - Die Entführung des Richard Oetker" were major programming successes. These earned the station the undisputed lead in German fiction for the TV market. The clear verdict on the station: Sat.1 is powered by emotion.

ProSieben is Hollywood - this core competence was a success with the public again in 2001. Blockbuster films like "Jurassic Park," "Mission Impossible," "Deep Impact," "The Truman Show" and the international co-production "Dune" strengthened the station's claim to eminence. ProSieben also established new series like "Buffy" and "Angel" successfully in prime time. "Sex and the City," the series on the lives of single women in Manhattan, drew attentive and enthusiastic audiences. ProSieben also expanded its comedy lineup. It continued "Bullyparade," with star comedian Michael Herbig. Since last year his film hit "Schuh des Manitu," a ProSieben co-production, has become the most successful German theatrical release of all time. Stefan Raab has become Germany's most successful late-night comedian, expanding his "TV total" show to four evenings a week. The upshot for 2001: Programs that have become a daily event, entirely in keeping with the station's new motto, "Here comes ProSieben."

In 2001, Kabel 1 again underscored its capabilities in the classics, with the "Best Films of All Time." The "Dirty Harry" series and films like "Cleopatra," "Blade Runner" and "Goodfellas" earned Kabel 1 audience-reach successes that were quite able to hold their own against the first generation of broadcasters. Classic series like the "Bill Cosby Show" round out the "Best of TV" category from the past few decades. Another new edition of a classic series arrived in the variety show category, with "Dingsda." Elsewhere in the programming lineup, we added two new series on travel and nature to join our news briefs interspersed with K1 broadcasts and our successful "Adventure Series."

Ludwig Bauer
Member of the Executive Board
Television

Events Subsequent to the Reporting Date

Holding the lead among second generation broadcasters

At the beginning of 2002, Kabel 1 confirmed its lead among Germany's second generation broadcasters. It gained 0.2 percentage points from the previous month to log a January market share of 4.6 percent among all viewers, once again ranking well ahead of its competitors RTL II (4.1 percent) and Vox (3.0 percent). In the essential target audience from 14 to 49 as well, Kabel 1 increased its market share by 0.5 percentage points against the previous period, to 5.3 percent.

Outlook

'90s films added to the portfolio

"The Best Films of All Time" will be the motto at Kabel 1 once again in 2002. The station has added films from the nineties to its portfolio. A number of blockbusters are on the 2002 schedule, including "Rain Man," "Indecent Proposal" and "Thelma and Louise." Classics like "Once upon a Time in the West" and "The Untouchables" will also guarantee high programming quality at Kabel 1 in 2002.

Kabel 1 will build systematically this year on the previous success of its news and information schedule. "Abenteuer Ferne" led off the station's new travel and adventure magazine at the beginning of the year. Starting in March, "Abenteuer Natur" will provide detailed, knowledgeable documentaries on plants, animals and their doings. Kabel 1 news and information shows have been gaining popularity among young viewers in particular, earning an average market share of six percent among the 14-to-49 age group.

A new feature on prime time for 2002 will be the "Geh aufs Ganze!" game show. With a weekly slot at 8:15 in the evening, Kabel 1 has created an additional programming highlight during the most important broadcasting period of the day. Since January 2002, "Wheel of Fortune," with its new host Thomas Ohrner, has a revised concept that will make for even more fun and excitement. And starting in mid-March, the reigning Miss Germany, Katrin Wrobel, will take up the duty of turning the letters.

N24: News and Business Information around the Clock

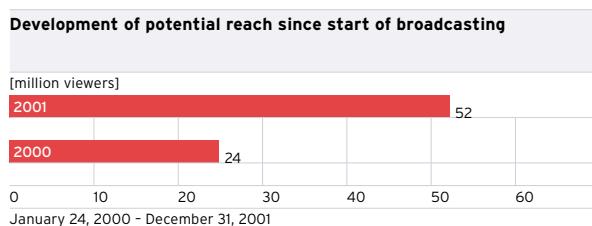
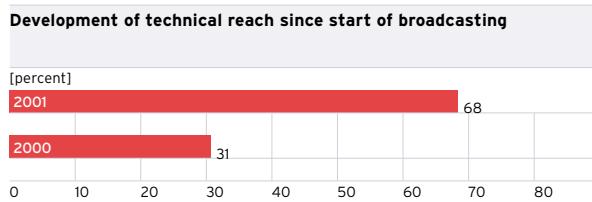


The Economic Situation

N24 gains further technical reach

Over the course of fiscal 2001 the new news station, N24, gained further technical reach. By year's end, 68 percent of German television households were able to receive it. When it first began broadcasting on January 24, 2000, its technical reach was just 31 percent. No other broadcaster has been able to expand its reach so rapidly under such difficult conditions. Via satellite alone, by the end of December 2001, N24 was already reaching around ten million households. Another 12 million households were receiving N24 via cable. A further 0.5 million households were able to receive the news channel by terrestrial antenna.

Since it began broadcasting, N24 has thus built its potential reach from 24 million viewers to more than 52 million.



Information service provider to the entire chain

Since its partial move from Munich to Berlin in July 2001 and its amalgamation with the Sat.1 news department, N24 has been the central information service provider for the entire ProSiebenSat.1 Group. Aside from its own 24-hour programming, N24 also produces the news programs for Sat.1, ProSieben and Kabel 1. For Sat.1, it additionally produces the "breakfast news" program and "24-Stunden-Reportage." All Group stations have benefited from this expanded capability in news and information. All three full-service stations covered the terrorist attacks in New York and Washington via special reports produced by N24. N24 reporting on the three channels achieved a net reach of 41 percent among viewers age 14 to 49.

The partial move to Berlin went smoothly and imperceptibly to the audience. By amalgamating news operations, including the Parliamentary desk and domestic and foreign bureaus, the ProSiebenSat.1 Group can save further costs and make optimum use of its available resources.

Developing amid a difficult advertising market

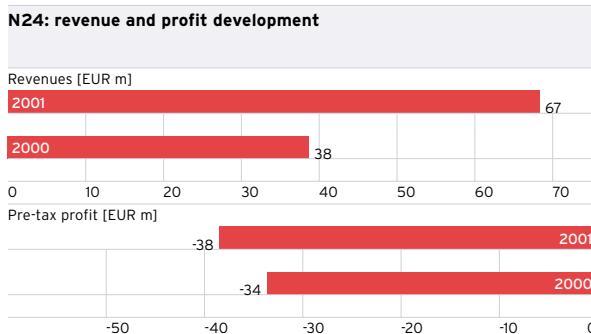
The difficult market for television advertising in 2001 had an impact on N24's business. Apart from the slack economy, N24, as a news and business station, also felt repercussions from the year's stock-market slump. The financial sector accounts for a disproportionately large share (20 percent) of N24 gross advertising revenues. By comparison, the other three full-service channels in the ProSiebenSat.1 Group average seven percent in this sector. Declining advertising budgets in telecommunications, software, computers and services also had a more severe impact on N24's profits than at the other stations.

N24 moves to the capital

The ProSiebenSat.1 Group has expanded its presence in Berlin. N24's partial move to the capital also served to integrate Sat.1's news department into the new news channel. A high-performance team produces custom news programming around the clock for the ProSiebenSat.1 Group's four channels. The move from Munich to Berlin went off without a hitch. N24 has been broadcasting from the capital since July 1, 2001.

Börsenreport" market report has been expanded significantly. Thus N24 offers even more up-to-the-minute reporting on the markets, along with additional business news. At the same time, N24 put five new programs on the air. Three of them emphasize business and the stock market.

With "N24 Chat," the young news channel additionally offers Germany's first genuinely interactive TV show. Each day, the N24 host in the studio chats with viewers and online users. Guests from business and politics answer viewers' questions live. On the "N24 trendcheck" show, each week experts examine analysts' equities research. N24 has also been carrying the well-known business magazine "Bizz" since December. It has expanded its reporting range even further with "N24 Kinonews" and "N24 Golf Journal Turnier."



N24's revenues were up 76 percent in fiscal 2001, to EUR 67 million. Substantial revenue gains resulted from the expansion of news production for the whole broadcasting family, since N24 is the central information service provider for the ProSiebenSat.1 Group. The news station showed a negative pre-tax result of EUR -38 million in 2001, compared to the previous year's EUR -34 million. The 2001 figure includes the integration costs of EUR 1 million for restructuring the N24 news department and relocating it from Munich to Berlin. On the other hand, an accrual of EUR 1 million for the layoff hardship prevention plan was reversed. The pre-tax earnings also reflect a charge of EUR 2 million for the special reports on the events of September 11.

N24 begins programming reform

As of December 1, 2001, N24 launched an extensive programming reform, aimed in particular at expanding the channel's business reporting. Since the revision, N24 has begun its business reporting early in the morning on every market trading day. In addition, the time slot for the "N24-

Net Worth, Financial Position and Operating Results

Total assets grow

The total assets of N24 Gesellschaft für Nachrichten und Zeitgeschehen mbH grew from EUR 34 million to EUR 56 million. A key factor in this development was the amalgamation of Sat.1's and N24's news departments in Berlin.

An increasing volume of business boosted current assets by EUR 21 million, to EUR 48 million - a 78 percent gain from the previous year. Trade accounts receivable rose from around EUR 1 million to EUR 3 million. Amounts due from Group companies rose EUR 19 million, to EUR 45 million. Fixed assets increased EUR 3 million, mainly because of spending on a new editing system.

Equity, at EUR 25,000, remained at the same level as the year before. On the liabilities side, amounts owed to Group companies were up EUR 17 million, to EUR 42 million. Trade accounts payable rose to EUR 3 million, after the previous year's EUR 2 million. Accruals grew from EUR 6 million to EUR 10 million.

Programming assets include documentaries and special reports

The on-balance-sheet programming assets of N24 Gesellschaft für Nachrichten und Zeitgeschehen mbH, at EUR 0.3 million, were up 155 percent from the previous year's value. Program spending with an impact on the balance sheet grew even more rapidly, to EUR 1 million from EUR 0.01 million the year before. However, N24 had to spend almost nothing on programming in fiscal 2000 - it had already spent the requisite EUR 0.7 million back in 1999, during the setup phase before it went on the air.

Information, News and Political Programs



"Systematically expanding our news competence"

As a news year, 2001 was dominated in every way by the September 11 terrorist attacks in New York and Washington. Television images of the burning, collapsing Twin Towers of the World Trade Center and the devastated Pentagon have been deeply etched into every viewer's memory. For the team at our news channel N24, the terrible events of September 11 were also a chance to prove themselves. Reporting from New York and Washington almost around the clock for weeks, they passed the test superbly. The ProSiebenSat.1 Group has been highly praised for the quality of its reporting - by colleagues in television, the press, and most importantly our viewers. For us this is a further motivation and a confirmation that we are on the right track. One of our strategic goals is to keep steadily, systematically expanding the ProSiebenSat.1 Group's news capabilities.

We took several key steps to ensure this development in fiscal 2001. As of July 1, 2001, N24 moved a portion of its operations to Berlin. This allowed us not only to begin integrating these operations with the Sat.1 news department, but also to reinforce our journalistic presence in the capital. The station will be able to draw appreciable future publicity benefits from being closer to politics and current events. We also expanded the range of Sat.1's news broadcasts with a late edition, "die nacht." The new program went on the air in March 2001, and very quickly seized second place among the commercially crucial target audience between 14 and 49.

Since it first began broadcasting, N24 has established itself as one of Germany's leading news stations. When it went on the air on January 24, 2000, only about 30 percent of all German television households could receive it. After just two years, the figure is now roughly 70 percent - far beyond our own projections. Positive cable-service decisions by state regulatory authorities make it clear that N24's program mix of news, business, magazines, talk shows and documentaries has been hitting home. We will improve the station's reach again in 2002. N24 can count on future feeds into the cable network in extensive parts of North Rhine-Westphalia and Rhineland-Palatinate.

Our programming schedule has evolved continuously in the two years since the station's launch. We have expanded our business reporting, added golf and diving magazines to our sports coverage, established an appealing real-estate magazine in "Bellevue TV," developed "Job & Karriere" for our younger target audience, and added coverage on topics of current interest with "Trend Check" and "Kinonews." We have scheduled additional talk shows alongside Thomas Koschwitz, who has been with the station from the start. With Dieter Kronzucker as the anchorman on "Weltreporter," we have attracted one of Germany's highest-profile newsmen to N24. News coverage in 2002 will be dominated by the Bundestag elections. We view the duel between the Chancellor and his challenger as yet another opportunity to demonstrate our news skills as a broadcasting family in the German television market. It's a chance we plan to make the most of.

Claus Larass
Member of the Executive Board
Information, News and Political Programs

The channel's programming assets are mainly documentaries and special reports intended for one-time or multiple airings. As of the reporting date, the programming inventory comprised 445 hours of news and 91 hours of magazine coverage.

Cost management a success

In response to the difficult market for television advertising, N24 adopted rigorous cost management. Depreciation of programming assets due to airings for all of the 2001 broadcast year amounted to EUR 0.8 million, after the previous year's 0.6 million. In comparing the two years, it must be borne in mind that N24 only went on the air on January 24, 2000. Increasing production of news and magazine shows for the entire Group boosted programming and materials costs from EUR 49 million to EUR 72 million. The expenses for third-party services included as part of this figure rose from EUR 37 million to EUR 57 million.

Staff growth

N24 Gesellschaft für Nachrichten und Zeitgeschehen mbH employed an average of 204 staff members during the year, a gain of 66 percent. The increase resulted from the pooling of Sat.1's and N24's news departments, in which 142 Sat.1 employees were transferred to N24. The larger staff pushed personnel expenses up EUR 6 million, to EUR 16 million.

The average age of all N24 personnel in 2001 was 34. In its editorial operations, the station had 14 trainees. There were 84 individuals on internships.

Company	N24
Legal form	GmbH
Founded	1999
Interest held	100%
Type of business	Television broadcaster
Main activities	Organizing and broadcasting a commercial niche television schedule for news
Management	Claus Larass, Jörg Howe
Address	Gutenbergstraße 1 D-85774 Unterföhring Tel. +49 (89) 95 07-24 24 Fax +49 (89) 95 07-24 00 www.N24.de



September 11, 2001

The whole world was shocked by the appalling terrorist attacks on September 11, 2001. The ProSiebenSat.1 Group's three full-service television stations - Sat.1, ProSieben and Kabel 1 - carried special news broadcasts produced by N24 about the attacks in New York and Washington. N24 reporting on the three channels achieved a net reach of 41 percent among viewers age 14 to 49. In the days and weeks that followed, the Group made extensive programming changes out of respect for people's feelings about the events in the US. ProSieben withdrew the American blockbuster film "Godzilla" from the early October schedule, and halted a multimillion-euro advertising campaign for the film.

Events Subsequent to the Reporting Date

Reach expands briskly

N24 expanded its technical reach once again early in fiscal 2002. At the New Year, the station was assigned full cable channels in Bremen and Lower Saxony. It can now be seen throughout Northern Germany. At the same time, N24 took over a terrestrial broadcasting frequency band in Munich. In all, within two years N24 has acquired a potential reach of more than 22.5 million television households. By February 28, 2002, the station was expecting to reach an additional two million households in North Rhine-Westphalia. By the end of 2002, it could well expand its technical reach to 83 percent.

Outlook

Expanding reach builds growth potential

N24 will grow again in 2002. By expanding its reach even further, the station will tap new growth potential. Thus N24 is sure to gain additional revenues, distribution and audiences during the year.

The station will produce special programming and focused coverage for the 2002 Bundestag election. With a number of interviews, reports and special broadcasts up through election Sunday in September 2002, N24 will highlight its claim to report the election in greater breadth and depth than any other broadcaster.

N24 will optimize its worldwide reporting still further in 2002. The process was begun in 2001, with the combination of N24's foreign bureaus and the former Sat.1 foreign bureaus. By concentrating its correspondents in the world's most important cities, N24 will not only generate cost synergies but intensify its news capabilities. The structural reorganization of the foreign bureaus has been a success so far, and will be continued in 2002.

"Given the tough trading environment, we believe management will have focused aggressively on programme and personnel costs to offset top-line weakness."

Morgan Stanley Research	Interim Report, first six months of 2001
Steve Winram, Anna Poulter	August 6, 2001

Merchandising: Vigorous Revenue Growth in the Licensing Business

Systematic expansion of the business segment

By systematically expanding its Merchandising business segment, the ProSiebenSat.1 Group has added an attractive additional source of revenue to its core business television. Brand awareness is growing, and so is demand for products associated with popular characters, stations and programs. Estimates currently place retail revenues generated through merchandising in Germany at roughly EUR 5 billion. By comparison, merchandising products generate some EUR 115 billion worldwide. Projections foresee great catch-up potential in the German market, together with a further professionalization of the business in ancillary licensing rights. Amid this setting, experts anticipate growth of as much as 20 percent per year for the next few years.

The ProSiebenSat.1 Group's Merchandising segment combines the activities of MM Merchandising München GmbH, ArtMerchandising & Media AG and SevenOne Club & Shop GmbH. The segment's total revenues for fiscal 2001 rose to EUR 66 million - a gain of 32 percent from the previous year's EUR 50 million. Revenues from external sales reached EUR 59 million, after EUR 45 million the previous year. At the same time, the ProSiebenSat.1 Group's operating income from this segment rose from EUR 11 million to EUR 15 million. Aside from the growth of Merchandising activities, the expansion of viewer loyalty builders used by SevenOne Club & Shop GmbH also had a positive impact on business. The previous year's figures have been adjusted to make allowance for Sat.1's merchandising business.

MM Merchandising München

Promising licenses and a comprehensive range of services

The ProSiebenSat.1 Group not only holds rights to its own media brands, but has also positioned itself as an independent licensing and service agency through its subsidiary MM Merchandising München. With its broad range of subject matter, the agency has been successfully marketing ancillary rights from the film, television and publishing business for 30 years now. In this, MM Merchandising München differs significantly from its competitors in the German television market, which market only their own rights. Currently MM Merchandising München holds 60 different rights in its portfolio, 40 of which it markets actively. Some 3,500 products it licensed went on the market in 2001. The customer base includes around 11,000 companies.

MM Merchandising München acts as broker for appropriate licensed subject matter and takes on the strategic development of new licensing brands. Its in-house creative team handles design implementation. The company also conducts focused license marketing in a variety of industries

and media, and offers services for product and license management. Among its long-standing classics are "Pumuckl," "The Smurfs," and "Marsupilami." It also handles a large number of new or previously underdeveloped rights in cartoons, reality TV and brands.

Worldwide art business

ArtMerchandising & Media AG was founded in 1999 as an MM Merchandising München subsidiary for the international marketing of ancillary rights in works of art. In close collaboration with its subsidiary, ArtMerchandising & Media Inc., this company specializes in classic merchandising of art rights. It markets rights to the works of not only such world-renowned artists as Keith Haring, Salvador Dalí, Edward Hopper, Vincent van Gogh and Claude Monet, but also newcomers like Marco and Charles Fazzino. In the German-speaking regions of Europe, ArtMerchandising also markets rights in such personalities and brands as Marlene Dietrich, Charlie Chaplin, Humphrey Bogart, the Hollywood Sign and the Hollywood Walk of Fame.

Last fiscal year, MM Merchandising München stocked up its interest in ArtMerchandising & Media AG from 55 percent to 66 percent. Additionally, ArtMerchandising & Media AG began setting up a worldwide network of representatives in response to increasingly international competition. In this way, the company ensures that its marketing is properly focused for each country and target group in every key market of Europe, Asia and the US.

Company	MM Merchandising München
Legal form	GmbH
Founded	1971
Interest held	100% (since 1996)
Type of business	Licensing rights agency
Main activities	Brokering and marketing licensed subject matter
Management	Dirk Fabarius, Gregor Peitz
Address	Münchner Straße 20 D-85774 Unterföhring Tel. +49 [89] 9507-8600 Fax +49 [89] 9507-8701 www.merchandising.de

Company	ArtMerchandising & Media
Legal form	AG
Founded	1999
Interest held	66%
Type of business	Copyright agency
Main activities	International marketing of ancillary rights in works of art
Management	Dirk Fabarius (CEO) Gregor Peitz Marylin Goldberg Hendrik te Neues
Address	Münchner Straße 20 D-85774 Unterföhring Tel. +49 [89] 9507-8600 Fax +49 [89] 9507-8701 www.artmm-ag.de



SevenOne Club & Shop

Still on a growth course

SevenOne Club & Shop GmbH is responsible for all of ProSiebenSat.1 Media AG's viewer loyalty builders and direct-marketing activities. In addition, since January 2002 this wholly-owned subsidiary has been responsible for e-commerce activities for Sat.1, ProSieben, Kabel 1, N24, Sport 1 and the RedSeven Internet community.

This combination of services has yielded an attractive range for big-name partners in cooperative efforts. SevenOne Club & Shop offers conception, implementation, communications, distribution and logistics - all from a single source. It also offers integrated cross-marketing concepts and at the same time makes use of the Group's family of broadcasters to put across a client's image. Its operations differ from classic direct-marketing in that its concepts can be focused in on appropriate target audiences and implemented via any or all of the Group's sta-

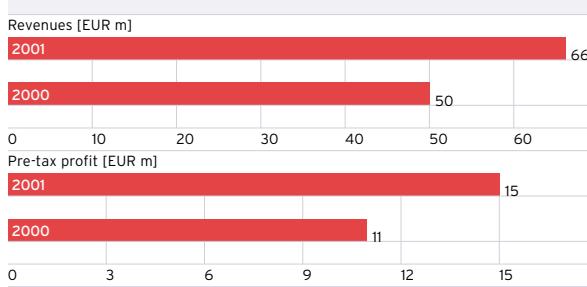
Company	SevenOne Club & Shop
Legal form	GmbH
Founded	1995
Interest held	100%
Type of business	Direct marketing specialist
Main activities	Viewer clubs and viewer loyalty builders, direct marketing of products and services
Management	Marcus Hintzen
Address	Steinheilstraße 10 D-85734 Ismaning Tel. +49 (89) 9507-1971 Fax +49 (89) 9507-1882 www.ProSieben-Club.de www.Sat1-MeineWelt.de www.Kabel1-VIP.de

tions. Furthermore it conducts its dialog with clients and viewers not only through such classic media as TV and print, but over any communications channel a client wants. It develops tailor-made concepts that incorporate both offline and online media. Such a media mix may include DRTV, t-commerce, viewer magazines or e-dialog. In the coming fiscal year, the company will concentrate on expanding e-commerce and the appropriate platforms for

Viewer clubs on a growth course

SevenOne Club & Shop GmbH is the most successful provider of viewer clubs in Germany. The ProSieben Club, with 294,500 members, has long been the country's largest and best-known viewer club. In collaboration with a wide range of partners in business, club members have access to exclusive travel offers, concerts, film previews, events and high-quality merchandising products. Sat.1 and Kabel 1 have been tied into the successful concept since 2001. SevenOne Club & Shop's new viewer loyalty builders have also made their mark. After just one year in existence, "Sat.1 - Meine Welt" had already picked up 69,000 members. And at Kabel 1, 68,000 "VIPs" regularly get a look behind the scene.

Merchandising: revenue and profit development



SevenOne Club & Shop GmbH's viewer loyalty builders strengthen the dialog with viewers and clients, and help improve ProSiebenSat.1 Group's stations' image. The ProSieben Club, with 294,500 members, is the largest and best-known viewer club in Germany. Sat.1 and Kabel 1 have also been tied into the concept since 2001. Viewer response has been very positive: After just one year in existence, "Sat.1 - Meine Welt" already has 69,000 members. And at Kabel 1, 68,000 "VIPs" regularly get a look behind the scene. These make SevenOne Club & Shop the most successful provider of viewer clubs in Germany.

making the most of direct-marketing and direct-sales potential across all media and station boundaries. These activities will result in an optimum linkage among image, product and transactions. Some 70 companies in banking and insurance, leisure and tourism, mobile communications, telecommunications, life style, concerts and events are already making use of this all-around approach.

Services: Increasingly Important to the Group

Internal revenues grow

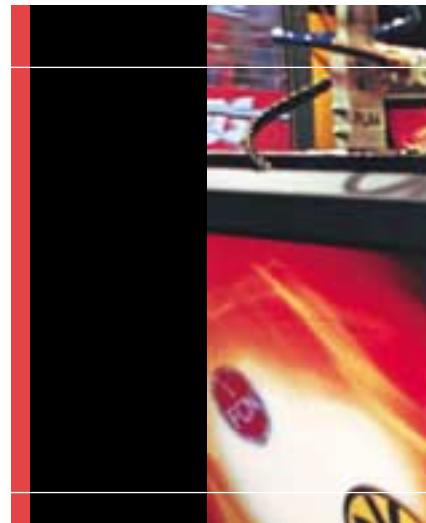
ProSiebenSat.1 Media AG's Services segment comprises three subsidiaries: SZM Studios, ProSieben Information Service and SevenSenses. Here the ProSiebenSat.1 Group boosted total revenues to EUR 172 million in 2001, a gain of 33 percent from the year before. External revenues, at EUR 11 million, remained at the previous year's level, but internal revenues jumped EUR 42 million, to reach EUR 161 million. These changes in revenue reflect the growing importance of internal services for the entire Group. Operating income amounted to EUR 8 million, following on EUR -4 million in 2000. The 2001 financial statements no longer include the ddp news agency. This wholly-owned subsidiary of the former ProSieben Digital Media was divested retroactively to January 1, 2001.

SZM Studios

Specialists in production and broadcasting technology
 SZM Studios, with its roughly 900 employees, is the largest service company in the ProSiebenSat.1 Group. Studio production, post-production, animation, visual effects - SZM Studios' services are what make television possible. Working closely with creative minds and experienced technical specialists, SZM Studios is famous throughout Europe for both conventional and virtual productions, including "ran," "Arabella," "Galileo," "Abenteuer Leben" and "Focus TV." Last year alone, it conceived, cut, laid soundtracks for

Company	SZM Studios
Legal form	GmbH
Founded	1993
Interest held	100%
Type of business	Film, TV, multimedia production house; IT service provider
Main activities	Specialist in studio production and post-production, broadcasting, animation and visual effects, IT
Management	Dr. Kurt Bellmann Peter Grab Michael Hagemeyer
Address	Gutenbergstraße 4 D-85774 Unterföhring Tel. +49 [89] 9507-60 Fax +49 [89] 9507-6100 www.szm-studios.de www.animation-vfx.com

Company	ProSieben Information Service
Legal form	GmbH
Founded	1996
Interest held	100%
Type of business	IT service provider
Main activities	Software development for the media industry
Management	Uwe Fritz Michael Hagemeyer
Address	Reichenbachstraße 2 D-85737 Ismaning Tel. +49 [89] 9507-50 Fax +49 [89] 9507-5190 www.ProSieben-Software.de



and aired 3,500 productions and 10,000 trailers. It has won international awards for a wide range of 3D animations and visual effects. Additionally, SZM Studios takes care of the Group's in-house IT infrastructure and ensures smooth transmission operations. It tends some 200 data servers, 730 Internet domains and 3,200 PC workstations. Broadcast specialists transmit TV signals via cable and satellite, keeping 11 television stations reliably and efficiently on the air in Germany, Austria and Switzerland.

SZM Studios' staff logged some formidable achievements in fiscal 2001. News channel N24 partially moved from Munich to Berlin with no impairment to its 16-hour live programming, which is entirely digital and server-based. At the same time, sports coverage was consolidated at the Munich site, with weekly production of the Sat.1 show "ran."

ProSieben Information Service

Award-winning IT management for media

Speed and dynamism are a part of everyday routine in the media. Advancing digitalization and technological innovations have been transforming business processes and opening up new ways of organizing these processes more efficiently. As a full-service IT provider, ProSieben Information Service specializes in the information technology needs of the media industry. The company develops software solutions for the ProSiebenSat.1 Group. Its ProNews news editing system earned the company, in tandem with the Documentation Center and SZM Studios, the Application of the Year award from Computerwoche magazine. ProNews is the point of intersection where information technology meets broadcasting. It allows news editors to call up complete film footage and copy material with a simple click of the mouse. They can produce an entire



"ran" scores again

In soccer, Sat.1 has the best scoring record in German television. Germany's soccer fans regularly put the channel's flagship show "ran" at the top of its class. A recent survey by the forsa polling institute put Sat.1 soccer broadcasts far ahead in public favor, with 35.9 percent. Audiences turned thumbs down on the change to a prime-time slot at 8:15 during August of last year. Sat.1 responded immediately, and returned "ran Sat.1 Bundesliga" to 7:00, during the prime access period. The change back was a success. Since then, an average market share of 20.7 percent among the 14-to-49 audience has been tuning in. "ran" is also a successful brand. Products licensed by MM Merchandising München last year included a sports eyewear collection offered in more than 5,000 outlets. The "ran" Bundesliga brochure, published in cooperation with "Sportbild" magazine, sold 500,000 issues last season.

news report without leaving the PC. To accomplish this the user needs an interface with the ProContent content management system, which displays a segment's title, air date, time and length, as well as information about lead-ins and rights. The system also supports other Documentation Center functions like film and copy management and trailer and spot production.

SevenSenses

The world's most successful TV design agency

SevenSenses, formed in 1999 out of ProSieben's creative department, was expanded in 2001 by the addition of Sat.1's design and promotion unit. At its Munich and Berlin offices, its roughly 130 employees strut their skills in communications strategy, conception and production. Every year, SevenSenses completes a large number of projects for Group stations and many outside companies in the media and entertainment industries. In addition to the television channels ADR, MDR and Home Shopping Europe, its client list includes Senator Film, Viag Interkom and Yamaha.

Its innovative concepts in on-air design and promotion, advertising and audio design have received repeated awards over the past few years. Ever since it won the international BDA and PROMAX awards in Miami in 2001, SevenSenses has been the world's most successful agency in TV design and promotion. It has earned a full 21 prizes for its trailers, campaigns and design packages in the industry's most important international competitions. SevenSenses has also won four Eyes & Ears Awards: first prizes for the ProSieben Redesign, the title design for the ProSieben film "Der Runner," and the campaign for the Sat.1 production

Company	SevenSenses
Legal form	GmbH
Founded	1999
Interest held	100%
Type of business	Media design and marketing agency
Main activities	On-air design and promotion, advertising and audio design
Management	Markus Schmidt
Adresse	Steinheilstraße 10 D-85737 Ismaning Tel. +49 [89] 9507-1800 Fax +49 [89] 9507-1818 www.SevenSenses.de

"Der Tunnel," as well as the Special Prize for Effectiveness for its ProSieben Dotwin campaign.

At the Telemesse 2001 trade show, SevenSenses was responsible for the audiovisual presentation of all four Group stations. Inter-location creative teams ensured that each channel projected its own individualized identity to advertising clients under a strong umbrella brand. Appropriately enough for a media company, SevenSenses produced a computer game to demonstrate the role ProSiebenSat.1 Media AG plays in this configuration. In "2 Attack," CEOs fight for the most appealing program highlights, from Hollywood feature films to the Soccer World Championships. The game won a PROMAX UK Award for exceptional marketing and promotional achievement in the electronic media.

Active Encouragement for People with New Ideas



Working for the ProSiebenSat.1 Group

The ProSiebenSat.1 Group counts on strong-minded employees with a sense of personal responsibility, entrepreneurship and team spirit. Competition in the television and media market is so intense that high levels of professionalism, innovative thinking and commitment are needed from every member of the staff. Among the key features of working at the ProSiebenSat.1 Group are not only flat hierarchies, but a close intermeshing of extremely varied disciplines and a use of the latest technologies. To top it all off, creativity and enthusiasm are indispensable for generating new corporate value. Anyone who wants to try new ways and implement new ideas gets active encouragement at ProSiebenSat.1 Media AG. Rapid decision-making processes and pragmatic support make it possible to turn innovative approaches into competitive advantages for the company, as quickly as possible.

The ProSiebenSat.1 Group is one of the most important employers in the German media market. In addition to its four stations - Sat.1, ProSieben, Kabel 1 and N24 - it offers attractive positions at subsidiaries in merchandising and services - everything from editors and producers, camera operators, graphic artists and software developers, to marketing and PR executives, sales consultants and lawyers. In the media business, it's essential for a company to be able

to adapt rapidly to changing market conditions. And the company needs this same kind of flexibility from its employees. In return, the ProSiebenSat.1 Group offers outstanding working conditions - from performance-based pay to opportunities for advanced training and the latest office equipment. In all, the Group's companies employed a workforce of 3,029 as of December 31, 2001. Their average age was 33.

High-powered courses of training

In addition, the ProSiebenSat.1 Group offers training in a wide variety of vocations. During 2001, around 150 budding editors worked as trainees, expanding their journalistic knowledge about how to prepare and convey complex information in media-compatible ways. Any trainee who wants to learn additional skills gets educational and financial support for an internship at one of the Group's outside studios. SZM Studios offers high-powered training courses for media designers and computer specialists in production and broadcasting technology. As of 2002, the ProSiebenSat.1 Group has also begun training business-people in audiovisual media. Also, jointly with the "Focus" magazine and the "Mediaplus" agency, the ProSiebenSat.1 marketing companies SevenOne Media and SevenOne Interactive have created the "Master of Media" program.

Employees: Where thinking outside the box meets pragmatic analysis

Hardly any business exercises as much of a fascination as television. ProSiebenSat.1 Media AG is an increasingly popular employer. The Group's options for training continue to grow. Last year, the Group received more than 23,000 job applications - 15 percent of them via e-mail. Staff diversity is a standard feature of the ProSiebenSat.1 Group. There is no such thing as a typical resumé or a well-trodden pathway to the top. The editorial staffs include philosophers and physicists. TV productions may put cutters shoulder to shoulder with controllers. But all 3,029 employees of ProSiebenSat.1 Media AG share the characteristics of creativity, team spirit, hard work and curiosity - which are also requirements for beginners who want a place in the coveted training programs. The editorial departments filled 150 trainee positions in 2001 alone.

Here media planners in the print, online and television segments have a chance to get acquainted with how their own field works with its specific content at all participating companies, and thus to acquire a comprehensive knowledge of media planning in general.

A commitment to the next generation

The ProSiebenSat.1 Group is also committed to building the next generation of media experts outside its own corporate boundaries. A particularly noteworthy example in this line is the company's endowment of a teaching position in TV series at the Baden-Württemberg Film Academy in Ludwigsburg. The two-semester seminar in "Creative Series Production" provides further instruction about how to produce series. ProSiebenSat.1 Media AG also supports the Bavarian Television Academy, the Bavarian Advertising and Marketing Academy, the Gründerzentrum für neue Medien GmbH (a new-media center for small business owners) in Unterföhring, the Academy of Media Design in Cologne, AFK Aus- und Fortbildungs-GmbH (an electronic media training center) in Munich, the German Journalists' school in Munich and the Central-German Television Academy in Halle. In 2001, the ProSiebenSat.1 Group again supported the SOS children's villages with a cooperative training

effort in which 11 trainees had a chance to earn certificates as media designers for visuals and sound.

The Group's close cooperation with university-level media schools and ProSiebenSat.1 Media AG's presence at trade conventions and in the public eye have been paying off. The number of incoming job applications is further proof that people consider the ProSiebenSat.1 Group an attractive employer. Some 11,500 unsolicited applications were received during 2001 - in addition to another 11,500 that were responding to want ads in the press and on the Internet. And a full 15 percent of the applications were sent in via e-mail.

Corporate Sponsorship: Media Help

"Act Don't Protract"

ProSiebenSat.1 Media AG pursues all its corporate sponsorship activities under the slogan "Act don't protract." Here the emphasis is set on a well-conceived use of a variety of media to promote organizations and initiatives for social action. The common feature of all projects is that they focus on cooperative activity, and are not merely supported by financial grants. The Group's "Act don't protract" motto is also intended to encourage the entities it sponsors to develop initiatives of their own, and to profit from a knowledge transfer by media experts. In all, during fiscal 2001 the ProSiebenSat.1 Group spent more than EUR 5 million in funding, services and media budgets for corporate sponsoring.

"Startsocial - Helping Takes Helpers"

To lend new impetus to the discussion about social involvement of individual and corporate citizens, in 2001 ProSiebenSat.1 Media AG joined forces with the McKinsey & Company corporate consulting firm and other business partners to set up the "Startsocial - Helping Takes Helpers" project. This campaign is under the patronage of German Chancellor Gerhard Schröder.

Taking its cue from successful startup and business-plan competitions, the project seeks good ideas from the social

Startsocial 2001

Helping takes helpers. In 2001, ProSiebenSat.1 Media AG initiated the most successful social competition of the year: startsocial. The submissions numbered 2,007, more than 3,000 visitors came to regional kickoff events, and 1,800 attended "Social Days" that were held throughout Germany. At the end of the competition, seven winning projects were honored by Chancellor Gerhard Schröder - who will again be the patron for the new round, "Startsocial 2002."

sector that can be made "ripe for the market" through professional coaching by experts recruited from business and community organizations. It offers a way for business to make a meaningful and credible contribution toward the evolution of a civil society in Germany. The nation's chancellor officially launched the project on May 10, 2001, at a press conference at the offices of the ProSiebenSat.1 Group in Berlin. The final prizes were awarded on December 18, 2001, at the Chancellor's office.

In the year's most successful contest, 2007 contestants from every field of social involvement submitted entries. The contest was supported by 800 experts from more than 100 companies and 90 social institutions, who served as jurors, coaches and mentors. They spent more than 20,000 hours on the job between May and December - about ten working years. The Chancellor honored seven winning projects at the end of the competition. They ranged from online projects for the blind (www.klickblick.de), through senior citizens projects, to homeless people caring for the disabled.

The project's success proves that this kind of initiative can no longer get by without extensive media support. The competition, again under the Chancellor's sponsorship, will be repeated in 2002.



◀ Dieser Mann bettelt in Geschäften. Gute Idee.

Viele Menschen helfen schon wie Ingo B.: Tag für Tag sammelt er Lebensmittel, um hilfsbedürftigen Menschen eine Mahlzeit zu geben. Wenn auch Sie Ideen haben, wie man anderen helfen kann – nehmen Sie am Wettbewerb startsocial teil. Wir werden Sie bei der Umsetzung Ihrer Ideen unterstützen. Mehr Infos: Telefon 01805-777877* oder www.startsocial.de.

hilfe braucht helper 

startsocial ist eine Initiative der Wirtschaft und steht unter der Schirmherrschaft des Bundeskanzlers.

 ProSiebenSat.1 Media AG

 Deutsche Post World Net

 GERLING

 DAIMLERCHRYSLER

 McKinsey&Company

Citizen involvement needed

The media are coming to play an ever more important role in promoting involvement in charitable causes. Here they serve not just by pursuing initiatives of their own, but also in their function as a middleman – as is clearly evident from one of Europe's largest sponsorship projects, which ProSiebenSat.1 Media AG again supported in 2001: For the past four years, the ProSiebenSat.1 Group has joined DaimlerChrysler AG and Rewe in backing the Bundesverband Deutsche Tafeln association. This charity's "Tables in Germany" program collects usable surplus food from producers and suppliers, and conveys it to the needy by way of social-service institutions. The ProSiebenSat.1 Group contributed media support worth double-digit millions to the project. The intensive advertising campaign more than tripled the number of participating "tables" in Germany, to more than 300.

Media skills

The ProSiebenSat.1 Group feels it has a social-policy duty to make users familiar with the responsible use of a variety of new media. A chief emphasis here is on knowing how to work actively with video-screen-based media – a skill that schools have failed to teach adequately until now. ProSiebenSat.1 Media AG has launched a number of actions to

promote media skills in the past few years, including "Screen Workshop 2000," a contest for ideas about the media of the future.

Besides its commitment to media users, the company also focuses on promoting training programs and initiatives for young media creators. ProSiebenSat.1 Media AG is one of the founding members of the GZM Gründerzentrum für neue Medien, a new-media center in Unterföhring. This partnership between public and private entities makes office space and connections to a modern infrastructure available to new companies and their founders.

Within the ProSiebenSat.1 Group, Sat.1 with its "Talents" program works to promote the next generation of television talent through an innovative mentoring concept. The high point of the year is the awarding of the "First Steps" prize to young directors.

"Profit boosted by cost-cutting."

Bear Stearns	Financial Statements 2001
Nick Bell/Philip Goldsmith/Polly Ghilchick	February 6, 2002

Consolidated Balance Sheet of ProSiebenSat.1 Media AG

Assets		Dec. 31, 2001 EUR	Dec. 31, 2000 EUR
A. Fixed assets	[1]		
I. Intangible assets		39,201,026.79	62,839,344.86
II. Tangible assets		167,822,746.19	165,536,112.70
III. Financial assets		187,421,105.20	11,571,683.12
		394,444,878.18	239,947,140.68
B. Current assets			
I. Programming assets	[2]	1,206,203,812.30	1,146,741,044.02
II. Inventories	[3]	3,842,344.08	3,099,912.46
III. Receivables and other current assets	[4]	293,589,100.03	236,120,904.43
IV. Securities		1,100,001.00	26,699.63
V. Cash, credit balances at banks		107,060,191.97	26,753,486.96
		1,611,795,449.38	1,412,742,047.50
C. Prepaid and deferred items	[5]	9,315,081.69	7,500,489.81
D. Deferred taxes	[6]	12,490,686.01	8,831,230.39
Total assets		2,028,046,095.26	1,669,020,908.38

Liabilities and shareholders' equity		Dec. 31, 2001 EUR	Dec. 31, 2000 EUR
A. Shareholders' equity	[7]		
I. Subscribed capital		194,486,400.00	194,486,400.00
II. Capital reserves		322,318,623.91	322,318,623.91
III. Revenue reserves		63,355,566.20	282,351.95
IV. Retained earnings		4,488,731.05	38,216,717.22
V. Consolidated net income for the year		68,181,987.70	92,618,277.67
VI. Minority interests		-3,073,762.67	-686,293.01
		649,757,546.19	647,236,077.74
B. Accruals	[8]	105,086,766.12	154,980,210.40
C. Liabilities	[9]	1,272,207,254.26	865,498,351.86
D. Deferred liabilities		994,528.69	1,306,268.38
Total liabilities and equity		2,028,046,095.26	1,669,020,908.38

Consolidated Statement of Income for ProSiebenSat.1 Media AG

		2001 EUR	2000 EUR
1. Revenues	[12]	2,014,786,313.72	2,155,217,587.30
2. Increase / decrease in work-in-process inventory		-111,549.53	44,570.66
3. Other operating income	[13]	78,238,597.42	66,927,213.16
4. Total		2,092,913,361.61	2,222,189,371.12
5. Programming and material costs	[14]	-1,399,263,741.92	-1,380,049,686.56
6. Personnel expenses	[15]	-209,041,292.38	-219,569,459.52
7. Depreciation and amortization	[16]	-55,978,996.80	-63,013,922.06
8. Other operating expenses	[17]	-244,360,765.26	-263,282,020.37
9. Net operating profit / loss		184,268,565.25	296,274,282.61
10. Capital investment income / expense	[18]	-857,113.15	-1,015,274.83
11. Interest income / expense	[19]	-50,537,743.13	-38,559,207.93
12. Other financial income / expenses	[20]	-12,116,487.34	-23,918,442.24
13. Net financial profit / loss		-63,511,343.62	-63,492,925.00
14. Income from ordinary business activities		120,757,221.63	232,781,357.61
15. Extraordinary income / expense	[21]	-15,138,865.70	-27,383,747.20
16. Net pre-tax profit / loss		105,618,355.93	205,397,610.41
17. Income taxes		-39,075,302.71	-113,957,514.53
18. Other taxes		-956,938.15	-543,049.86
19. Net income for the year		65,586,115.07	90,897,046.02
20. Minority interests		2,595,872.63	1,721,231.65
21. Consolidated net income for the year		68,181,987.70	92,618,277.67

Statement of Changes in Consolidated Fixed Assets of ProSiebenSat.1 Media AG

					Acquisition or production cost
	Jan. 1, 2001 EUR	Additions EUR	Reclassifications EUR	Disposals EUR	Dec. 31, 2001 EUR
I. Intangible assets					
1. Licenses, trademarks and patents, as well as licenses to such rights and assets	22,430,880.24	2,958,672.59	284,041.81	5,683,262.57	19,990,332.07
2. Goodwill	171,668,395.74	- / -	- / -	4,558,098.64	167,110,297.10
3. Advances paid on intangible assets	1,310,295.92	777,494.02	-261,348.20	304,768.91	1,521,672.83
Total	195,409,571.90	3,736,166.61	22,693.61	10,546,130.12	188,622,302.00
II. Tangible assets					
1. Buildings on property owned by others	154,162,597.97	8,010,827.14	1,523,810.66	759,108.33	162,938,127.44
2. Technical equipment and machinery	81,764,582.43	22,579,781.08	435,192.05	4,151,290.59	100,628,264.97
3. Other equipment, office furniture and equipment	80,215,527.02	4,324,931.62	-298,040.10	11,102,016.25	73,140,402.29
4. Advances paid on tangible assets and assets under construction	2,655,811.66	752,777.40	-1,683,656.22	308,756.49	1,416,176.35
Total	318,798,519.08	35,668,317.24	-22,693.61	16,321,171.66	338,122,971.05
III. Financial assets					
1. Interests in group companies	132,914.90	23,441.16	- / -	- / -	156,356.06
2. Equity interests in associated companies	7,733,988.26	71,084,032.83	- / -	2,655,990.74	76,162,030.35
3. Participating interests	23,465,383.57	6,230,295.49	- / -	1,086,411.57	28,609,267.49
4. Loans to entities in which the company holds interests of 20% or more	7,023,537.54	114,450,000.00	- / -	- / -	121,473,537.54
5. Other loans	341,465.59	626,892.11	- / -	67,375.99	900,981.71
Total	38,697,289.86	192,414,661.59	- / -	3,809,778.30	227,302,173.15
Total fixed assets	552,905,380.84	231,819,145.44	- / -	30,677,080.08	754,047,446.20

		Depreciation and amortization		Book value	
	for fiscal year EUR	cumulative EUR	Dec. 31, 2001 EUR	Dec. 31, 2000 EUR	
	3,871,101.94	15,074,000.03	4,916,332.04	7,629,865.99	
	21,017,284.04	134,347,275.18	32,763,021.92	53,899,182.95	
	- / -	- / -	1,521,672.83	1,310,295.92	
	24,888,385.98	149,421,275.21	39,201,026.79	62,839,344.86	
	7,116,690.55	54,547,590.43	108,390,537.01	106,185,758.50	
	17,087,910.59	63,068,033.27	37,560,231.70	32,228,509.31	
	6,886,009.68	52,684,601.16	20,455,801.13	24,466,033.23	
	- / -	- / -	1,416,176.35	2,655,811.66	
	31,090,610.82	170,300,224.86	167,822,746.19	165,536,112.70	
	- / -	114,913.87	41,442.19	18,001.03	
	837,854.28	6,219,737.98	69,942,292.37	2,352,104.56	
	11,214,058.89	26,072,882.56	2,536,384.93	8,506,078.36	
	354,030.58	7,023,534.54	114,450,003.00	354,033.58	
	449,999.00	449,999.00	450,982.71	341,465.59	
	12,855,942.75	39,881,067.95	187,421,105.20	11,571,683.12	
	68,834,939.55	359,602,568.02	394,444,878.18	239,947,140.68	

Balance Sheet of ProSiebenSat.1 Media AG

Assets		Dec. 31, 2001 EUR	Dec. 31, 2000 EUR
A. Fixed assets	[1]		
I. Intangible assets		3,902,226.61	3,840,515.00
II. Tangible assets		39,281,763.35	39,145,279.56
III. Financial assets		764,097,020.27	583,608,324.82
		807,281,010.23	626,594,119.38
B. Current assets			
I. Inventories	[3]	61,149.80	36,365.42
II. Receivables and other current assets	[4]	899,914,400.09	478,315,523.23
III. Securities		1,080,001.00	1.00
IV. Cash, credit balances at banks		97,009,805.80	4,594,079.20
		998,065,356.69	482,945,968.85
C. Prepaid and deferred items	[5]	792,483.81	222,480.67
Total assets		1,806,138,850.73	1,109,762,568.90

Liabilities and shareholders' equity		Dec. 31, 2001 EUR	Dec. 31, 2000 EUR
A. Shareholders' equity	[7]		
I. Subscribed capital		194,486,400.00	194,486,400.00
II. Capital reserves		322,318,623.91	322,318,623.91
III. Revenue reserves		63,000,000.00	- / -
IV. Retained earnings / Deficit brought forward		7,649,872.83	- 4,621.50
V. Net income for the year		66,150,828.18	127,055,550.33
		653,605,724.92	643,855,952.74
B. Accruals	[8]	20,842,003.87	33,840,639.08
C. Liabilities	[9]	1,130,966,362.66	431,112,977.08
D. Deferred liabilities		724,759.28	953,000.00
Total liabilities and equity		1,806,138,850.73	1,109,762,568.90

Statement of Income for ProSiebenSat.1 Media AG

		2001 EUR	2000 EUR
1. Other operating income	[13]	72,158,788.09	45,872,137.07
2. Personnel expenses	[15]	-35,721,589.04	-25,245,670.83
3. Depreciation and amortization	[16]	-6,291,159.89	-8,017,543.66
4. Other operating expenses	[17]	-96,317,013.96	-63,663,487.69
5. Net operating profit / loss		-66,170,974.80	-51,054,565.11
6. Capital investment income / expense	[18]	206,069,991.48	320,466,821.44
7. Interest income / expense	[19]	-14,001,487.83	-4,471,398.63
8. Other financial income / expense	[20]	-11,363,175.85	-21,788,512.88
9. Net financial profit / loss		180,705,327.80	294,206,909.93
10. Income from ordinary business activities		114,534,353.00	243,152,344.82
11. Extraordinary income / expense	[21]	-10,522,692.97	-16,982,257.92
12. Net pre-tax profit / loss		104,011,660.03	226,170,086.90
13. Income taxes		-37,371,791.32	-99,081,278.12
14. Other taxes		-489,040.53	-33,258.45
15. Net income for the year		66,150,828.18	127,055,550.33

Statement of Changes in Fixed Assets of ProSiebenSat.1 Media AG

					Acquisition or production cost
	Jan. 1, 2001 EUR	Additions EUR	Reclassifications EUR	Disposals EUR	Dec. 31, 2001 EUR
I. Intangible assets					
1. Licenses, trademarks and patents, as well as licenses to such rights and assets	10,428,477.37	3,239,530.13	78,400.00	3,122,017.33	10,624,390.17
2. Advances paid on intangible assets	102,900.00	905,490.61	-78,400.00	- / -	929,990.61
Total	10,531,377.37	4,145,020.74	- / -	3,122,017.33	11,554,380.78
II. Tangible assets					
1. Buildings on property owned by others	56,737,736.47	2,827,362.43	1,450,406.21	7,295.62	61,008,209.49
2. Technical equipment and machinery	1,641,047.85	5,519.85	- / -	- / -	1,646,567.70
3. Other equipment, office furniture and equipment	9,328,443.45	744,234.14	- / -	225,444.71	9,847,232.88
4. Advances paid on tangible assets and assets under construction	1,735,993.56	160,301.00	-1,450,406.21	- / -	445,888.35
Total	69,443,221.33	3,737,417.42	- / -	232,740.33	72,947,898.42
III. Financial assets					
1. Interests in group companies	580,644,797.36	3,000,000.00	- / -	30,677.51	583,614,119.85
2. Equity interests	24,855,358.67	73,254,903.00	- / -	157,481.54	97,952,780.13
3. Loans to entities in which the company holds interests of 20% or more	1,733,191.38	114,450,000.00	- / -	- / -	116,183,191.38
4. Other loans	299,076.25	138,488.69	- / -	44,906.06	392,658.88
Total	607,532,423.66	190,843,391.69	- / -	233,065.11	798,142,750.24
Total fixed assets	687,507,022.36	198,725,829.85	- / -	3,587,822.77	882,645,029.44

Depreciation and amortization		Book value	
for fiscal year EUR	cumulative EUR	Dec. 31, 2001 EUR	Dec. 31, 2000 EUR
2,735,864.13	7,652,154.17	2,972,236.00	3,737,615.00
- / -	- / -	929,990.61	102,900.00
2,735,864.13	7,652,154.17	3,902,226.61	3,840,515.00
2,186,866.64	25,876,154.49	35,132,055.00	33,047,562.00
246,091.85	1,050,839.70	595,728.00	836,300.00
1,122,337.27	6,739,140.88	3,108,092.00	3,525,424.00
- / -	- / -	445,888.35	1,735,993.56
3,555,295.76	33,666,135.07	39,281,763.35	39,145,279.56
- / -	3,647,167.67	579,966,952.18	576,000,610.52
11,089,122.36	28,665,372.92	69,287,407.21	7,178,626.57
130,009.48	1,733,189.38	114,450,002.00	130,011.48
- / -	- / -	392,658.88	299,076.25
11,219,131.84	34,045,729.97	764,097,020.27	583,608,324.82
17,510,291.73	75,364,019.21	807,281,010.23	626,594,119.38

"We believe it is likely that management will try to bring costs down even further."

Commerzbank AG	Interim Report, first nine months of 2001
Sarah Schmitz	October 23, 2001

The ProSiebenSat.1 Group and ProSiebenSat.1 Media AG

Except where specifically stated otherwise, the following notes and the explanations they contain pertain to both the consolidated financial statements and the financial statements for ProSiebenSat.1 Media AG.

Basis and methodology

The financial statements for ProSiebenSat.1 Media AG and the ProSiebenSat.1 Group have been prepared in compliance with the requirements of the German Commercial Code and the German Stock Corporation Act. As standard procedure, the annual financial statements for all companies included in the ProSiebenSat.1 consolidated financial statements were prepared under uniform reporting and valuation principles. The fiscal year for the individual financial statements of these consolidated companies ended on December 31, 2001.

For greater clarity, certain items have been combined in the balance sheet and statement of income, while an item-by-item explanation is provided in the notes.

Conversion to the euro

The consolidated financial statements and the financial statements of ProSiebenSat.1 Media AG are prepared and reported in euros. The companies of the former ProSieben Group made the transition to the euro as of January 1, 2000, using the euro-to-DM conversion rate of 1:1.95583 established by the Council of the European Union under Article 109 I (4) sentence 1 of the EC Treaty. The individual financial statements of the Sat.1 Group were prepared in DM, and have been converted in the consolidated financial statements on the basis of the same euro-to-DM rate of 1:1.95583. The Sat.1 companies changed over to the euro as of January 1, 2002.

Scope of consolidation

In addition to ProSiebenSat.1 Media AG, the consolidated financial statements include 33 domestic affiliated companies (last year: 42) and four foreign affiliated companies (last year: four) in which ProSiebenSat.1 Media AG directly or indirectly holds a majority of voting rights, or which are under its unified control. Four subsidiaries (last year: four) were not included in the consolidated statements, as they are not of material significance in providing a fair picture of the ProSiebenSat.1 Group's net worth, financial position and earnings.

The following companies have been removed from the scope of consolidation because they were sold during the year: ddp Nachrichtenagentur GmbH, ddp/vwd Wirtschaftsnachrichten GmbH, SevenOne Interactive GmbH, N24 Geschäftsführungs-GmbH and IT4TV GmbH. The resulting deconsolidation gain was EUR 7.2 million. This change in the scope of consolidation had no material influence overall on the Group's net worth, financial position and earnings.

Nine (last year: eight) associated companies are consolidated according to the equity method. Sport1 GmbH & Co. KG and Sport1 Verwaltungsgesellschaft mbH have been removed from the scope of consolidation, and are no longer treated according to the equity method for the year under review. Here again there was a deconsolidation gain, amounting to EUR 2.1 million. EUVÍA Media AG & Co. KG and Kirch Intermedia GmbH are reported according to the equity method for the first time this year.

Affiliated companies are listed on pages 93 and 94, along with the specific percentage of their capital held by the ProSiebenSat.1 Group. Furthermore, a list of shareholdings of the ProSiebenSat.1 Group and of ProSiebenSat.1 Media AG, stating the details required by law, has been filed with the Companies Registration Office of Munich district court, under registration number HRB 124169.

Consolidation policies

Capital is consolidated by the book value method, in which acquisition costs for a subsidiary are offset against a pro-rated share of that subsidiary's equity as of the date of its acquisition or initial consolidation. Any difference between current market value and book value is allocated to the subsidiary's assets or liabilities. If the difference represents goodwill, this goodwill is capitalized as an intangible asset and amortized at 25 percent per year, or over the investment's useful life expectancy.

In the past fiscal year, amortization of EUR 53.9 million was taken on goodwill amounting to EUR 21.0 million.

Where stakes held in Group companies have already been amortized in the financial statements for individual companies, these amounts are recaptured in the consolidated financial statements.

Interests held in companies over whose business policies the Group has a controlling influence (associated companies) are valued at equity by the book method in the consolidated financial statement, unless they are not of material significance for the Group. Equity interests held in associated companies are reported at a figure equivalent to the proportion of equity held in each such company. The first consolidation of Kirch Intermedia GmbH, as of

January 1, 2001, yielded goodwill of EUR 2,680,473.00. Goodwill is amortized according to the same principles as are used for capital consolidation.

Receivables, accruals, liabilities, expenses and income between consolidated companies, as well as interim results incorporated into current assets and fixed assets, have been eliminated wherever such amounts were of material significance. Where individual companies' financial statements applied adjustments or amortization on intra-Group receivables, such changes have been reversed and applied to the consolidated net profit for the year.

Valuation and auditing of annual financial statements included in scope of consolidation

The financial statements of consolidated affiliated companies were prepared uniformly according to the reporting and valuation principles adopted by ProSiebenSat.1 Media AG. Where local law requires foreign companies to apply other reporting or valuation principles, appropriate adjustments have been made in the consolidated financial statements. Conservative principles have been applied in the valuation of asset and liability items.

Without exception, all domestic financial statements included in the consolidated financial statements have been audited by the Group's independent auditor, KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Essen. The annual financial statements of SevenOne Media [Schweiz] AG were audited by KPMG Fides Peat, Zurich, Switzerland; those of SevenOne Media Austria GmbH were audited by KPMG Alpen-Treuhand Gesellschaft mbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, Austria; those of ArtMerchandising & Media, Inc., New York, USA, and Art-Media Group, Inc., New York, USA, were audited by KPMG Deutsche Treuhand-Gesellschaft German Practice, New York, USA. The annual financial statements prepared under German commercial law for all consolidated companies have received unqualified auditor's opinions.

Foreign currency conversion

The financial statements for SevenOne Media [Schweiz] AG, ArtMerchandising & Media, Inc., New York, USA, and ArtMedia Group, Inc., New York, USA, are in foreign currency and were converted using a modified current date method. By this method, equity is converted at historical rates of exchange, while other asset and liability items are converted at the year-end exchange rate. Any resulting currency translation differences are added to or charged against other revenue reserves, with no net effect on profit or loss. SevenOne Media Austria GmbH, Austria, made the change to the euro as of January 1, 2000.

In the statement of income, expenses and income are converted at the average rate for the year, while appropriated net income is converted at the year-end exchange rate. Any difference is reflected in Other operating expenses or Other operating income.

Receivables in foreign currency are converted at the buying rate on the booking date or the year-end rate, if the latter is lower. Liabilities in foreign currency are converted at the selling rate on the booking date or the selling rate at year's end, if the latter is higher.

Notes to the Balance Sheet and Statement of Income

[1] Fixed assets

Details of changes in fixed assets of both the Group and ProSiebenSat.1 Media AG are given in the statements of movement of fixed assets on pages 72 and 73, 76 and 77.

Acquired intangible assets are capitalized at the acquisition cost less scheduled amortization and, where applicable, unscheduled amortization. The intangible assets comprise software, intellectual property rights and advance payments made on intangible assets. Additionally, goodwill is capitalized in the consolidated financial statements. The goodwill in question here is primarily an amount of EUR 122.4 million resulting from the first-time consolidation of Kabel 1 K1 Fernsehen GmbH in fiscal 1995. Purchased software is amortized over three years. Licenses and other intellectual property rights are amortized over ten years or over the term of any license agreement that applies. Goodwill is amortized 25 percent each year. The goodwill resulting from the first-time consolidation of Kabel 1 K1 Fernsehen GmbH in fiscal 1995 is amortized over a term of nine years and two months, using the straight-line method. This amortization was first applied in the year of capitalization. The amortization period is based on the term of the broadcasting license of Kabel 1 K1 Fernsehen GmbH, which runs until February 29, 2004. In the year under review, unscheduled amortization of intangible fixed assets amounted to EUR 1,704,677.47.

Tangible fixed assets are valued at the acquisition or production cost less scheduled depreciation based on wear and tear and, if necessary, unscheduled depreciation. The full amount of depreciation for the year is taken on movable assets added in the first half of the year; one-half of the year's amount is taken for those assets added in the second half. Buildings on land not owned by the Group, as well as fixtures and renovations, are depreciated over their normal useful life or, if shorter, the term of the lease. Studio facilities are depreciated over five years, and hardware over three years. In deviation from the above approach, until fiscal 2000 studio facilities for companies of the Sat.1

Group were depreciated using the declining-balance method over a five-year term. This approach was used only through fiscal 2000; as of fiscal 2001, straight-line depreciation has been applied uniformly throughout the Group. Office furniture and equipment is depreciated over a term of three to 20 years, depending on the item in question. Minor-value assets are fully depreciated in the year of their acquisition and are reported as disposals.

Unscheduled depreciation of tangible fixed assets is taken if a permanent impairment of value can be expected. In the year under review, unscheduled depreciation of tangible assets amounted to EUR 169,081.70.

Interests in Group companies and other equity interests are reported at their acquisition cost or the lower applicable value. Normally, acquisition costs are offset against the proportional equity held in the company as of the date of its initial consolidation. Interests in the following Group companies are included in the consolidated balance sheet: Berliner Pool TV Produktionsgesellschaft mbH, VG Satellit Gesellschaft zur Verwertung der Leistungsschutzrechte von Sendeunternehmen mbH, PM&S Software GmbH, Minsk, Belarus and Merchandising Prag spol. s.r.o., Prague, Czech Republic.

Other financial assets are valued at acquisition cost or the applicable lower value as of the year's end.

[2] Programming assets

	ProSiebenSat.1 Group		ProSiebenSat.1 Media AG	
	Dec. 31, 2001 EUR	Dec. 31, 2000 EUR	Dec. 31, 2001 EUR	Dec. 31, 2000 EUR
Licenses	841,413,150.77	793,536,801.66	- / -	- / -
Commissioned productions	364,790,661.53	353,204,242.36	- / -	- / -
Total	1,206,203,812.30	1,146,741,044.02	- / -	- / -

Programming assets comprise feature films, series and commissioned productions, as well as advance payments made. Feature films and series are capitalized as of the beginning of the license term; commissioned productions are capitalized as showable programming assets as of their completion, which is deemed to coincide with the date of acceptance. Depreciation of licenses and of commissioned productions intended for multiple showings begins with the first broadcast. Commissioned productions intended for only one showing are fully depreciated as of their broadcasting. Unscheduled depreciation is taken for feature films, series and commissioned productions if, because of more intense competition or changing audience

tastes, they are deemed unsuitable for showing in economically relevant time slots for the foreseeable future, or if they were canceled prematurely after their first showings because of inadequate audience reach, or if production was commissioned but not pursued.

During the year under review, unscheduled depreciation of programming assets amounted to EUR 88,453,072.86 (previous year: EUR 99,061,955.85) for the Group. These amounts are offset against appreciation in the individual financial statements of EUR 6,022,360.22 (previous year: EUR 11,398,388.61) on the Group's programming assets.

[3] Inventories

	ProSiebenSat.1 Group		ProSiebenSat.1 Media AG	
	Dec. 31, 2001 EUR	Dec. 31, 2000 EUR	Dec. 31, 2001 EUR	Dec. 31, 2000 EUR
Raw materials and manufacturing supplies	349,347.10	291,316.78	61,149.80	36,365.42
Work in process	21,460.63	133,010.16	- / -	- / -
Finished products and goods for resale	3,471,536.35	2,675,585.52	- / -	- / -
Total	3,842,344.08	3,099,912.46	61,149.80	36,365.42

Inventories are valued at the acquisition cost or at the minimum production cost specified by law.

[4] Receivables and other current assets

	ProSiebenSat.1 Group		ProSiebenSat.1 Media AG	
	Dec. 31, 2001 EUR	Dec. 31, 2000 EUR	Dec. 31, 2001 EUR	Dec. 31, 2000 EUR
Trade accounts receivable	153,251,585.67	128,381,113.86	179,413.67	52,849.05
[amounts due after more than one year]	[2,027,243.85]	- / -	- / -	- / -
Amounts due from Group companies	28,827,607.65	1,502,544.09	825,146,616.86	382,509,607.81
[amounts due after more than one year]	- / -	- / -	- / -	- / -
Receivables from entities in which the company holds interests of 20% or more	11,367,902.76	9,697,169.98	367.72	38,155.08
[amounts due after more than one year]	- / -	- / -	- / -	- / -
Other assets	100,142,003.95	96,540,076.50	74,588,001.84	95,714,911.29
[amounts due after more than one year]	- / -	- / -	- / -	- / -
Total	293,589,100.03	236,120,904.43	899,914,400.09	478,315,523.23
[amounts due after more than one year]	[2,027,243.85]	- / -	- / -	- / -

In the valuation of receivables and other current assets, adequate allowances have been made to cover known risks through individual valuation adjustments and general provisions for doubtful debts.

Receivables from affiliated companies shown in the financial statements of ProSiebenSat.1 Media AG are due primarily from SAT.1 SatellitenFernsehen GmbH, Kabel 1 K1 Fernsehen GmbH, SZM Studios Film-, TV- und Multimedia-Produktions GmbH and N24 Gesellschaft für Nachrichten und Zeitgeschehen mbH. Receivables from affiliated companies additionally include advance payments made to KirchMedia GmbH & Co. Kommanditgesellschaft auf Aktien.

By contrast, amounts owed by members of the ProSiebenSat.1 Group largely comprised receivables from Kirch Intermedia GmbH, ddp Nachrichtenagentur GmbH and Kirch Intermedia Betriebs GmbH.

The other current assets mainly comprise tax credits deriving from the already established partial results of a tax audit for the years 1993 to 1996, together with corporate income tax credits and tax credits relating to income from equity interests for fiscal 2000.

Receivables from entities with which the company is linked through equity interests of 25 percent or more relate primarily to SAT.1 Schweiz AG and IP Multimedia (Schweiz) AG.

[5] Prepaid expenses and deferred charges

The prepaid and deferred items primarily comprise satellite rental charges, royalties, the discount for the company's bond issue, paid rent and insurance expenses, all of which will not be expensed until fiscal 2002. The discount for the bond issue amounts to EUR 643,877.32.

For ProSiebenSat.1 Media AG, this figure pertains almost exclusively to the bond discount of EUR 643,877.32.

[6] Deferred taxes

As a consequence of consolidation measures affecting net income, deferred taxes have been capitalized. They are calculated on the basis of projected average income tax charges for the Group. Tax accruals and deferrals are created only if the difference is expected to average out in later years. Deferred tax liabilities are offset against this item.

[7] Shareholders' equity

Statement of changes in shareholders' equity of the ProSiebenSat.1 Group						
	Subscribed capital EUR	Capital reserves EUR	Revenue reserve EUR	Consolidated net income EUR	Minority interest EUR	Total EUR
December 31, 2000	194,486,400.00	322,318,623.91	282,351.95	130,834,994.89	- 686,293.01	647,236,077.74
Allocation to revenue reserves	- / -	- / -	63,000,000.00	- 63,000,000.00	- / -	- / -
Dividend paid for 2001	- / -	- / -	- / -	- 56,401,056.00	- / -	- 56,401,056.00
Consolidated profit for 2001	- / -	- / -	- / -	68,181,987.70	- 2,595,872.63	65,586,115.07
Changes in scope of consolidation	- / -	- / -	- / -	- 6,973,396.02	208,402.97	- 6,764,993.05
Other changes	- / -	- / -	73,214.25	28,188.18	- / -	101,402.43
December 31, 2001	194,486,400.00	322,318,623.91	63,355,566.20	72,670,718.75	- 3,073,762.67	649,757,546.19

At year's end, the subscribed capital of ProSiebenSat.1 Media AG amounted to EUR 194,486,400.00. This capital is divided into 97,243,200 registered common shares with no par value, and 97,243,200 non-voting bearer preferred shares with no par value, each representing a prorated per-share capital stock contribution of EUR 1.00.

Capital reserves amount to EUR 322,318,623.91. Group revenue reserves for ProSiebenSat.1 Media AG amount to EUR 63,355,566.20 and consist entirely of Other revenue reserves. For the previous fiscal year, by a resolution of the annual meeting on May 31, 2001, EUR 63,000,000.00 was allocated to the Other revenue reserves.

The year-2001 net income for ProSiebenSat.1 Media AG amounted to EUR 73,800,701.01, of which EUR 20,000,000.00 is to be allocated to Other revenue reserves.

At the annual general meeting, the Executive Board and Supervisory Board will propose a dividend of EUR 0.16 per no-par preferred share and EUR 0.14 per no-par common share, equivalent to EUR 29,172,960.00, to be paid out of the 2001 net earnings remaining after the allocation of EUR 20,000,000.00 to revenue reserves. EUR 24,627,741.01 will be carried forward to the new accounting period.

[8] Accruals

	ProSiebenSat.1 Group		ProSiebenSat.1 Media AG	
	Dec. 31, 2001 EUR	Dec. 31, 2000 EUR	Dec. 31, 2001 EUR	Dec. 31, 2000 EUR
Accrued taxes	24,565,919.11	57,853,989.28	1,157,003.87	19,195,639.08
Accruals for anticipated losses	5,118,000.00	2,617,900.00	- / -	- / -
Accruals for outstanding invoices	47,183,121.09	50,940,135.74	10,740,000.00	3,603,000.00
Other accruals	28,219,725.92	43,568,185.38	8,945,000.00	11,042,000.00
Total	105,086,766.12	154,980,210.40	20,842,003.87	33,840,639.08

Accruals were created in the amounts deemed necessary in compliance with prudent business practices.

Tax accruals were formed primarily for municipal trade taxes on income and federal corporate income tax. The remaining Other accruals for the ProSiebenSat.1 Group particularly include provisions for unclaimed vacation, GEMA

payments, litigation costs, bonuses and severance settlements, legal and consultancy fees.

The largest single items at ProSiebenSat.1 Media AG are provisions for financial damages and fines, bonuses and severance settlements as well as for unclaimed vacation.

[9] Liabilities

ProSiebenSat.1 Group as of Dec. 31, 2001		Remaining term of			Total Dec. 31, 2001 EUR	Total Dec. 31, 2000 EUR
		1 year or less EUR	1 to 5 years EUR	More than 5 years EUR		
Bonds	- / -	527,822,970.30	- / -	527,822,970.30	527,822,970.30	127,822,970.30
Liabilities to banks	400,156,561.57	5,112,918.81	71,952,855.76	477,222,336.14	448,212,801.03	
Total financial liabilities	400,156,561.57	532,935,889.11	71,952,855.76	1,005,045,306.44	576,035,771.33	
Deposits received	1,442,737.72	- / -	- / -	1,442,737.72	482,443.53	
Trade accounts payable	114,439,417.54	225,767.64	- / -	114,665,185.18	161,369,933.74	
Liabilities to Group companies	73,107,867.97	- / -	- / -	73,107,867.97	60,208,690.79	
Liabilities to entities in which the company holds interests of 20% or more	671,949.18	- / -	- / -	671,949.18	129,206.13	
Other liabilities	77,274,207.77	- / -	- / -	77,274,207.77	67,272,306.34	
[amounts due for taxes]	[31,611,432.18]	- / -	- / -	[31,611,432.18]	[27,801,000.93]	
[amounts due for social security]	[4,769,811.48]	- / -	- / -	[4,769,811.48]	[4,697,835.83]	
Total	667,092,741.75	533,161,656.75	71,952,855.76	1,272,207,254.26	865,498,351.86	
[amounts secured by real estate charges]				[77,075,674.05]	[79,034,107.27]	

ProSiebenSat.1 Media AG as of Dec. 31, 2001		Remaining term of			Total Dec. 31, 2001 EUR	Total Dec. 31, 2000 EUR
		1 year or less EUR	1 to 5 years EUR	More than 5 years EUR		
Bonds	- / -	527,822,970.30	- / -	527,822,970.30	527,822,970.30	127,822,970.30
Liabilities to banks	400,146,662.11	- / -	- / -	400,146,662.11	223,031,205.11	
Total financial liabilities	400,146,662.11	527,822,970.30	- / -	927,969,632.41	350,854,175.41	
Trade accounts payable	6,066,806.39	- / -	- / -	6,066,806.39	4,338,342.00	
Liabilities to Group companies	145,399,563.87	- / -	- / -	145,399,563.87	55,659,814.20	
Other liabilities	51,530,359.99	- / -	- / -	51,530,359.99	20,260,645.47	
[amounts due for taxes]	[25,400,342.83]	- / -	- / -	[25,400,342.83]	[12,359,671.74]	
[amounts due for social security]	[676,152.38]	- / -	- / -	[676,152.38]	[587,737.25]	
Total	603,143,392.36	527,822,970.30	- / -	1,130,966,362.66	431,112,977.08	
[amounts secured by real estate charges or other charges]					- / -	- / -

Liabilities are reported at their nominal value, or at the appropriate higher repayment value.

Real estate charges fall entirely under liabilities to banks.

Liabilities to affiliated companies pertain mainly to Kirch-Media GmbH & Co. Kommanditgesellschaft auf Aktien, DSF Deutsches Sportfernsehen GmbH and KirchMedia Entertainment GmbH.

Liabilities to affiliated companies reported in the financial statements for ProSiebenSat.1 Media AG pertain mainly to ProSieben Television GmbH, SAT.1 SatellitenFernsehen GmbH, N24 Gesellschaft für Nachrichten und Zeitgesche-

hen mbH, SevenOne Media Austria GmbH and Sat.1 und Radio Hundert,6 GmbH Berlin & Co. Betriebs KG. Other liabilities are for the most part tax liabilities and liabilities relating to the deferral and accrual of interest.

[10] Contingent liabilities

	ProSiebenSat.1 Group		ProSiebenSat.1 Media AG	
	Dec. 31, 2001 EUR	Dec. 31, 2000 EUR	Dec. 31, 2001 EUR	Dec. 31, 2000 EUR
Contingent liabilities from guarantees	24,909,165.73	28,590,687.63	25,951,085.02	113,892,314.40
[amounts due to Group companies]	-/-	-/-	1,195,306.85	85,685,095.68

Contingent liabilities pertain mainly to initial rental obligations for MAGIC MEDIA COMPANY TV-Produktionsgesellschaft mbH, Hürth.

[11] Other financial liabilities

ProSiebenSat.1 Group	Due within 1 year EUR	Due within 2 to 5 years EUR	Due in more than 5 years EUR	Total EUR
Programming assets	638,888,705.28	396,842,020.49	34,700,061.05	1,070,430,786.82
Royalties	59,361,572.17	128,789,833.50	41,336,589.00	229,487,994.67
Leasing and long-term rental commitments	35,240,661.35	80,026,718.65	150,321,939.00	265,589,319.00
Other liabilities	69,467,583.62	22,197,306.74	560,206.00	92,225,096.36
Total	802,958,522.42	627,855,879.38	226,918,795.05	1,657,733,196.85

ProSiebenSat.1 Media AG	Due within 1 year EUR	Due within 2 to 5 years EUR	Due in more than 5 years EUR	Total EUR
Programming assets	155,960,406.73	153,972,500.00	- / -	309,932,906.73
Leasing and long-term rental commitments	12,518,851.45	48,529,538.42	145,623,192.65	206,671,582.52
Total	168,479,258.18	202,502,038.42	145,623,192.65	516,604,489.25

Other financial liabilities exist in addition to accruals, debt and contingent liabilities. These derive mainly from contractual agreements entered into before December 31, 2001,

and pertain to programming assets whose license terms begin after January 1, 2002, as well as to royalties, leases and long-term rental agreements and other liabilities.

[12] Revenues

	ProSiebenSat.1 Group		ProSiebenSat.1 Media AG	
	2001 EUR	2000 EUR	2001 EUR	2000 EUR
Advertising revenues	1,951,795,647.91	2,083,676,047.71	- / -	- / -
Other revenues	62,990,665.81	71,541,539.59	- / -	- / -
Total	2,014,786,313.72	2,155,217,587.30	- / -	- / -

The ProSiebenSat.1 Group's revenues of EUR 2,014.8 million derive mainly from advertising, and are earned almost entirely within the Federal Republic of Germany. Conse-

quently no breakdown of revenues by line of business or specific geographic market has been provided.

[13] Other operating income

The increase in Other operating income is primarily the result of the deconsolidation of ddp Nachrichtenagentur GmbH and Sport1 GmbH & Co. KG, which yielded a gain of EUR 9,294,525.15. Other major single items of income relating to other periods were income from the write-back of provisions (EUR 12,393,715.71), income from the sale of programming (EUR 8,377,958.20), and income from additions to programming assets (EUR 7,664,300.92). Other

major single items included under Other operating income reflect income from costs passed on to third parties.

In the financial statements of ProSiebenSat.1 Media AG, Other operating income mainly includes additional income from services charged to other Group companies and early cancellation of swap contracts.

[14] Cost of programming and materials

	ProSiebenSat.1 Group		ProSiebenSat.1 Media AG	
	2001 EUR	2000 EUR	2001 EUR	2000 EUR
Depreciation of programming assets	1,109,464,927.23	1,090,807,022.47	- / -	- / -
Licenses, transmission fees and materials	148,268,988.90	118,669,103.02	- / -	- / -
Purchased services and goods for resale	141,529,825.79	170,573,561.07	- / -	- / -
Total	1,399,263,741.92	1,380,049,686.56	- / -	- / -

Depreciation of programming assets comprises depreciation due to broadcast showings and unscheduled depreciation.

Expenses for licenses, broadcasting fees and materials specifically comprise satellite rental charges, broadcasting and production costs. Expenses for purchased services and goods mainly derive from production costs, licensing rights

and professional fees. Adjustments in programming and material costs at Sat.1 SatellitenFernsehen GmbH to bring them into line with uniform Group reporting practices have caused shifts in comparison to last year among expenses for licenses, broadcasting fees, materials, and third-party services.

[15] Personnel expenses

	ProSiebenSat.1 Group		ProSiebenSat.1 Media AG	
	2001 EUR	2000 EUR	2001 EUR	2000 EUR
Wages and salaries	182,955,388.24	191,723,003.27	31,848,147.61	22,857,534.59
Social security contributions and expenses for pensions and other employee benefits	26,085,904.14	27,846,456.25	3,873,441.43	2,388,136.24
Total	209,041,292.38	219,569,459.52	35,721,589.04	25,245,670.83

The decline in personnel expenses for the ProSiebenSat.1 Group was the consequence of the removal of several companies from the scope of consolidation: ddp Nachrichtenagentur GmbH, ddp/vwd Wirtschaftsnachrichten GmbH, SevenOne Interactive GmbH, and also the active operations of ProSieben Digital Media GmbH in the course of the pooling of multimedia activities in the newly founded Kirch Intermedia Group.

The increase of roughly EUR 10.5 million in the individual financial statements for ProSiebenSat.1 Media AG is a consequence of the transfer of many employees from SAT.1 SatellitenFernsehen GmbH to ProSiebenSat.1 Media AG, which did not take place until November 1 of fiscal 2000. Thus the previous year's figures for ProSiebenSat.1 Media AG include these transferred employees for only two accounting months.

[16] Amortization of intangible fixed assets and depreciation of tangible fixed assets

	ProSiebenSat.1 Group		ProSiebenSat.1 Media AG	
	2001 EUR	2000 EUR	2001 EUR	2000 EUR
Scheduled amortization of intangible assets	23,183,708.51	24,795,252.05	2,735,864.13	1,210,241.18
Scheduled depreciation of tangible assets	30,921,529.12	35,916,001.15	3,555,295.76	6,807,302.48
Unscheduled amortization of intangible assets	1,704,677.47	2,302,668.86	- / -	- / -
Unscheduled depreciation of tangible assets	169,081.70	- / -	- / -	- / -
Total	55,978,996.80	63,013,922.06	6,291,159.89	8,017,543.66

Amortization of intangible assets for the Group includes EUR 21.0 million in amortization of goodwill (EUR 22.6 million in the previous year). Amortization of goodwill result-

ing from valuation at equity is reported under income from equity interests.

[17] Other operating expenses

	ProSiebenSat.1 Group		ProSiebenSat.1 Media AG	
	2001 EUR	2000 EUR	2001 EUR	2000 EUR
Expenses relating to other periods	6,178,223.43	6,033,792.55	386,912.61	444,659.47
Maintenance expenses	8,823,954.35	9,076,134.28	3,052,674.24	4,398,082.86
Administrative expenses	46,180,546.84	58,035,442.25	28,210,584.71	14,314,153.83
Selling expenses	128,412,491.46	126,837,267.74	20,129,651.69	15,887,392.81
Other operating expenses	54,765,549.18	63,299,383.55	44,537,190.71	28,619,198.72
Total	244,360,765.26	263,282,020.37	96,317,013.96	63,663,487.69

The largest single items included under administrative expenses are rent and leasing expenses for technical equipment, EDP expenses as well as legal and consultancy fees.

Selling expenses mainly comprise advertising expenses, market research expenses and travel expenses. Additionally, selling expenses reported in the financial statements for ProSiebenSat.1 Media AG include business services procured from affiliated companies.

Material single items included under other operating expenses are rent expenses, leasing expenses, office-space expenses, and donations and gifts.

The rise in operating expenses at ProSiebenSat.1 Media AG is largely the consequence of rising in-Group reallocations and write-downs of individual values for in-Group receivables. Corrections are applied at the Group level for both these items.

[18] Income from equity interests

	ProSiebenSat.1 Group		ProSiebenSat.1 Media AG	
	2001 EUR	2000 EUR	2001 EUR	2000 EUR
Income from equity interests	52,660.28	26,342.02	- / -	97,147,344.16
Income / expense from equity interests in associated companies	-909,773.43	-1,041,616.85	- / -	- / -
Income from transfer of earnings	- / -	- / -	321,632,849.34	260,377,378.85
Expenses from loss absorption	- / -	- / -	-115,562,857.86	-37,057,901.57
Total	- 857,113.15	- 1,015,274.83	206,069,991.48	320,466,821.44

[19] Net interest expense

	ProSiebenSat.1 Group		ProSiebenSat.1 Media AG	
	2001 EUR	2000 EUR	2001 EUR	2000 EUR
Other interest and similar income	3,834,776.01	4,928,220.53	37,485,438.29	9,425,396.91
Interest and similar expenses	- 54,372,519.14	- 43,487,428.46	- 51,486,926.12	- 13,896,795.54
Total	-50,537,743.13	-38,559,207.93	-14,001,487.83	- 4,471,398.63

The primary interest expense items for the ProSiebenSat.1 Media AG Group pertain to interest on the company's 2001 Eurobond issue, interest paid on loans and interest on the company's 1998 bond issue.

Interest income for ProSiebenSat.1 Media AG was mainly received from affiliated companies.

[20] Other financial income / expense

	ProSiebenSat.1 Group		ProSiebenSat.1 Media AG	
	2001 EUR	2000 EUR	2001 EUR	2000 EUR
Income from loans of fixed financial assets	2,875,449.01	384,551.83	2,825,955.99	237,285.50
Write-downs of financial assets and marketable securities	-14,991,936.35	- 24,302,994.07	- 14,189,131.84	- 22,025,798.38
Total	-12,116,487.34	-23,918,442.24	-11,363,175.85	- 21,788,512.88

Write-downs of financial assets mainly comprise write-downs of equity interests in LetsBuyIt.com N.V., Netherlands.

[21] Extraordinary income / expense

The Group's extraordinary expense of EUR 15.1 million in fiscal 2000 derived from expenses related to the merger and the relocation from Munich to Berlin of N24 Gesellschaft für Nachrichten und Zeitgeschehen mbH. The extraordinary expense for ProSiebenSat.1 Media AG was EUR 10.5 million.

[22] Group cash flow statement

	2001 EUR m	2000 EUR m
Income for the period before extraordinary items	83	120
Depreciation and amortization / Appreciation of fixed assets	69	87
Depreciation of programming assets, including appreciations	1,099	1,078
Change in accruals for anticipated losses on programming assets	2	-6
Cash flow calculated according to DVFA / SG	1,253	1,279
Gain on disposal of fixed assets	- / -	-2
Gain on disposal of programming assets	-8	-7
Loss on disposal of fixed assets	1	2
Loss on disposal of programming assets	2	1
Disposal of programming assets not affecting payments	1	5
Changes in other accruals	-52	-21
Increase / decrease in inventories, accounts receivable and other assets not associated with investing or financing activities	-66	-13
Increase / decrease in accounts payable and other liabilities not associated with investing or financing activities	-23	-96
Effects of changes in scope of consolidation	-16	-1
Expenditures for extraordinary items	-15	-27
Cash flow from operating activities	1,077	1,120
Proceeds from disposal of intangible assets	2	1
Proceeds from disposal of tangible assets	1	12
Proceeds from disposal of financial assets	11	6
Proceeds from disposal of programming assets	28	14
Expenditures for intangible assets	-4	-8
Expenditures for tangible assets	-36	-47
Expenditures for programming assets	-1,180	-999
Expenditures for purchase of equity interests	-192	-26
Cash flow from investing activities	-1,370	-1,047
Proceeds from loans taken out and repayments of financial debt [net]	29	-37
Proceeds from bond issue	400	- / -
Dividend for 2000	-56	-40
Cash flow from financing activities	373	-77
Change in cash and cash equivalents not affecting payments	80	-4
Cash and cash equivalents at beginning of year	27	31
Cash and cash equivalents as of December 31, 2001	107	27

[23] Segment reporting

The company omits segment reporting here because the television business segment accounts for around 95 percent of all items for the entire Group that would be of interest for such a report. The various markets of the ProSiebenSat.1 Group are addressed in detail in the management's discussion and analysis.

[24] Average number of employees during the year

	ProSiebenSat.1 Group		ProSiebenSat.1 Media AG	
	2001	2000	2001	2000
Employees	3,001	3,183	459	425
Volunteers and trainees	221	242	24	29
Total	3,222	3,425	483	454

Part-time positions are reported here as an equivalent number of full-time positions.

[25] Executive Board and Supervisory Board

The members of the Executive Board and Supervisory Board of ProSiebenSat.1 Media AG are listed on page 97 of this report.

In the year under review, expenses for remuneration paid to current members of the Executive Board of ProSiebenSat.1 Media AG totaled EUR 4,867,753.31.

Expenses for the Supervisory Board of ProSiebenSat.1 Media AG amounted to EUR 388,747.94 in the year under review.

[26] Group affiliation

The main shareholder of ProSiebenSat.1 Media AG has notified the company in compliance with § 21 (1, 1a) of the German Securities Trading Act that under the terms of § 16 of the German Stock Corporation Act and the Securities Trading Act, KirchMedia GmbH & Co. KGaA indirectly and directly holds 100% (adjusted for other equity interests: 88.52%) of the voting common stock of ProSiebenSat.1 Media AG, which was first admitted for official trading on the Frankfurt Stock Exchange on October 4, 2000.

The consolidated financial statements of ProSiebenSat.1 Media AG are included in the consolidated financial statements of KirchMedia GmbH & Co. Kommanditgesellschaft auf Aktien, based in Unterföhring, and in the overall consolidated financial statements of TaurusHolding GmbH & Co. KG [formerly KirchHolding GmbH & Co. KG], based in Ismaning. Once the consolidated financial statements of KirchMedia GmbH & Co. Kommanditgesellschaft auf Aktien have been prepared and audited, they will be made public and may be examined at the Companies Registration Office of Munich district court under registration number HRB 126210.

Major Subsidiaries and Associated Companies of the ProSiebenSat.1 Group

No.	Company	Location	Country	Interest	via No.
Affiliated companies					
1	ProSiebenSat.1 Media Aktiengesellschaft	Unterföhring	Germany		
2	ArtMedia Group, Inc.	New York	USA	100%	4
3	ArtMerchandising & Media AG	Unterföhring	Germany	66%	11
4	ArtMerchandising & Media Inc.	New York	USA	100%	3
5	Buchagentur Intermedien-GmbH	Unterföhring	Germany	100%	11
6	Buchagentur Intermedien-GmbH & Co. Marketing KG	Unterföhring	Germany	100%	11
7	CM Community Media GmbH & Co. KG	Cologne	Germany	76%	17
8	CM Community Media Verwaltungs GmbH	Cologne	Germany	100%	17
9	KABEL 1 K1 Fernsehen GmbH	Unterföhring	Germany	100%	1
10	MediaGruppe München Werbeforschung und -vermarktung Verwaltungsgesellschaft mbH	Unterföhring	Germany	100%	1
11	MM Merchandising München GmbH	Unterföhring	Germany	100%	1
12	N24 Bayern GmbH	Munich	Germany	100%	38
13	N24 Gesellschaft für Nachrichten und Zeitgeschehen mbH	Unterföhring	Germany	100%	1
14	Privatfernsehen in Bayern GmbH & Co. KG	Munich	Germany	87.6%	38
15	Privatfernsehen in Bayern Verwaltungs GmbH	Munich	Germany	53.7%	38
16	PRO SIEBEN Home Entertainment GmbH Bild- und Tonträgervertrieb	Unterföhring	Germany	100%	1
17	ProSieben Digital Media GmbH	Unterföhring	Germany	100%	1
18	ProSieben Information Service GmbH	Unterföhring	Germany	100%	1
19	ProSieben Television GmbH	Unterföhring	Germany	100%	1
20	SAT.1 Boulevard TV GmbH	Berlin	Germany	100%	22
21	SAT.1 Norddeutschland GmbH	Hannover	Germany	100%	22
22	SAT.1 SatellitenFernsehen GmbH	Berlin	Germany	100%	1
23	SAT.1 Privatfernsehen Baden-Württemberg GmbH	Stuttgart	Germany	100%	22
24	SAT.1 und Radio HUNDERT,6 Medien Beteiligungs GmbH	Berlin	Germany	74.9%	22
25	SAT.1 und Radio HUNDERT,6 Medien Beteiligungs GmbH Berlin & Co. Betriebs KG	Berlin	Germany	100%	22
26	SELCO Service-Gesellschaft für elektronische Kommunikation mbH	Unterföhring	Germany	100%	37 ⁽¹⁾
27	Seven Scores Musikverlag GmbH	Unterföhring	Germany	100%	1
28	SevenOne Club & Shop GmbH	Unterföhring	Germany	100%	1
29	SevenOne Media Austria GmbH	Vienna	Austria	100%	30
30	SevenOne Media GmbH	Unterföhring	Germany	100%	1
31	SevenOne Media [Schweiz] AG	Zurich	Switzerland	100%	17
32	SevenPictures Film GmbH	Unterföhring	Germany	100%	1
33	SevenSenses Agentur für Mediendesign und Marketing GmbH	Unterföhring	Germany	100%	1

No. Company	Location	Country	Interest	via No.
34 STARWATCH Navigation Gesellschaft für interaktive Kommunikation Geschäftsführungs-GmbH	Unterföhring	Germany	100%	1
35 STARWATCH Navigation Gesellschaft für interaktive Kommunikation GmbH & Co. Produktions KG	Unterföhring	Germany	100%	1
36 SZM Studios Film-, TV- und Multimedia-Produktions GmbH	Unterföhring	Germany	100%	1
37 TELEDIREKT Vermarktungsgesellschaft für Fernsehempfang mbH	Unterföhring	Germany	100%	1
38 tv-weiß-blau Rundfunkprogrammanbieter GmbH	Munich	Germany	100%	22 ^[2]
Affiliated companies, not consolidated				
39 Berliner Pool TV Produktionsgesellschaft mbH	Berlin	Germany	33,3%	13
40 Berliner Pool TV Produktionsgesellschaft mbH	Berlin	Germany	33,3%	22
41 Merchandising Prag spol. s.r.o.	Prague	Czech Republic	100%	11
42 PM&S Software GmbH	Minsk	Belarus	60%	18
43 VG Satellit Gesellschaft zur Verwertung der Leistungsschutzrechte von Sendeunternehmen mbH	Unterföhring	Germany	100%	17
Associated companies - at equity				
44 Kirch Intermedia GmbH	Munich	Germany	49,9%	17 & 22 ^[3]
45 EUVÍA Media Verwaltungs AG	Munich	Germany	49,9%	1
46 EUVÍA Media AG & Co. KG	Munich	Germany	48,4%	1
47 GI Gesellschaft für Informationstechnologie Aktiengesellschaft	Herford	Germany	50%	18
48 IP Multimedia [Schweiz] AG	Zurich	Switzerland	23%	31
49 MAGIC MEDIA COMPANY TV-Produktionsgesellschaft mbH	Hürth	Germany	25,4%	1
50 RTL/ProSieben Schweiz Fernseh AG	Zurich	Switzerland	25%	1
51 SAT.1 Privatrundfunk und -programmgesellschaft m.b.H	Vienna	Austria	25%	22
52 SAT.1 Schweiz AG	Zurich	Switzerland	50%	22
Other equity interests				
53 AFK Aus- und Fortbildungs GmbH für elektronische Medien	Munich	Germany	11%	1
54 Deutscher Fernsehpreis GmbH	Cologne	Germany	25%	1
55 EPS Programm Service AG	Zurich	Switzerland	20%	35
56 LetsBuyIt.com N.V.	Amsterdam	Netherlands	19,9%	1
57 OBIS Gesellschaft für Online-Buchungs- und Informationssysteme mbH	Unterföhring	Germany	20%	30
58 OBIS Gesellschaft für Online-Buchungs- und Informationssysteme mbH	Unterföhring	Germany	20%	22
59 SevenX Filmverleih GmbH	Unterföhring	Germany	50%	32

[1] ProSiebenSat.1 Media AG holds 100% of SELCO GmbH as a silent shareholder

[2] SAT.1 SatellitenFernsehen GmbH holds 100% of tv-weiß-blau Rundfunkprogrammanbieter GmbH as a silent shareholder

[3] ProSieben Digital Media GmbH holds 45,8% of Kirch Intermedia GmbH and Sat.1 SatellitenFernsehen GmbH holds 4,1%

Auditor's Opinion

ProSiebenSat.1 Media AG and ProSiebenSat.1 Group

We have audited the financial statements of ProSiebenSat.1 Media Aktiengesellschaft, Unterföhring, taking into consideration the accounting principles, as well as the consolidated financial statements and the management report and group management report prepared by the Company for the financial year January 1 to December 31, 2001. The preparation of these statements, pursuant to German commercial law, are the responsibility of the Executive Board. It is our responsibility to express an independent opinion, based on our audit, on the financial statements, taking into consideration the accounting principles, as well as on the consolidated financial statements, the management report and group management report and to report our opinion to you.

We conducted our audit of the individual and consolidated financial statements in accordance with § 317 of the German Commercial Code (HGB) and in observance of the principles of generally accepted audit procedures laid down by the Institute of German auditors (IDW). According to these principles, the audit must be planned and carried out so that inaccuracies and violations which may have a material impact on the presentation of the financial statements and consolidated financial statements in observance of generally accepted accounting principles, and thus on the presentation of the net assets, financial and earnings situation presented by the management report, can be recognized with reasonable certainty. During the performance of the audit procedures, information on the business activities, the Company's economic and legal environment, as well as the expectation of possible errors were considered. Within the scope of the audit, the effectiveness of the

internal control system and substantiation of the accounting information in the individual and consolidated financial statements, management report and group management report were primarily assessed on the basis of random sampling. The audit includes an assessment of the accounting and consolidation principles, the legal representatives' material estimates, as well as addressing the overall presentation of the individual and consolidated financial statements, the management report and group management report. We believe that our audit embodies a well-grounded basis for our assessment.

No objections have been raised on account of our audit.

It is our view that the individual and consolidated financial statements, in observance of generally accepted accounting principles, provide a true and fair view of the Company's and Group's net assets, financial and earnings position. The management and group management report provide an accurate overall presentation of the Company's and Group's situation and properly presents any risks relating to future developments.

Essen, February 22, 2002

KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft



H.-J. Früh
Certified Public Accountant



A. Gaeb
Certified Public Accountant

Supervisory Board

Dr. Dieter Hahn (Chairman)
 Deputy Chairman of TaurusHolding GmbH & Co. KG, Ismaning
 KirchPayTV GmbH & Co.KGaA, Ismaning
 DSF Deutsches Sportfernsehen GmbH, Ismaning
 KirchMedia WM AG, Zug/Switzerland
 British Sky Broadcasting Ltd., Isleworth, Middlesex/England
 Gestevisión Telecinco, S.A., Madrid/Spain

Thomas Kirch (Deputy Chairman)
 Businessman, Munich
 KirchMedia GmbH & Co. KGaA, Unterföhring

Dr. Mathias Döpfner
 (as of December 6, 2001)
 Chairman of the Executive Board of Axel Springer Verlag AG, Berlin
 AKTUELL Presse-Fernsehen GmbH & Co. KG, Hamburg
 Content Suite AG, Hamburg
 Media1 Beteiligungs GmbH, Berlin
 Moser Holding AG, Innsbruck/Austria
 SAT.1 Beteiligungs GmbH, Berlin and Mainz
 Leipziger Verlags- und Druckereigesellschaft mbH & Co. KG, Leipzig
 Yukom Medien GmbH, Munich
 HandelsZeitung und Finanzrundschau AG, Zurich/Switzerland
 dpa Deutsche Presse-Agentur GmbH, Hamburg
 Schering AG, Berlin
 Bundesverband Deutscher Zeitungsverleger e.V., Berlin

Alfred Lehner (as of December 6, 2001)
 Former Chairman of the Executive Board of Bayerische Landesbank Girozentrale AG
 Bayerische Brauholding AG, Munich
 Deutsche Hausbau AG, Munich
 Walter Bau AG, Augsburg
 BAWAG, Bank für Arbeit und Wirtschaft, Vienna/Austria
 AERO LLOYD Flugreisen GmbH & Co. Luftverkehrs-KG, Oberursel
 Prof. Dr. Hans-Joachim Mertens
 Professor at Johann Wolfgang Goethe-Universität, Frankfurt am Main

Jan Mojto
 General Manager of TaurusHolding GmbH & Co. KG, Ismaning
 Mediaset S.p.A., Milan/Italy
 KirchPayTV GmbH & Co. KGaA, Ismaning
 Gestevisión Telecinco, S.A., Madrid/Spain

Dr. Klaus Piette
 General Manager of TaurusHolding GmbH & Co. KG, Ismaning
 KirchPayTV GmbH & Co. KG, Ismaning

Hans Reischl
 Chairman of the Executive Board of REWE-Zentral AG, Cologne
 MAXDATA AG, Marl
 KirchMedia GmbH & Co. KGaA, Unterföhring
 R+V Allgemeine Versicherung AG, Wiesbaden
 RWE Umwelt AG, Essen
 Zürich Agrippina Versicherungs AG (Deutschland), Frankfurt am Main
 Allgemeine Kreditversicherung Aktiengesellschaft, Mainz
 Commerzbank AG, Frankfurt am Main
 Deichmann Schuhe GmbH & Co. Vertriebs KG, Essen
 WestLB AG, Düsseldorf

Gisela Schmitt
 Member of the Executive Board of REWE-Zentral AG, Köln

Dr. h.c. Helmut Guthard (d. October 2001)
 Former Chairman of the Executive Board of DG Bank AG, Frankfurt am Main

Dr. Ralf Kogeler (until November 30, 2001)
 Member of the Executive Board of Axel Springer Verlag AG, Berlin
 Media Transfer AG, Hamburg
 feedback AG, Regensburg
 Moser Holding AG, Innsbruck/Austria

Executive Board

Urs Rohner (Chairman)
 Management segment: Multimedia and Sales
 Crossair AG, Basel/Switzerland
 BK Vision, Zurich/Switzerland

Dr. Ludwig Bauer
 Management segment: Television
 AFK Aus- und Fortbildungs GmbH für elektronische Medien, Munich
 Institut für Medienpädagogik in Forschung und Praxis, Munich
 Erich-Pommer-Institut, Potsdam

Jürgen Doetz
 Management segment: Media Policy and Regulation
 Verband Privater Rundfunk und Telekommunikation e.V.
 Zentralverband der deutschen Werbe- wirtschaft e.V., Bonn
 Deutscher Werberat, Bonn

Lothar Lanz
 Management segment: Finance, Merchandising and Services
 MAGIC MEDIA COMPANY TV-Produktions- gesellschaft mbh, Hürth
 ArtMerchandising & Media AG, Unterföhring
 LetsBuyIt.com N.V., Amsterdam/Netherlands

Claus Larass
 Management segment: Information, News and Political Programs
 Lufthansa CityLine GmbH, Cologne
 Systematics AG, Hamburg

Silver:
 Positions held on Supervisory Boards and other oversight bodies as specified under § 125 (1) sentence 3 of the Corporations Act.

Report of the Supervisory Board

Ladies and Gentlemen,

There can be no doubt that 2001 was a difficult business year for the ProSiebenSat.1 Group. This was the first year ever to see a decline in the television advertising market. Amid this situation, in the past 12 months the company has focused strategically on its core business in television, and pursued rigorous cost management. In the course of five ordinary meetings, the Supervisory Board kept itself informed on the development of the business on a regular basis and in great detail. The Executive Board provided the Supervisory Board with detailed oral and written accounts of all events of relevance for business policy. Together, the two boards thoroughly discussed all relevant decisions and the company's future strategic positioning. For example, the Supervisory Board held in-depth discussions on the pooling of the ProSiebenSat.1 Group's multimedia activities in Kirch Intermedia; the acquisition of an equity interest in Euvía Media AG & Co. KG; and especially the planned merger of ProSiebenSat.1 Media AG into KirchMedia GmbH & Co. KGaA. Prompted by the proposed merger with KirchMedia, which was to yield a vertically integrated audiovisual media corporation, the Supervisory Board appointed a committee to scrutinize the valuation, the exchange ratio and all terms and conditions of the transaction, regardless of the interests of KirchMedia GmbH & Co. KGaA, our majority shareholder. This committee met once before the merger was canceled. No other committees were formed.

In the past few months, the Supervisory Board of ProSiebenSat.1 Media AG was kept informed by the Executive Board of all major steps in the merger project, and has carefully reviewed all aspects known to date. Likewise the Executive Board's decisions, first to postpone the merger project, and four weeks later to cancel it, were discussed in depth and noted with approval by the Supervisory Board. In view of the Kirch Group's financial situation, a merger would not have been feasible within the foreseeable future.

The 2001 financial statements of ProSiebenSat.1 Media AG, the consolidated financial statements, which were prepared in accordance with German reporting regulations, and the combined management report prepared for ProSiebenSat.1 Media AG and the Group, were audited by KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Essen, and received the auditor's unqualified approval. The Supervisory Board likewise thoroughly reviewed these documents. All documents relating to the financial statements, as well as the KPMG

audit reports, were made available to the members of the Supervisory Board in good time. The documents were discussed in detail at the accounting meeting of the Supervisory Board in the presence of the auditor. The Supervisory Board has noted with approval the results of the auditor's review, and for its own part, finds no cause for objection. The Supervisory Board has approved and consequently adopted the annual financial statements prepared by the Executive Board and audited by the auditor. The Supervisory Board has examined the proposal by the Executive Board for a dividend of EUR 0.16 per share of preferred stock, and EUR 0.14 per share of common stock, and concurs with this recommendation.

Furthermore, in its capacity as auditor of the financial statements, KPMG examined the report of the Executive Board on relationships with affiliated businesses as of December 31, 2001. The auditor's review revealed no cause for objection. The auditor has granted the following unqualified auditor's opinion:

"After our conscientious audit, we confirm that
 1. The factual information in the report is accurate,
 2. In the legal transactions listed in the report, the consideration paid by the Company was not disproportionately high, or else any disadvantage was compensated."

The Supervisory Board's own examination of the report likewise revealed no cause for objection. The Supervisory Board concurs with the results of the auditor's audit. Accordingly, and in conformity with the final results of its own examination, the Supervisory Board has no objections to the declaration of the Executive Board set out in the conclusion of the report on relationships with affiliated businesses.

The Supervisory Board underwent changes in its membership during the past fiscal year. Dr. Helmut Guthardt died on October 31, 2001, at the age of 67. He had accompanied the development of ProSiebenSat.1 Media AG since its founding in October 2000. For many years before that, he was a member of the Supervisory Board of ProSieben Media AG. In all those years, Dr. Guthardt's experience and advice contributed toward the company's success. He will always hold a place of honor in our memories.

Effective December 1, 2001, Dr. Ralf Kogeler resigned from the Supervisory Board of ProSiebenSat.1 Media AG. The Board thanks Dr. Kogeler for his dedication and accomplishments during his activities for the company. Effective

December 6, Dr. Matthias Döpfner and Mr. Alfred Lehner were appointed to the Supervisory Board. The Board wishes both gentlemen the greatest success in their new capacities.

The Supervisory Board would like to thank the company's management and all employees for their strong personal commitment during the past fiscal year. It is essentially their achievement that the ProSiebenSat.1 Group was well able to hold its own even amid a difficult market environment.

Unterföhring, March 2002

On behalf of the Supervisory Board



Dr. Dieter Hahn, Chairman



Five-Year Summary: Consolidated Balance Sheet of ProSiebenSat.1 Media AG

Assets	Dec. 31, 2001	Change y/y	Dec. 31, 2000	Change y/y	Dec. 31, 1999 [pro forma] EUR k
	EUR k		EUR k		EUR k
A. Outstanding contributions to subscribed capital	- / -	- / -	- / -	- / -	- / -
B. Fixed assets					
I. Intangible assets	39,201	-38%	62,839	-25%	83,410
II. Tangible assets	167,823	1%	165,536	- / -	165,810
III. Financial assets	187,421	1520%	11,572	-25%	15,427
	394,445	64%	239,947	-9%	264,647
C. Current assets					
I. Programming assets	1,206,204	5%	1,146,741	-7%	1,238,821
II. Inventories	3,842	24%	3,100	41%	2,200
III. Receivables and other current assets	293,589	24%	236,121	3%	228,512
IV. Securities	1,100	3974%	27	-67%	81
V. Cash, credit balances at banks	107,060	300%	26,753	-14%	31,281
	1,611,795	14%	1,412,742	-6%	1,500,895
D. Prepaid and deferred items	9,315	24%	7,501	96%	3,821
E. Deferred taxes	12,491	41%	8,831	4%	8,452
Total assets	2,028,046	22%	1,669,021	-6%	1,777,815

Liabilities and shareholders' equity	Dec. 31, 2001	Change y/y	Dec. 31, 2000	Change y/y	Dec. 31, 1999 [pro forma] EUR k
	EUR k		EUR k		EUR k
A. Shareholders' equity					
I. Subscribed capital	194,486	- / -	194,486	1%	192,234
II. Capital reserves	322,319	- / -	322,319	30%	247,925
III. Revenue reserves	63,356	22367%	282	-99%	40,344
IV. Retained earnings	4,489	-88%	38,217	19%	32,182
V. Difference resulting from capital consolidation	- / -	- / -	- / -	- / -	- / -
VI. Consolidated net income for the year	68,182	-26%	92,618	14%	81,053
VII. Minority interests	-3,074	-348%	-686	-302%	340
	649,758	- / -	647,236	9%	594,078
B. Accruals	105,087	-32%	154,980	-15%	183,146
C. Liabilities	1,272,207	47%	865,499	-13%	998,604
D. Deferred liabilities	994	-24%	1,306	-34%	1,987
Total liabilities and equity	2,028,046	22%	1,669,021	-6%	1,777,815

Change y/y	Dec. 31, 1998 [pro forma] EUR k	Change y/y	Dec. 31, 1997 [pro forma] EUR k
- / -	- / -	- / -	1,386
4%	79,962	-17%	96,633
20%	137,968	25%	110,224
24%	12,403	511%	2,029
15%	230,333	10%	208,886
- 6%	1,315,380	-3%	1,353,867
-70%	7,435	772%	853
107%	110,238	3%	107,131
- / -	- / -	- / -	- / -
42%	21,961	-52%	45,588
3%	1,455,014	-3%	1,507,439
22%	3,143	-61%	8,159
-19%	10,420	43%	7,277
5%	1,698,910	-2%	1,733,147

Change y/y	Dec. 31, 1998 [pro forma] EUR k	Change y/y	Dec. 31, 1997 [pro forma] EUR k
- / -	191,734	- / -	191,734
- / -	247,925	- / -	247,925
- / -	- / -	- / -	- / -
20%	26,765	173%	9,788
- / -	39	86%	21
1%	80,322	160%	30,935
201%	-335	-138%	891
9%	546,450	14%	481,294
72%	106,211	-46%	198,093
- 4%	1,044,094	-1%	1,052,930
- 8%	2,155	160%	830
5%	1,698,910	-2%	1,733,147

Five-Year Summary: Consolidated Statement of Income for ProSiebenSat.1 Media AG

	2001 EUR k	Change y/y	2000 EUR k	Change y/y	1999 [pro forma] EUR k
1. Revenues	2,014,786	-7%	2,155,218	7%	2,018,208
2. Changes in inventory	-112	-349%	45	157%	-79
3. Other operating income	78,239	17%	66,927	-25%	89,274
4. Total	2,092,913	-6%	2,222,190	5%	2,107,403
5. Programming and material costs	-1,399,264	1%	-1,380,050	- / -	-1,385,967
6. Personnel expenses	-209,041	-5%	-219,570	18%	-185,943
7. Depreciation and amortization	-55,979	-11%	-63,014	20%	-52,494
8. Other operating expenses	-244,361	-7%	-263,282	10%	-239,171
Total lines 5 through 8	-1,908,645	1%	-1,925,916	-3%	-1,863,575
9. Net operating profit / loss	184,268	-38%	296,274	22%	243,828
10. Capital investment income / expense	-857	16%	-1,015	-370%	-216
11. Interest income / expense	-50,538	-31%	-38,559	9%	-42,222
12. Other financial income / expense	-12,116	49%	-23,918	-705%	-2,971
13. Net financial profit / loss	-63,511	- / -	-63,492	-40%	-45,409
14. Income from ordinary business activities	120,757	-48%	232,782	17%	198,419
15. Extraordinary income / expense	-15,139	-45%	-27,384	- / -	- / -
16. Net pre-tax profit / loss	105,618	-49%	205,398	4%	198,419
17. Income taxes	-39,075	-66%	-113,958	21%	-94,277
18. Other taxes	-957	76%	-543	-91%	-5,778
19. Minority interest expense	- / -	- / -	- / -	- / -	-18,216
20. Net income for the year	65,586	-28%	90,897	13%	80,148
21. Amount attributable to minority interests	2,596	51%	1,721	90%	905
22. Consolidated net income for the year	68,182	-26%	92,618	14%	81,053

	Change y/y	1998 [pro forma] EUR k	Change y/y	1997 [pro forma] EUR k
	7%	1,894,007	5%	1,804,879
	-316%	-19	84%	-118
	75%	50,888	36%	37,395
	8%	1,944,876	6%	1,842,156
	8%	-1,280,607	- / -	-1,276,299
	10%	-168,418	3%	-162,970
	14%	-46,133	-3%	-47,361
	4%	-229,451	-10%	-255,557
	8%	-1,724,609	-1%	-1,742,187
	11%	220,267	120%	99,969
	53%	-459	-226%	364
	7%	-45,377	11%	-51,272
	-133%	-1,276	- / -	3
	4%	-47,112	7%	-50,905
	15%	173,155	253%	49,064
	- / -	- / -	- / -	- / -
	15%	173,155	253%	49,064
	10%	-85,669	14%	-75,479
	3078%	194	-105%	-4,240
	148%	-7,357	-112%	61,355
	- / -	80,323	162%	30,700
	- / -	-1	- / -	235
	1%	80,322	160%	30,935

Glossary and Index

For quick orientation, here we list a number of important concepts and proper names, along with selected references to page numbers in the report. We also include brief explanations of some terms.

A

A.C. Nielsen S+P

This Hamburg subsidiary of the American research institute A.C. Nielsen monitors the advertising market. It calculates and reports gross advertising revenues for the most important types of advertising and advertising media, broken down by business sector, product groups and families, and companies and brands.

Accruals 47, 55, 70, 74, 80, 83f, 86, 91

Annual general meeting 12, 15, 19, 31, 35f, 83, 108

ArtMerchandising & Media 21, 59, 80, 93, 97

C

Cash flow, Cash flow per share

Cash flow indicates the financial surplus generated from ongoing business activities. It incorporates net income for the year, asset movements, and changes in accruals. To get cash flow per share, the cash flow is divided by the number of shares.

Commission for the Assessment on Concentration in the Media Sector [KEK]

Since January 1, 1997, the KEK has been responsible for monitoring nationwide television companies in Germany. The commission comprises six experts in broadcasting and business law appointed by the Prime Ministers of Germany's federal states.

Common stock

Stock that carries voting rights [→ preferred stock]. At present there are two holders of common stock in ProSiebenSat.1 Media AG: KirchMedia GmbH & Co. KGaA and Axel Springer Verlag AG.

Corporate sponsorship

An effective way for companies to show their social commitment. The ProSiebenSat.1 Group pursues all its corporate sponsorship activities under the slogan "Act don't protract". The top priority is on sponsorship to help develop media skills.

Current assets 18, 41, 47, 51, 55, 70, 74, 80, 82, 100

D

Deferred taxes 18, 70, 83, 100

Depreciation and amortization 71, 73, 75, 77, 88, 91, 102

Depreciation of programming assets

Each original showing of a program on television causes the asset involved to depreciate. "Unscheduled" depreciation of this type covers such assets as broadcasting rights to programs that are not shown.

Dividend

1, 19, 34f, 83, 91, 98
The earnings a stock corporation pays out for each share. Dividends are proposed by the → Executive Board and → Supervisory Board, and are approved by the shareholders at the annual general meeting.

Dividend yield

1, 34
The dividend yield is obtained by dividing the → dividend by the price per share, and then multiplying by 100. It represents the dividend payout as a percentage of a stock's market price.

DVB-T [Digital Video Broadcasting Terrestrial]

24
By reducing the quantity of data without sacrificing quality, DVB-T makes it possible to broadcast 25 additional channels via antenna.

E

Earnings calculated per DVFA/SG

1, 91
A figure developed by the Deutsche Vereinigung für Finanzanalyse und Assetmanagement, or DVFA [German Association of Financial Analysts and Asset Managers] and the Schmalenbach Gesellschaft - Gesellschaft für Betriebswirtschaft, or SG [German association for business administration]. It is intended to furnish as accurate a comparison between companies as possible. DVFA/SG earnings are based on net income for the year after adjustment for exceptional factors, and are usually expressed as an amount per share. In its figures, ProSiebenSat.1 Media AG uses the latest calculation method specified by the DVFA/SG methods commission.

EBIT

1, 12, 17
Earnings before interest and taxes. A ratio commonly used in the United States.

EBITDA 1, 12, 17

Earnings before interest and taxes [→ EBIT] plus depreciation of tangible assets and amortization of intangible assets. Adding depreciation and amortization yields a form of operating cash flow that also provides information about a company's earning power.

Employees 1, 22, 48, 52, 56, 62ff, 88, 92, 99

Equity 1, 17ff, 31f, 35, 42, 47, 52, 55, 70, 72, 74, 76, 79ff, 88ff, 94, 98, 100

Equity ratio 1, 18f, 42, 47**EU Television Directive**

The EU Television Directive of October 3, 1989, last amended in June 1997, defines the minimum standards for regulations governing German commercial television. It especially defines the terms pertaining to advertising in the → State Broadcasting Treaty, such as regulations on maximum time used for showing advertising or the number and placement of commercial breaks. German legislation may narrow the directive's terms or make them more precise, but not liberalize them.

Executive Board 2, 12ff, 19, 21, 23f, 31, 35f, 44, 53, 56, 83, 92, 96ff**F****Fixed assets** 18, 47, 55, 70, 72, 74, 76, 80f, 88, 91, 100**G****GfK Fernsehforschung** 20, 22f, 39, 51

A television research subsidiary of the consumer research association, GfK Gesellschaft für Konsumforschung. Since 1985, GfK has used electronic measuring units to study television usage in German television households. With 5,200 panel households in Germany – equivalent to about 71.67 million individuals over the age of three in television households – and usage measurements tailored to individual viewers, this is the largest and most accurate television audience research panel in Europe. Since 2001 the panel includes viewers from other EU countries.

Gross advertising spending 17

Gross advertising spending refers to what advertisers spend to show their advertising, including agency commissions and bulk discounts. Production costs are not included. Gross advertising spending in Germany is surveyed by A.C. Nielsen Werbeforschung, and is calculated from the number of spots placed times the list prices per showing.

Group Cash Flow Statement 91**Group revenues** 17ff**K****Kabel 1** 3, 8f, 19ff, 25f, 37, 39, 43, 50ff, 57, 60f, 64, 80, 82, 93**Kirch Intermedia** 18, 21, 43f, 79, 82, 88, 94, 98**M****Market capitalization** 34

Market capitalization is the term for what a stock company is worth on the stock exchange, and is calculated by multiplying the current market price per share times the number of shares.

Market share, TV 17, 20, 22, 28, 39ff, 43ff, 49f, 53, 63

In television, the viewing time for a station or broadcast expressed as a percentage of total viewing time, either for all viewers or for specific target groups, during a specified period. TV market shares in Germany are calculated by the → GfK Fernsehforschung television research service.

MDAX 33, 35f

The most important stock index in Germany after the DAX. The MDAX includes the largest companies after the 30 DAX stocks. To appear in the MDAX a company must meet requirements for market capitalization and the volume of trading of its stock on the exchange. A total of 70 listed companies are included. On October 13, 2000, ProSieben-Sat.1 Media AG took the place of ProSieben Media AG's stock on the MDAX.

Merchandising 2f, 20ff, 35, 40, 43, 59, 61, 63f, 93f, 97

In the media business, merchandising is the term for a marketing concept aimed at transferring the awareness and image of popular TV personalities and brands to products. → MM Merchandising München, a subsidiary of ProSiebenSat.1 Media AG, operates in this line of business. It holds licensing rights in the categories cartoon classics, top brands and art.

Merger 3, 6, 12, 14f, 17, 21, 23, 26, 30f, 33f, 39, 41, 43f, 47, 53, 90, 98

The financial and legal amalgamation of two or more companies to form a single unit. Essentially, in a merger either one company absorbs another, or an entirely new company is founded to contain the merging entities.

MHP [Multimedia Home Platform] 24f

A technical standard for the reception of digital programming, agreed upon by public and private broadcasters and the state media authorities in September 2001. Viewers can use MHP decoders to receive all digital television channels, call up interactive applications associated with a channel, surf the Internet over the TV, and send e-mail.

MM Merchandising München [→ Merchandising] 3, 21, 43, 59, 63, 93**N**

N24 3, 10f, 19ff, 22, 25, 37, 39, 43f, 48, 53ff, 60, 62, 64, 79, 82, 86, 90, 93

Net advertising spending 17, 24, 44

Net advertising spending represents the actual revenues collected by the media. The figures are published in May of each year by the German Advertising Association [ZAW], and are based on information provided by the stations. To calculate net advertising spending, agency commissions and bulk discounts are deducted from gross advertising spending.

Net financial debt 1, 18

The interest-bearing debt to banks or shareholders under loans, bonds or other debt instruments, less cash, bank deposits, short-term marketable securities, etc.

Net income for the year 36, 70f, 74f, 100, 102**Net reach** 54, 57

The number of users of one or more media, expressed in millions or as a percentage, who have been reached at least once. In contrast to gross reach, in television this "hard currency" value refers to the cumulative average number of viewers or teletext users who have watched TV or used the teletext for at least one minute without interruption during a given time interval on a given day of the period under consideration [such as a given month].

P**PCFR [price to cash flow ratio]** 34

The PCFR is obtained by dividing a stock's market price per share by the → cash flow per share.

PER [price-earnings ratio] 34

A stock's price per share divided by its earnings per share. The PER represents a stock's market price as a multiple of DVFA/SG earnings, or in other words, how many times the earnings of a stock will fit into its price per share.

Personnel expense → Wages and salaries 22, 43, 48, 52, 56, 71, 75, 88, 102

Preferred stock 1f, 12f, 15, 19, 26, 31, 36, 98

Unlike → common stock, preferred stock comes with special preferential rights, such as the right to a higher → dividend. Voting rights are not normally granted. The by-laws of ProSiebenSat.1 Media AG require that each share of preferred stock must receive a dividend distribution of EUR 0.02 more than a share of common stock.

Prime time 27, 31, 40ff, 46f, 53, 63

The principal viewing period for the TV market. Prime time in Germany is generally between 8:00 and 11:00 PM.

Profit margin 1, 17, 20, 46**Programming investments** 1, 18, 41, 52**Programming assets** 1, 15, 18f, 41f, 45, 47f, 51f, 55f, 70, 81, 86f, 91, 100

Programming assets comprise feature films, series and commissioned productions, as well as advance payments made. Feature films and series are considered programming assets as of the beginning of the license term; commissioned productions are capitalized as showable programming assets as of their completion, which is deemed to coincide with the date of acceptance.

ProSieben 3, 5, 12, 17ff, 22f, 25ff, 31, 37, 39f, 43f, 46ff, 51, 53f, 57, 60f, 63f, 86, 92ff, 98

R**Restricted registered shares** 2

Shares registered by name that can be transferred only with the company's consent. In compliance with German media law, the → common stock of ProSiebenSat.1 Media AG is restricted and registered.

Revenues [→ Group revenues] 1, 12, 17, 19ff, 27, 35, 39f, 42, 46, 51, 54f, 57, 59, 61f, 71, 87, 102

S

Sat.1 3, 6, 12, 19ff, 25f, 29, 40ff, 54, 56f, 61ff, 79f, 82, 86ff

SevenOne Club & Shop 21, 59ff, 93

SevenOne Media 3, 20, 39, 44f, 51, 64, 93

SevenOne Media Austria 80, 86, 93

SevenOne Media [Schweiz] 80, 93

SevenSenses 3, 22, 43, 62f, 93

Share capital 2, 83

Share price 33ff

Smallcaps 36
Shorthand for "small capitalization stocks" - a term for "second-line" stocks on the stock exchange. The SMAX was introduced in 1999 as a separate segment of the exchange for small-cap companies.

State Broadcasting Treaty 24, 28
This broadcasting treaty among the German federal states lays down the specific framework under which commercial television operates. Its provisions on advertising, sponsoring, protection of minors and program content affect the daily appearance of television programs.

Statement of Income 19, 42, 48, 71, 75, 79f, 102

Supervisory Board 2, 12, 14f, 19, 23, 31, 35f, 83, 92, 97ff

SZM Studios 3, 22, 43, 62, 64, 82, 94

T

Target audience 20, 22, 27, 39f, 45ff, 49f, 53, 56, 60
A segment of the population, chosen for specific characteristics, to whom a program or an advertising campaign is directed. The most commonly used criteria are socio-demographic: gender, age, education and income.

Tax rate

Technical reach 21, 24, 54, 57

The percentage of households that can receive a given channel. Television programs can be broadcast via antenna, by cable, or by satellite. Just under 13% of all German households with televisions use antenna reception, about 56% are already connected to the cable network, and about 31% receive television via satellite, with a rising trend.

Total assets 1, 18, 41, 47, 51, 55, 70, 74, 100**W**

Wages and salaries 88

Z

ZAW 17, 24f, 44
The main federation of the German advertising industry: the Zentralverband der deutschen Werbewirtschaft e.V. in Bonn. As an umbrella federation of associations whose members are engaged in commercial advertising, the ZAW pools the industry's interests, represents them to the outside world, and annually compiles the net advertising spending figures for all forms of media. The association is concerned with all aspects of commercial advertising, with the intention of eliminating any need for government regulation of the advertising industry.

Financial calendar	Internet addresses	Published by
April 29, 2002 Business figures for January through March	ProSiebenSat.1 Group www.ProSiebenSat1.com	ProSiebenSat.1 Media AG Medienallee 7 D-85774 Unterföhring Tel. +49 [89] 9507-10 Fax +49 [89] 9507-1122 HRB 124 169 AG München
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July 10, 2002 Dividend payment		Editorial Dr. Torsten Rossmann
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