ProSiebenSat.1 Group
The power of television

Annual Report 2007

ProSiebenSat.1 Group: Key figures 2007

	2007[1]	2006[4]	Change
	Euro m	Euro m	
Revenues	2,702.5	2,095.1	29%
Recurring EBITDA[2]	661.9	485.6	36%
EBITDA	521.3	482.9	8%
EBIT	384.3	442.8	-13%
Financial loss	-135.5	-57.5	-136%
Profit before taxes	248.8	385.3	-35%
Consolidated net profit	89.4	240.7	-63%
Underlying net income[3]	276.5	243.9	12%
Earnings per share of preferred stock (in EUR)	0.42	1.11	-62%
Underlying earnings per share of preferred stock (in EUR)	1.26	1.12	13%
Cash flow from operating activities	1,593.6	1.272.0	25%
Cash flow from investing activities	-3,269.0	-979.6	- / -
Free cash-flow	-1,675.4	292.4	- / -
	12/31/2007[1]	**12/31/2006**	**Change**
Total assets	5,998.8	1,932.1	210%
Shareholders´ equity	1,062.3	1,240.5	-14%
Equity ratio	18%	64%	-72%
Programming assets	1,317.7	1,056.3	25%
Net financial debt	3,328.4	121.8	- / -

1 Consolidation of SBS Broadcasting Group since July 2007, figures for 2006 are not adjusted
2 Recurring EBITDA: EBITDA before non-recurring items
3 Adjusted consolidated net profit: Consolidated net profit before effects of purchase price allocation and (2007 only) FCO fine
4 Prior-year figures adjusted to reflect recognition of PSP as a discontinued operation

Our Mission Statement

The power of television

The ProSiebenSat.1 Group is a leading pan-European media company.
We offer today's audience first-class entertainment and up-to-date information – whenever they need it, wherever they are.

Annual Report 2007: Content

Reports from the Executive Board and Supervisory Board

Group Management Report

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Dear Shareholders,

Guillaume de Posch, CEO ProSiebenSat.1 Media AG

2007 was marked by a decisive strategic event for the Group: our acquisition of the SBS Broadcasting Group.

The transaction is a major step forward for a number of reasons:

1. It has enhanced our overall growth potential. We expect revenue, cash flow and margins to benefit from our broader scope and ongoing integration efforts.

2. We are now a truly multi-national broadcasting group, present in 13 European countries. Our broader reach will allow the Group to rollout winning ideas across our enhanced footprint and deliver new economies of scale.

3. By harnessing the Group's talent pool and creativity across markets, we will develop successful programs efficiently - and distribute these to multiple channels in multiple countries.

4. The transaction makes it possible to realize our vision as a leading pan-European broadcasting Group: to offer our audiences best in class entertainment and information – whenever they need it, wherever they are.

The world of media is changing at an unprecedented pace. The promises of "digitalization" and "new media" are quickly becoming realities that touch our viewers' lives. Channel distribution is increasingly going digital. Whether via cable, satellite or antenna, digital distribution is creating new opportunities to launch channels and reach target audiences. Alongside this, online media are revolutionizing the way we process images and information. "On demand" and "interactive" are not trends, we are now experiencing a paradigm shift which will have a long-term effect on the way we think about content, audience and competition.

Seizing these opportunities demands a clear strategy to achieve and expand a market leading position:

Stay focused on our core business. This means producing and broadcasting market-leading content. At the time of the SBS deal I said "distribution may be king, but content is

King Kong." This has not changed. Successful TV programs attract large enthusiastic audiences, and we believe our strong position in TV provides a launching pad for growth in the online and on-demand markets. Shows like "The Next Uri Geller" and "Germany's Next Top Model" are two examples of shows that capture and retain an audience across the Group's entire spectrum of traditional and new media outlets.

Be a leader in the online world. We must make our content available to our viewers and advertising partners across all platforms – TV, online, mobile, video-on-demand. We recognize that the list of competitors is growing. Apple, Google, Yahoo!, and MySpace are a few of the new entrants. Waiting to see what happens is unacceptable. We need to aggressively build on our leadership role in TV and establish new platforms and services to reach our audience. Our investments in My Video, maxdome, lokalisten and others reflect the Group's commitment to do just that. With 17 million unique users in Germany, we are a top 3 player in the online display market. We intend to strengthen that position, not just in Germany, but internationally as well.

Embrace and leverage digital distribution. New forms of distribution provide opportunities to expand our brands and grow our portfolio of channels. We want to lead this change across the Group's geographic footprint. With a core asset base of more than 50 channels, we believe the Group is uniquely positioned to flourish in a digital environment.

A strategy, however, is little more than words on a page without the tools to deliver. We have the resources to realise our strategy: a solid business model and healthy cash flow; strong and committed shareholders; and 6,000 talented and dedicated colleagues focused on creating, producing and airing the hits that keep our viewers coming back – to all of our platforms.

Finally, allow me to share a personal belief with you: Europe's standing in the global media landscape is continuing to increase. Momentum is building in creative development, production, distribution, online media and interactivity. There are only two media groups with a strong multinational presence in Europe. We are one of the two. And we are the only one that owns and operates all of its channels. We have a unique opportunity to lead and to capitalize on the ongoing consolidation of the European media sector.

Let's seize it!

Guillaume de Posch

Members of the Executive Board

Guillaume de Posch
CEO

Areas of responsibility: Group Content, German TV, Corporate

Born in 1958. Studied business administration. Began career in 1984 at Tractebel S.A., rising to Vice President Far East in the Engineering Division, based in Hong Kong. In 1990 joined McKinsey & Company in Belgium, before moving to Luxembourg in 1993 to join broadcaster Compagnie Luxembourgeoise de Télédiffusion (now the RTL Group). In 1997 appointed Vice-General Manager and Programming Director at French pay TV company TPS. Member of the Executive Board of ProSiebenSat.1 Media AG since September 2003; CEO since June 2004.

Patrick Tillieux
COO

Areas of responsibility: Group Operations, International Free TV, International Pay TV, Radio, Print

Born in 1957. Studied business management and construction engineering; began his career at the Bouygues Group, which operates worldwide in construction, power and transport services and telecommunications/media. Transfer to the media sector: various management positions, including at TF1, Eurosport and RTL. Joined SBS in 1999. Appointed acting CEO of the SBS Broadcasting Group in March 2006. Member of the Executive Board of ProSiebenSat.1 Media AG since July 2007.

Lothar Lanz
CFO

Areas of responsibility: Group Controlling, Finance/Investor Relations, Legal Affairs, Human Resources, Regulatory Affairs, Administration

Born in 1948. Completed studies in business administration, then joined an accounting and tax consulting firm as an auditing assistant. Joined Bayerische Hypotheken- und Wechselbank AG in 1977. In 1991 appointed to the managing board of HSB HYPO Service-Bank AG. In 1996 became a member of the managing board of Nassauische Sparkasse Wiesbaden. Moved to ProSieben Media AG as CFO the same year. CFO of ProSiebenSat.1 Media AG since October 2000.

Peter Christmann
SALES & MARKETING

Areas of responsibility: Sales in Germany, Austria, Switzerland; International Sales

Born in 1964. Studied communications and business administration, then joined Publitel in Munich (TV marketing company of the station Tele 5 at the time). Various management positions with marketing companies, including as sales manager at Publitalia '80 in Milan and Publipolska in Warsaw. Became managing director of Media-Gruppe München in November 1999. Managing director of SevenOne Media since its founding in 2000. Member of the Executive Board of ProSiebenSat.1 Media AG since January 2004.

Dr. Marcus Englert
NEW MEDIA

Areas of responsibility: New Media & Diversification, Transaction TV, Business Development

Born in 1965. A trained physicist. Earned doctorate at the CERN European nuclear research institute. Received MBA in 1996 at the INSEAD European business institute. From 1994 to 1998 consultant with Boston Consulting Group in Munich. Managing Director of ProSieben Digital Media since 1998. From 2000 to 2001 member of the executive board at Kirch New Media AG. Since then, managing director of SevenOne Intermedia; also Director for Diversification at ProSiebenSat.1 since 2004. Member of the Executive Board of ProSiebenSat.1 Media AG since August 2006.

Ladies and Gentlemen,

During 2007 the Supervisory Board performed the duties incumbent upon it under the law, the articles of incorporation, its own rules of procedure, and the German Corporate Governance Code. Within that context the Supervisory Board took a detailed interest in the Company's affairs, and supervised and advised the Executive Board on an ongoing basis.

Supervising and advising the Executive Board

In performing its supervisory duties, the Supervisory Board essentially makes use of a reporting system designed to its specifications, as well as a list of actions that cannot be taken without the prior consent of the Supervisory Board or one of its committees. This approach ensures that the Supervisory Board is kept fully informed of the Company's affairs with regular, timely reports, and is always included in decisions of particular importance.

The core of the reporting system is a monthly written report prepared by the Executive Board. In addition to detailed figures on the business position and financial condition of ProSiebenSat.1 Group, the report also includes a current analysis of the early warning indicators that are continuously recorded and analyzed as part of the risk management system. The central financial management parameters in the Group-wide controlling and planning system are EBITDA prior to exceptional effects ("recurring" EBITDA), recurring EBITDA margin, and free cash flow. The Executive Board also reports in detail at the periodic meetings of the Supervisory Board, at which the Supervisory Board and the Executive Board discuss business performance, planning and corporate strategy at regular intervals. Wherever necessary, in addition to its monthly reports the Executive Board also reports to the Supervisory Board about current events or projects in the intervals between meetings. For actions that the Executive Board must submit for the Supervisory Board's approval, in addition to its oral explanations the Executive Board also prepares written background materials for resolutions, providing the necessary information for a decision by the Supervisory Board. The Chairman of the Supervisory Board was also constantly in contact with the Executive Board, and was thus kept up to date on the business picture and important projects. He then informed the Supervisory Board about such matters on a regular basis. Apart from the documentation provided to the Supervisory Board in the course of the Executive Board's reporting activities, there was no need for the Supervisory Board to examine the Company's books and other records during the year.

Decisions of the Supervisory Board and its committees are made at meetings attended by the members in person, via conference calls, or, whenever necessary, by written correspondence in the intervals between meetings. During the year, the Supervisory Board and its committees made decisions outside personal meetings in a total of ten cases.

Supervisory Board meetings

The Supervisory Board held four regularly scheduled meetings and three extraordinary meetings during the year. Two of the extraordinary meetings were held by conference call. A key matter for action by the Supervisory Board was the full acquisition of the SBS Broadcasting Group during the year, which was agreed upon by a contract dated June 26/27 and subsequently consummated on July 3, 2007. The deliberations of the Supervisory Board were also concerned with the acquisition of equity interests in various companies in the Diversification segment, and the founding of a new television channel in Austria. The Supervisory Board additionally dealt with several exceptional matters. These included the statutorily required reasoned opinion on the voluntary public tender offer of January 30, 2007, from Lavena Holding 4 GmbH to the holders of common and preferred stock of ProSiebenSat.1 Media AG, as well as a nationwide proceeding by the German Federal Cartel Office of media agencies and companies marketing advertising time. The proceeding, which also came to involve the marketing of ProSiebenSat.1 Group advertising time by Group subsidiary SevenOne Media GmbH, concluded in November 2007 with a fine.

In March 2007, by a vote taken by correspondence, the Supervisory Board reconstituted itself, electing Götz Mäuser as its new Chairman and Lord Clive Hollick as its Vice-Chairman, reorganizing its standing committees, and adopting various amendments to its own rules of procedure and those for the Executive Board. Previously, in connection with a change in the majority shareholder of ProSiebenSat.1 Media AG as a consequence of the replacement of German Media Holding L.P. by Lavena Holding 4 GmbH as the new majority shareholder, twelve members of the Supervisory Board had resigned effective March 6, 2007, including the former Chairman, Haim Saban, and the Vice-Chairman, Adam Chesnoff. On March 7, 2007, the former members of the Supervisory Board were replaced by twelve new members appointed by court.

After the reconstitution of the Supervisory Board, the Board held its financial review meeting for fiscal year 2006 on March 28, 2007. Besides addressing the financial statements for fiscal year 2006, at this meeting the Supervisory Board approved the Corporate Governance Report from the Executive Board and Supervisory Board, and the Declaration of Compliance with the recommendations of the German Corporate Governance Code for fiscal year 2006. Other topics of discussion included reviewing the efficiency of the Supervisory Board's work, long-term succession planning for management, and the regularly scheduled review of compensation for the Executive Board. At this meeting the Supervisory Board also decided to establish a limited-term committee, the Independent Directors' Committee, to which it transferred responsibility for the Board's resolutions on the acquisition of the SBS Broadcasting Group.

The Board's meeting on June 28, 2007, addressed a variety of operations matters, along with the receipt of a detailed report from the Executive Board and the Chairman of the Independent Directors' Committee on the acquisition of the SBS Broadcasting Group, for which the contract had been signed the day before.

An additional meeting of the Supervisory Board was held on July 17, 2007, following the 2007 annual shareholders' meeting, to reconstitute the Board after the election of twelve new members at the shareholders' meeting. At this meeting, the previous Board Chairman, Götz Mäuser, and Vice-Chairman, Lord Clive Hollick, were confirmed in office, and new members were appointed to both of the Board's standing committees.

An extraordinary Supervisory Board meeting scheduled as a telephone conference for July 26, 2007 served to continue the meeting of July 17, 2007. The discussions during this meeting focused on the reports of the Executive Board regarding various operating topics as well as on the ongoing integration on the SBS Broadcasting Group.

Two extraordinary meetings of the Board were held on September 18 and 24, 2007, at which the Supervisory Board dealt primarily with the investigative proceedings by the German Federal Cartel Office, already mentioned above.

The final Supervisory Board meeting of the year was held on December 19. This meeting focused on the discussion and adoption of the long-term plan for 2008 through 2012, as well as a final report from the Executive Board on the conclusion of the proceeding by the Federal Cartel Office in November, resulting in a fine that was accepted by the Company. In addition, the Executive Board informed the Supervisory Board about a number of compliance-related measures which are currently in the process of being implemented on a Group-wide basis.

Because of scheduling conflicts, Supervisory Board members Dr. Mathias Döpfner, Johannes Huth, Thomas Krenz and Harry Sloan were unable to attend more than half of the meetings of the Supervisory Board.

The work of the Committees

The Supervisory Board had two standing committees during the year, the Presiding Committee and the Audit and Finance Committee. Their memberships were reorganized at the reconstitution of the Supervisory Board in March 2007.

Since its membership was reorganized in March 2007, the Presiding Committee has consisted in 2007 of the Chairman and Vice-Chairman of the Supervisory Board and three additional members. The Chairman and Vice-Chairman of the Supervisory Board jointly chair the committee. The committee's brief is to prepare and coordinate meetings of the Supervisory Board; it also serves as a personnel committee. It additionally deals with acquisitions of programming rights and other matters of particular business significance that are subject to its consent. Finally, under an expansion of its duties as resolved during the year under review, the Presiding Committee performs the duties of a nominating committee as provided under Item 5.3.3 of the German Corporate Governance Code, in the version of June 2007. The Presiding Committee met four times in 2007, and adopted resolutions by written correspondence eight times. It dealt primarily with the remuneration of the Executive Board and other personnel matters, as well as the acquisition of programming rights.

Since its membership was reorganized in March 2007, the Audit and Finance Committee has had six members in 2007. Its membership was reorganized in July 2007 again. Its Chairman is appointed by the Supervisory Board, and under the rules of procedure this individual must be a member of the Supervisory Board with experience in accounting and internal controlling. The Audit and Finance Committee particularly deals with matters of accounting and risk management, compliance, the requisite independence of the independent auditor, engaging the independent auditor's services, identifying points of emphasis for audits, and agreeing on fees with the independent auditor. Additionally, its consent is also required for certain management measures. The committee held five regularly scheduled meetings and two extraordinary meetings in 2007.

There were also two temporary committees during the year, the Reasoned Opinion Committee and the Independent Directors' Committee.

The Reasoned Opinion Committee was in existence from January 24 through February 6, 2007, and had the duty of preparing the Supervisory Board's reasoned opinion on the voluntary public tender offer of January 30, 2007, from Lavena Holding 4 GmbH to the holders of common and preferred stock of ProSiebenSat.1 Media AG. The committee, composed of three members of the Supervisory Board who were independent from the then-majority shareholder, German Media Partners L.P., was established to avert potential conflicts of interest in the preparation of the Supervisory Board's reasoned opinion on the tender offer. Such conflicts of interest might have arisen in the case of Supervisory Board members who also represented or were shareholders of German Media Partners L.P., since the tender offer was made in association with Lavena Holding 4 GmbH's acquisition of the interest held by German Media Partners L.P. in ProSiebenSat.1 Media AG. The committee met twice in the performance of its duties.

The Independent Directors' Committee was in existence from March 28 through July 3, 2007, and represented the Supervisory Board as a whole in deciding whether to consent to ProSiebenSat.1 Media AG's acquisition of the SBS Broadcasting Group, as well as associated matters. This committee as well was established to avert potential conflicts of interest within the Supervisory Board in dealing with the pending transaction. It took practical account of the fact that Lavena Holding 4 GmbH (the majority shareholder of ProSiebenSat.1 Media AG) and the former majority shareholder of SBS Broadcasting Group are both investment companies controlled by funds advised by Kohlberg Kravis Roberts & Co. L.P. (KKR) and Permira Beteiligungsberatung GmbH (Permira) respectively. Accordingly, the committee was composed of three members of the Supervisory Board who were independent from KKR and Permira. It met eight times during its existence.

The Supervisory Board was informed about the committees' work regularly and in full, at its plenary sessions.

Conflicts of interest

To avert potential conflicts of interest in adopting the reasoned opinion of the Supervisory Board on the voluntary tender offer from Lavena Holding 4 GmbH to the shareholders of ProSiebenSat.1 Media AG, and in the decision on the acquisition of the SBS Broadcasting Group, a committee of independent Board members was formed in each case. Otherwise no conflicts of interest arose in the Supervisory Board during the year.

Corporate governance and Declaration of Compliance

Corporate management and oversight at ProSiebenSat.1 Media AG is guided by the principles of the German Corporate Governance Code. In their Corporate Governance Report, which is published as part of this Annual Report, the Executive Board and Supervisory Board report in detail on corporate governance at ProSiebenSat.1 Media AG, in accordance with Item 3.10 of the German Corporate Governance Code. That Corporate Governance Report also includes the current Declaration of Compliance from the Executive Board and Supervisory Board for fiscal year 2007 pursuant to Section 161 of the German Stock Corporations Act (AktG). The Declaration of Compliance is kept permanently available to shareholders on the Company's Web site.

In keeping with the recommendation of Item 5.6 of the German Corporate Governance Code, the Supervisory Board also conducts regular efficiency reviews. For fiscal year 2007, this review was conducted as a self-evaluation at the financial review meeting on March 28, 2008. The major points of examination included the Supervisory Board's view of its own mission, the organization of its activities, the independence of its members, the handling of potential conflicts of interest, and the composition of its committees.

Audit of the AG and Group financial statements

The 2007 financial statements of ProSiebenSat.1 Media AG and the consolidated financial statements of the Group, together with the management reports for ProSiebenSat.1 Media AG and the Group, were audited by the Munich office of KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, which issued an unrestricted audit opinion in both cases. The audit gave particular attention to the process of preparing the consolidated financial statements, the definition of the scope of consolidation, the correctness of the preparation of the single-entity annual financial statements included in the consolidated financial statements, the consolidation of capital and particularly the first consolidation and purchase price allocation for the SBS Group, the computation and impairment testing of goodwill, computation of deferred taxes, the correctness of the preparation of the information in the notes to the consolidated financial statements with regard to the first application of IFRS 7 and the definition of related parties, the plausibility of projected figures in the consolidated management report, and a review of the correctness of the preparation of the consolidated cash flow statement and the consolidated segment report. As required by law, the consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS). The independent auditor has confirmed that the Executive Board maintains an effective risk management system, as required by law. The Supervisory Board 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. These documents were discussed in detail, in the presence of the auditor, first within the Audit and Finance Committee and then at the financial review meeting of the Supervisory Board. The Supervisory Board has noted with approval the results of the auditor's examination of the financial statements, and for its own part, following its own examination, also finds no cause for objection. The Supervisory Board approved the parent company financial statements and the consolidated financial statements prepared by the Executive Board and audited by the auditor, as well as the management reports for both the parent company and the consolidated Group. The annual financial statements were thereby adopted. We have furthermore reviewed and concur with the Executive Board's proposal for the allocation of profits. In its capacity as auditor of the financial statements, KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft also reviewed the report of the Executive Board on relationships with affiliated enterprises during fiscal year 2007. The auditor's examination revealed no cause for objection. The auditor has issued the following unrestricted opinion:

"Based on the results of our audit, performed in accordance with our professional duties, we confirm that
1. The factual information in the report is accurate,
2. In the legal transactions mentioned in the report, the consideration paid by the Company was not disproportionately high, or else any disadvantage was compensated."

The Supervisory Board's own review of the report likewise revealed no cause for objection. The Supervisory Board therefore concurs with the results of the auditor's review. In accordance with the final results of its own examination, the Supervisory Board has no objections to the declaration of the Executive Board at the conclusion of the report on relationships with affiliated businesses.

Members of the Boards

The following changes took place in the composition of the Executive Board during the year: After the acquisition of the SBS Broadcasting Group was consummated, the structure of the Executive Board was revised to better fit the expanded Group. Effective July 23, 2007, Patrick Tillieux, formerly acting Chief Executive Officer of the SBS Broadcasting Group, was appointed to the Executive Board of ProSiebenSat.1 Media AG as Chief Operating Officer. He joined the formerly four-member board chaired by Guillaume de Posch, and is in charge of the new management segment for International TV, Radio, Print and Group Operations.

A further change is pending during the course of 2008. CFO Lothar Lanz, the Executive Board member in charge of finance, legal affairs and human resources at ProSiebenSat.1 Media AG, mutually agreed with the Supervisory Board in January 2008 that he would be leaving the Company soon. Mr. Lanz, whose contract would normally have expired in June 2009, will remain in office until a successor has been found, presumably in the summer of 2008.

The composition of the Supervisory Board changed as follows during the year: Following the consummation of the share purchase agreement between German Media Partners L.P. and Lavena Holding 4 GmbH, for the latter's acquisition of an indirect majority interest in ProSiebenSat.1 Media AG, twelve members of the Supervisory Board resigned from the Board, effective March 6, 2007: Haim Saban (Chairman of the Supervisory Board), Adam Chesnoff (Vice-Chairman of the Supervisory Board), John Connaughton, Albert Dobron, Patrick Healy, Ynon Kreiz, Seth Laury, Stephen Pagliuca, Brian Powers, Arieh Saban, Scott Sperling and Joshua Steiner. In their place, on March 7, 2007, the Munich District Court appointed the following individuals as new members of the Supervisory Board, to serve until the end of the next shareholders' meeting: Götz Mäuser, a partner at Permira Beteiligungsberatung GmbH; Lord Clive Hollick, a partner at Kohlberg Kravis Roberts & Co.; Robin Bell-Jones, a principal at Permira Advisors LLP; Philipp Freise, a principal at Kohlberg Kravis Roberts & Co.; Ulrich Gasse, an investment professional at Permira Beteiligungsberatung GmbH; Reinhard Gorenflos, a partner at Kohlberg Kravis Roberts & Co.; Johannes Huth, a partner at Kohlberg Kravis Roberts & Co. and head of operations for Europe; Thomas Krenz, a partner at Permira Beteiligungsberatung GmbH and head of operations for Germany; Christian Neuss, a principal at Permira Beteiligungsberatung GmbH; Silke Scheiber, a principal at Kohlberg Kravis Roberts & Co.; Harry Sloan, Chairman und CEO of Metro-Goldwyn-Mayer-Inc.; and Prof. Dr. Harald Wiedmann, Of Counsel at Gleiss Lutz Hootz Hirsch Partnerschaftsgesellschafts von Rechtsanwälten, Steuerberatern. The Supervisory Board then elected Götz Mäuser as its Chairman and Lord Clive Hollick as its Vice-Chairman.

Because the court's appointments were for a limited term, the annual shareholders' meeting on July 17, 2007 was required to fill twelve seats on the Supervisory Board in a supplementary election. The meeting then reelected Götz Mäuser, Lord Clive Hollick, Robin Bell-Jones, Philipp Freise, Johannes Huth, Thomas Krenz, Harry Sloan and Prof. Dr. Harald Wiedmann to the seats they had already filled as court-appointed members since March 7, 2007. Marinus Maria Petrus van Lent, President International of Telegraaf Media Groep, N.V.; Heinz-Joachim Neubürger, Managing Director and Senior Advisor at Kohlberg Kravis Roberts & Co. Ltd.; Adrianus Johannes Swartjes, Chairman of the Board of Telegraaf Media Groep N.V.; and Katrin Wehr-Seiter, a Principal at Permira Beteiligungsberatung GmbH, were elected as new members of the Supervisory Board. Following the shareholders' meeting, the Supervisory Board reconfirmed Götz Mäuser and Lord Clive Hollick in their offices as the Board's Chairman and Vice-Chairman.

The following additional changes in the Supervisory Board occurred after the end of the reporting period: In connection with the sale of Axel Springer AG's indirect holding in the Company to a subsidiary of Lavena Holding 4 GmbH, which took effect on January 15, 2008, Dr. Mathias Döpfner and Christian Nienhaus resigned from their seats on the Supervisory Board of ProSiebenSat.1 Media AG as of that same date.

On behalf of the Supervisory Board, I would like to thank the members of the Executive Board, all members of management, and all the employees of the ProSiebenSat.1 Group for their achievements and their personal dedication.

Unterföhring, March 2008
On behalf of the Supervisory Board
Götz Mäuser

Members of the Supervisory Board at December 31, 2007

Götz Mäuser
Chairman
(since March 7, 2007)
Partner, Permira Beteiligungsberatung GmbH

Robin Bell-Jones
(since March 7, 2007)
Principal, Permira Advisors LLP

Philipp Freise
(since March 7, 2007)
Principal, Kohlberg Kravis
Roberts & Co. Ltd.

Johannes P. Huth
(since March 7, 2007)
Partner and Head of Europe,
Kohlberg Kravis Roberts & Co. Ltd.

Thomas Krenz
(since March 7, 2007)
Partner, Permira Beteiligungsberatung GmbH

Harry E. Sloan
(since March 7, 2007)
Chairman of Board of Directors and Chief Executive Officer, MGM Holdings, Inc.

Prof. Dr. Harald Wiedmann
(since March 7, 2007)
Of Counsel, Gleiss Lutz Hootz Hirsch
Commercial partnership company of
lawyers and tax accountants

Lord Clive Hollick
Vice-Chairman
(since March 7, 2007)
Partner, Kohlberg Kravis Roberts & Co.

Heinz-Joachim Neubürger
(since July 17, 2007)
Managing Director and Senior Advisor,
Kohlberg Kravis Roberts & Co. Ltd.

Adrianus J. Swartjes
(since July 17, 2007)
Chief Executive Officer of Telegraaf Media Groep N.V.

Marinus M. P. van Lent
(since July 17, 2007)
President International, Telegraaf Media Groep N.V.

Katrin Wehr-Seiter
(since July 17, 2007)
Principal, Permira Beteiligungsberatung GmbH

Dr. Mathias Döpfner
(whole fiscal year – withdrew at January 15, 2008)
Chief Executive Officer of Axel Springer AG

Greg Dyke
(whole fiscal year)
Consultant

Christian Nienhaus
(whole fiscal year – withdrew at January 15, 2008)
Former Managing Director, BILD Newspaper Group

Notes

More detailed information about the composition of the Supervisory Board is included in the notes.

Management's proposed allocation of profits

At the annual shareholders' meeting, the Executive Board of ProSiebenSat.1 Media AG will recommend a dividend payment on common and preferred stock. Out of the distributable net profit of EUR 3.106 billion, the Board will propose to pay a dividend of EUR 1.23 per no-par common share and EUR 1.25 per no-par preferred share. This is equivalent to a total distribution of EUR 271.3 million, or a payout ratio of 99.5 percent of the year's underlying net income of ProSiebenSat.1 Media AG. Referred to the price of EUR 16.39 per preferred share on December 31, 2007, this is equivalent to a dividend yield of 7.63 percent.

Corporate Governance Report

Corporate governance refers to the way in which a company is managed and supervised. The German Corporate Governance Code has drawn upon nationally and internationally recognized standards for managing and overseeing companies listed on the stock exchange.

The Executive Board and Supervisory Board of ProSiebenSat.1 Media AG are staunch advocates of the German Corporate Governance Code. The Code's objectives are consistent with our own objective of reassuring investors, clients, employees and the public at large that their trust in us is well-deserved, and of constantly enhancing the performance of the ProSiebenSat.1 Group. The principal prerequisites here are transparent communications with the capital market, responsible corporate management and a well-developed compliance structure, as well as smooth cooperation between the Executive Board and the Supervisory Board. These essential requirements for good corporate governance are explained in further detail below.

Active, transparent communication with the capital market

We inform shareholders, investors and analysts comprehensively about material new development in operations and management, and generally make such new information available to media representatives and the public at large at the same time. In so doing, to take due account of the international interest generated in our company, we also release this information in English. To guarantee the greatest possible transparency and make sure that information is released promptly both in Germany and elsewhere, we particularly make use of the Internet as a communications channel.

We publish all relevant information about the Company's situation and major business developments on our Web site at www.prosiebensat1.com. Current stock price charts, analyses, annual reports, interim reports, and presentations are also available for download there at any time. The Corporate Governance section of the Web site offers an up-to-date overview of ProSiebenSat.1 Media AG's own implementation of the Corporate Governance Code, along with an archive of the management's Declarations of Compliance from past years and the Company's articles of incorporation. Special pages are also posted for the annual shareholders' meeting. Before the date of the Annual Shareholders´ Meeting, the invitation to the meeting notifies shareholders about the individual agenda items and the resolutions that the Executive Board and Supervisory Board will be submitting for approval. The comments of the CEO and the results of votes are also posted on the Company's Web site after the meeting.

Four times a year, as part of the Company's annual and quarterly financial reporting, management discusses the Company's business performance, its financial position and its current results of operations. The financial calendar announces the dates of these publications well in advance, along with other important dates such as the date of the annual shareholders' meeting. The calendar can be downloaded from our Web site, and is also published in our financial reports. All matters potentially relating to insider transactions are also publicized in ad hoc disclosures as they occur, and are made available immediately on our website. A list of all ad hoc press releases for a given year is available on the

Company's Web site in the "Annual Document" required under Section 10 of Germany's Securities Prospectus Act (Wertpapierprospektgesetz). As soon as they are received, ProSiebenSat.1 Media AG also publishes directors' dealings disclosures under Section 15a of the German Securities Trading Act (WpHG), and reports of equity holdings under Sections 21 and 25 of that Act.

ProSiebenSat.1 Media AG welcomes the implementation of the new European Transparency Directive as German law. It requires mandatory publications to be distributed via electronic media throughout Europe. For purposes of fair communication, the switch to electronic channels of publication as of the beginning of 2007 has facilitated access to corporate data, and ensures that all investors and interested parties in all countries are notified simultaneously.

Corporate management and compliance structure

Each year, the Executive Board and Supervisory Board issue a Declaration of Compliance in which they state that the recommendations of the current version of the German Corporate Governance Code have been adopted, and explain any exceptions. These Declarations of Compliance are kept permanently available to shareholders on the Company's Web site. The current Declaration of Compliance for fiscal year 2007 is included as part of this Corporate Governance Report. Once again this year, the Executive Board and Supervisory Board of ProSiebenSat.1 Media AG aimed to refine corporate governance procedures further, and to implement the terms of the Code in a value-enhancing way. The emphasis was on revising the compliance structure to better fit the new conditions within an internationally organized Group, and on training the responsible Company officers in the various countries where we operate.

The compliance officer is in charge of implementing the principles of corporate governance, monitoring compliance with the requirements of law, and documenting these processes. The officer's duties also include keeping up to date on changes in the laws, and tracking the relevant public discussions.

Cooperation between the Executive Board and Supervisory Board

The Executive Board and Supervisory Board work together closely for the Company's benefit. The Executive Board informs the Supervisory Board regularly, promptly and comprehensively on all relevant matters of strategy, planning, business performance, net assets, financial position and results of operations, and risk management. All transactions and decisions that are of fundamental importance to the Corporation are handled in close coordination with the Supervisory Board. Between meetings, the Executive Board also keeps the Supervisory Board informed about current projects and plans through detailed written reports. Efficient cooperation between these boards is governed by the Executive Board's by-laws. The requirements that these by-laws impose on the Executive Board conform to the requirements of the German Corporate Governance Code, and in particular include binding provisions regarding the Executive Board's obligations to inform and report to the Supervisory Board. The Executive Board's by-laws also specify that major business transactions are subject to the approval of the Supervisory Board. Further information on cooperation between the Executive Board and Supervisory Board is provided in the Report of the Supervisory Board.

Compensation of the Executive Board

↗ Legal environment

Details of the system of compensation including the stock options plan for members of the Executive Board at ProSiebenSat.1 Media AG are explained in the section on "Legal Environment" in the Management Report↗. Under a resolution of the 2006 annual shareholders' meeting, the Company is exempted from the statutory requirement to disclose the compensation of the individual members of the Executive Board. However, the Executive Board and the Supervisory Board have decided to voluntarily disclose the compensation paid by the Company to the individual members of the Executive Board last fiscal year. The following table gives an individualized breakdown of this compensation.

EUR k	Annual salary		Other compensation[5]	Total	Pensions	
	Fixed component	Bonus 2006 (paid in 2007)	Perquisites[2]		Accrued pension provision[3]	Annual payment 2007[4]
Guillaume de Posch	1,000	1,150	7	2,157	516	62
Lothar Lanz	690	690	10	1,390	1,108	126
Peter Christmann	650	575	8	1,233	239	47
Dr. Marcus Englert	350	350	8	708	48	9
Patrick Tillieux[1]	495	0	-	495	-	-
Total	**3,185**	**2,765**	**33**	**5,983**	**1,911**	**244**

(1) 6 month basis/member of the Executive Board since July 2007
(2) contains noncash benefits from use of company car, insurance, and relocation grants if the individual must relocate
(3) not including entitlements from the individual's own additional payments (at 12/31/2007)
(4) entitlement on retirement/disability not including entitlements from the individual's own additional payments (at 12/31/2007)
(5) additional one-time cash settlement for stock options in 2007 totaling EUR 8,999 k (Guillaume der Posch: EUR 3,442 k, Lothar Lanz: EUR 2,754 k, Peter Christmann: EUR 2,371 k, Dr. Marcus Englert: EUR 432 k)

Note: no new stock options have been issued in 2007

Compensation of the Supervisory Board

Details of the compensation of the Supervisory Board are provided in the section on "Legal Environment" in the Management Report. A list of the individual compensation paid to current and former members of the Supervisory Board during the 2007 appears in the Notes to the financial statements.

Legal environment
Notes

Directors' dealings in fiscal year 2007

During the year, management personnel and parties related to them reported to ProSiebenSat.1 Media AG, in compliance with Sec. 15a of the German Securities Trading Act (WpHG), the following transactions in Company stock or financial instruments relating to Company stock. The transactions were published on the Internet as soon as the reports were received.

Last name, first name	Reason for notice	Purchase/ Sale	Date/ Place	Units	Price	Total transaction
Christmann, Peter	Member of management	Sale	June 27, 2007, Xetra/Frankfurt	1,700	EUR 29.24	EUR 49,708.00
Lanz, Susanne	Related to management	Sale	June 29, 2007, Xetra/Frankfurt	750	EUR 29.42	EUR 22,065.78
De Posch, Guillaume	Member of management	Purchase	November 30, 2007, Xetra/Frankfurt	5,000	EUR 17.63	EUR 88,150.00
Wiedmann, Prof. Dr. Harald	Member of management	Purchase	November 30, 2007, Xetra/Frankfurt	2,500	EUR 18.45	EUR 46,125.00

Shareholdings of the Executive Board and Supervisory Board

As of December 31, 2007, members of the Executive Board held a total of 13,000 shares of preferred stock of ProSiebenSat.1 Media AG, and a total of 665,000 options under the ProSiebenSat.1 Media AG stock option plan (the Long-Term Incentive Plan), each of which options confers the right to purchase one share of preferred stock of ProSiebenSat.1 Media AG if the exercise conditions are satisfied.

As of December 31, 2007, members of the Supervisory Board held 2,500 shares of preferred stock of ProSiebenSat.1 Media AG.

Declaration of Compliance of the Executive Board and Supervisory Board of ProSiebenSat.1 Media AG in accordance of Section 161 of the German Stock Corporations Act (AktG)

The Executive Board and Supervisory Board declare that with the following exceptions, during fiscal year 2007 ProSiebenSat.1 Media AG complied, and continues to comply, with the recommendations of the Government Commission on the German Corporate Governance Code in the version of June 12, 2006, and, as of its date of validity, the version of June 14, 2007:

- The Executive Board decided that not all documents that were to be made available at the annual shareholders' meeting of the Company in July 2007 would be published on the Company's Web site as well (Item 2.3.1). Because of the volume of the documents and reports in connection with various inter-company agreements with subsidiaries, only the invitation to the annual shareholders' meeting and the Annual Report, including the documentation it contains regarding the annual financial statements, were made available on the Company's Web site. All documents made available at the shareholders' meeting were sent to the shareholders on request, promptly and at no charge.

- The Executive Board of the Company has not appointed a proxy to exercise the shareholders' voting rights as directed (Item 2.3.3). There is no need for such a proxy at present because of the current shareholder structure and the limited number of voting shareholders.

- The D&O insurance policies the Company has taken for the Executive Board and the Supervisory Board do not provide for a deductible (Item 3.8), since agreeing to a deductible would not materially reduce the insurance premiums. Furthermore, by virtue of their offices, the Executive Board and the Supervisory Board are already acting responsibly and in the Company's best interest. They do not regard a deductible as an effective way of enhancing board members' motivation or sense of responsibility.

- The stock option plan first approved at the annual shareholders' meeting in May 2005, as part of the authorization to acquire treasury stock, and most recently renewed by resolution of the meeting of July 2007, provides only for incentive targets relating to the trading price of the Company's stock. Additional comparison parameters relating to corporate key figures (Item 4.2.3) were not included, since due to the particular conditions of the German TV advertising market no comparable German or foreign companies can be identified.

- As in previous years, during fiscal 2007 there was no age limit for nominees proposed by the Supervisory Board for seats on that board (Item 5.4.1). However, the Supervisory Board has implemented an age limit of 70 years from 2008 onwards.

- Under an amendment made to the articles of incorporation under a resolution of the shareholders' meeting on July 17, 2007, members of the Supervisory Board will no longer receive a results-based component of their compensation, beginning with fiscal year 2007 (Item 5.4.7). The variable component of compensation, which lapses as of fiscal year 2007, will be replaced by a higher fixed compensation. The Company believes a fair fixed compensation is better suited to the function of the Supervisory Board, which is to provide oversight irrespective of profit to the Company.

- Because of the extensive accounting work to be done for the first consolidation of the SBS Group, which was acquired in July 2007, by exception to the Company's usual practice the semiannual report for 2007 and the report on the third quarter of 2007 were not released until after the time limits recommended in the Corporate Governance Code (Item 7.1.2). However, the releases did comply with the time limits required by law.

Subject to the exceptions stated above, ProSiebenSat.1 Media AG intends in the future to continue complying with the recommendations of the Government Commission on the German Corporate Governance Code in the version of June 14, 2007.

March 2008

The Executive Board and Supervisory Board of ProSiebenSat.1 Media AG

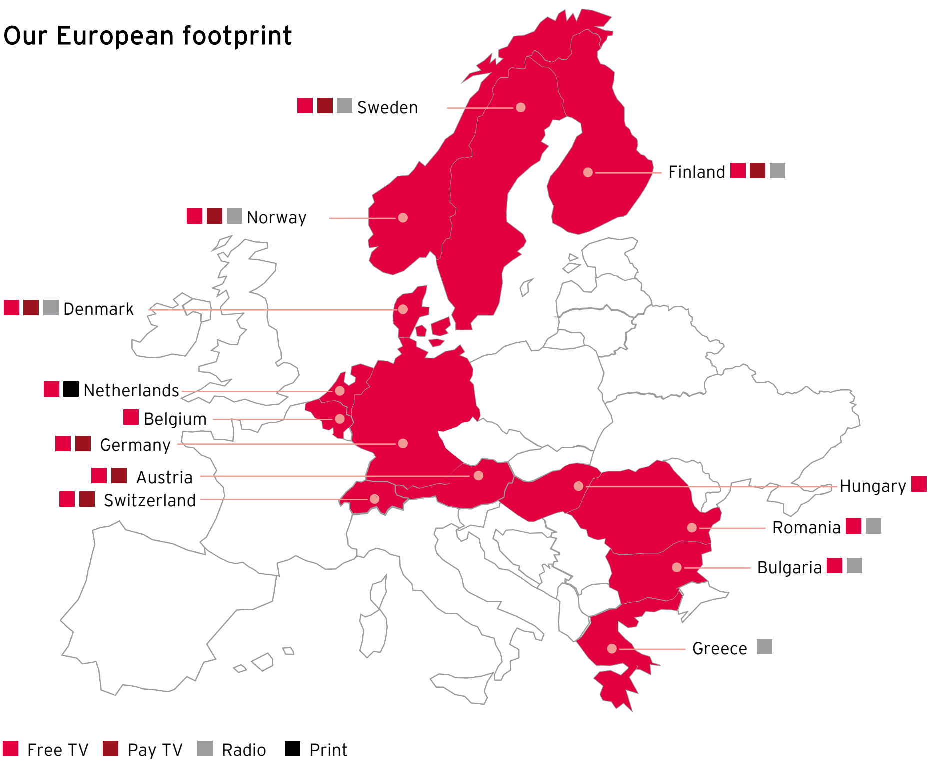
Overall assessment of the business situation

Fiscal 2007 was a success both operationally and strategically. Last year's acquisition of the SBS Broadcasting Group was the most important strategic step in our corporate history. It turned ProSiebenSat.1 from a national media group into a pan-European one. The ProSiebenSat.1 Group now operates in 13 European countries. As a European group, we can operate with significantly greater independence from the cyclic fluctuations of individual markets.

The acquisition of the SBS Broadcasting Group brought vigorous revenue growth. The welcome increase in revenues in the advertising-financed television business was driven primarily by the dynamism in the former SBS markets. At the same time, in fiscal 2007 the Group continued to pursue its diversification strategy, and generated additional growth from new lines of business on an international scale. However, the Group's profit performance was influenced by a variety of exceptional effects from the first consolidation of SBS and the financing of that transaction, as well as an antitrust fine.

Group Management Report

Our European footprint



Fiscal 2007 at a Glance

The Group

March

Lavena Holding 4 GmbH is new majority shareholder

On December 14, 2006, Lavena Holding 4 GmbH, a holding company controlled by funds advised by KKR and Permira, had signed a share purchase agreement with German Media Partners L.P. to acquire the majority interest in ProSiebenSat.1 Media AG. The sale is consummated on March 6. Because of the change in ownership structure, the membership of the Supervisory Board of the ProSiebenSat.1 Group also changes.

May

ProSiebenSat.1 Media AG wins declaratory judgment

ProSiebenSat.1 Media AG wins a victory in the declaratory judgment proceedings initiated after the merger of ProSieben Media AG and SAT.1 Holding GmbH to form today's Company. After the merger, several former preferred shareholders of ProSieben Media AG had applied to the court for a review of the exchange ratio, and to set a figure for an additional cash payment.

July

2007 Annual Meeting

This year's Annual Meeting of ProSiebenSat.1 Media AG is held in Munich on July 17. Management's proposed resolutions carry unanimously. Among other motions, the meeting approves the dividend proposal and the supplementary nominees for election to the Supervisory Board.

Patrick Tillieux is appointed to the Executive Board of ProSiebenSat.1 Media AG

On July 23, Patrick Tillieux, formerly acting Chief Executive Officer of the SBS Broadcasting Group, is appointed to the Executive Board of ProSiebenSat.1 Media AG. He joins the formerly four-member board, and as Chief Operating Officer is in charge of the new management segment for International TV, Radio, Print and Group Operations.

Patrick Tillieux, COO

August

Bond issue retired early

ProSiebenSat.1 Media AG retires all of a EUR 150 million bond issue early as of August 1. The bond, issued in May 2004, had a five-year maturity and a fixed yield of 6.25 percent.

September

New ProSiebenSat.1 Group intranet goes online

The ProSiebenSat.1 Group's new intranet goes online in September, with numerous new functions. The intranet relaunch represents an important step toward integrating ProSiebenSat.1 and SBS, and links up some 6,000 employees in 13 countries.

October

Proceedings before Federal Cartel Office end – New discount model introduced

Germany's Federal Cartel Office terminates its proceedings against the ProSiebenSat.1 Group and its marketing company, SevenOne Media, in return for payment of a fine. Immediately after the termination of the proceedings, SevenOne Media presents a new discount and fee model.

Acquisitions

February

ProSiebenSat.1 Group acquires stake in solute GmbH

Continuing its expansion on the Internet, the ProSiebenSat.1 Group acquires a majority interest in solute GmbH. solute operates billiger.de, one of Germany's leading price comparison portals on the Internet.

July

ProSiebenSat.1 Media AG acquires SBS Broadcasting Group

On June 27, 2007, ProSiebenSat.1 Media AG signs a share purchase agreement to acquire the SBS Broadcasting Group. The sale is consummated on July 3. The merger creates a leading pan-European media group, with 26 free TV stations, 24 pay TV channels, and 22 radio networks in 13 countries of northern, western and eastern Europe.

Our European footprint

Group acquires all of MyVideo

In July the ProSiebenSat.1 Group acquires more of Magic Internet Holding GmbH, increasing its interest to a full 100 percent of the company. Magic Internet Holding operates MyVideo, the largest German-speaking video community on the Internet.

Acquisition of Austrian free TV station PULS TV

In July the ProSiebenSat.1 Group acquires Austrian free TV station PULS TV. The complete acquisition of the Vienna metropolitan area station expands the Group's commitment in the free TV business in Austria.

August

Majority interest in wer-weiss-was.de

Continuing its expansion on the Internet, the ProSiebenSat.1 Group acquires a majority interest in the wer-weiss-was advice platform. This expert information service is Germany's leading portal for knowledge sharing on the Internet.

Free TV

July

The Voice overtakes MTV in Finland

Finnish music channel The Voice continues to expand its reach: as of July the station reaches more viewers than competitor MTV, making The Voice the most popular music channel in Finland.

August

forsa survey shows ProSieben the most popular station in the 14-to-49 demo

A forsa survey shows that ProSieben is indispensable for German viewers between the ages of 14 and 49. If they could get only one station, the majority of them would choose ProSieben.

Desperate Housewives

September

Free TV station FEM launched in Norway

New TV station FEM makes its debut in Norway in early September. It has a predominantly female target audience, and is the ProSiebenSat.1 Group's third free TV station in Norway, alongside TVNorge and The Voice.

December

N24 looks back on a successful year

N24 increases its advertising revenues significantly in fiscal 2007. With a 1.1 percent audience share, the news channel is well ahead of its principal competitor, n-tv, among the key demographic of 14 to 49 year old viewers. N24 also overtakes its Cologne competitor in gross advertising revenues.

Diversification

June

Sat.1 Comedy and kabel eins classics celebrate first anniversary

A year after their debut, the ProSiebenSat.1 Group's digital pay TV channels, Sat.1 Comedy and kabel eins classics, have become established successes in the market. Both channels went on the air on June 1, 2006, and by now the two have a reach of about one million subscribers.

September

Veronica Magazine sets a record

Veronica Magazine, a broadcast schedule periodical, expands its lead in the Dutch magazine market, earning a record 26.2 percent market share in the segment for schedule magazines in the third quarter.

October

ProSiebenSat.1 Group expands video-on-demand portal maxdome

The ProSiebenSat.1 Group acquires a new rights package from NBC Universal Television for its maxdome video-on-demand portal. The portal, launched in July 2006, has more than 10,000 titles and is Germany's largest online video library.

maxdome

SevenOne International begins marketing programs from former SBS stations

SevenOne International presents more than 50 new programs at the MIPCOM film and TV trade show in Cannes. For the first time, the ProSiebenSat.1 Group's programming sales company also represents films, shows and series from the Group's new European TV stations.

December

SevenOne Interactive is market leader with young target group

With 17.5 million unique users, SevenOne Interactive ranks third among Germany's online marketers (AGOF/internet facts 2007-III). Within the young key demographic, ProSiebenSat.1 is in first place.

The ProSiebenSat.1 Group

ProSiebenSat.1 Media AG acquires SBS Broadcasting Group:

Launch of a pan-European TV corporation

The perfect fit

In June 2007, ProSiebenSat.1 Media AG acquired all of the SBS Broadcasting Group. The share purchase agreement was signed on June 27 and was consummated on July 3. Since then, the Group has been a presence in 13 European countries. In addition to its previous activities in Germany, Austria and Switzerland, the Corporation now also operates in Belgium, Bulgaria, Denmark, Finland, Greece, the Netherlands, Norway, Romania, Sweden and Hungary. SBS is a perfect fit for ProSiebenSat.1 not just geographically, but also in terms of corporate culture and strategic focus.

Reporting structure adapted to new operations

Explanations of reporting structure

Since July 2007, the SBS Broadcasting Group is included in the ProSiebenSat.1 Group's consolidated financial statements. As part of the first consolidation of SBS, the ProSiebenSat.1 Group has also restructured its segments. In addition to segments for Free TV in German-speaking Europe and Free TV International, a Diversification segment has been set up. In simplified terms, the new reporting structure looks as follows:

- The four German stations Sat.1, ProSieben, kabel eins and N24 have been consolidated into the Free TV in German-speaking Europe segment. This segment also includes the Sat.1 regional companies, the marketing company SevenOne Media, and the Group's subsidiaries in Austria and Switzerland.
- The Free TV International segment includes advertising-financed TV channels in The Netherlands, Belgium, Denmark, Finland, Norway, Sweden, Romania, Bulgaria and Hungary.
- The Diversification segment includes all subsidiaries that rely indirectly or not at all on conventional TV advertising to generate their revenues. The Group's diversification activities range from transaction TV, pay TV, multimedia, the Internet, merchandising and radio to related print products.

Expansion of the Executive Board

After the transaction was consummated, the structure of the Executive Board was expanded to fit the larger Group. On July 23, Patrick Tillieux, formerly acting Chief Executive Officer of the SBS Broadcasting Group, was appointed to the Executive Board of ProSiebenSat.1 Media AG. He joins the formerly four-member board chaired by Guillaume de Posch, and as Chief Operating Officer will be in charge of the new management segment for International TV, Radio, Print and Group Operations. As CEO, Guillaume de Posch will be in charge of the Group Content, German TV and Corporate areas. Lothar Lanz, as Chief Financial Officer, will be in charge of Group Controlling, Finance/Investor Relations, Legal Affairs, Human Resources, Regulatory Affairs and Administration. As the board member in charge of Sales & Marketing, Peter Christmann is responsible for sales in Germany, Austria and Switzerland, and also for International Sales. The board member for New Media, Dr. Marcus Englert, is in charge of New Media & Diversification, Transaction TV and Business Development. This expanded management structure will provide an organizational basis for the rapid integration of the two groups, and for implementing strategic objectives.

Strategic focus

Positioning as a "content powerhouse" in Europe

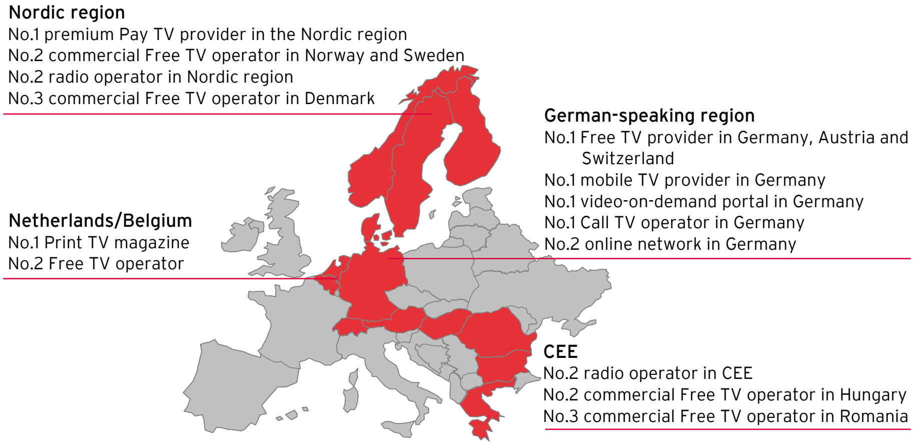
By focusing on its core competences, the Group is concentrating on enhancing its profitability and consolidating its strong market positions. The Group quickly went to work solidifying its new position as a pan-European TV corporation, and has adapted its strategy to its expanded growth opportunities. The strategy has three aims:

- **Strengthening the core business in free TV – Concentration on the core competence content**
  The ProSiebenSat.1 Group is Europe's only genuine family of broadcasting channels. The Group gains advantages from its stations' complementary programming and the broad bandwidth of their target audiences. Expanding the core business in free TV is the most important strategic objective. This strategy is based on attractive content.
- **Diversifying and expanding in new media**
  Attractive content and strong brands in TV are also foundational for expanding the value chain and diversifying sources of revenue. The Group's motto, "The power of television," continues to represent an agenda for the future. First-class entertainment and up-to-the-minute information – whenever the consumer wants them, and wherever the consumer goes. Putting content and brands to work in multiple ways gives the Group additional leverage on its resources, and to earn additional revenue.
- **Creating a leading technological platform**
  In the past few months, the Group has reviewed a variety of options for setting up the European Group so that it can make use of the latest technological platform. Innovative broadcasting techniques enhance the free TV stations' performance while also giving the Group an additional competitive lead. The goal is to make N24 Europe's most up-to-date news station, and to establish it as a multimedia news brand. For that purpose, N24 is to be founded on an entirely new technical platform in which TV and multimedia are even more strongly integrated than before.

Business activities and market position

Strong brands across the European footprint

The ProSiebenSat.1 Group is a leading pan-European media corporation. The Group operates 26 free TV stations, 24 pay TV channels and 22 radio networks in 13 European countries. The corporation's core business is free TV, financed through advertising. Its TV programming reaches more than 200 million viewers. In addition to classic distribution channels, the ProSiebenSat.1 Group also relies on innovative technologies and new media.



Its station brands Sat.1, ProSieben, kabel eins and N24 make it the largest commercial free TV corporation in Germany. The Group also has strong market positions in free TV in its other countries: in The Netherlands with Veronica, Net 5 and SBS 6, in Belgium with VT4 and VIJFtv, in Sweden with Kanal 5 and Kanal 9, in Norway with TV Norge, FEM and The Voice TV, in Finland with The Voice TV, in Denmark with Kanal 4, Kanal 5, SBS Net and The Voice TV, in Hungary with TV2, in Bulgaria with The Voice TV, and in Romania with Prima TV and Kiss TV. Its C More/Canal+ service has made ProSiebenSat.1 the market leader in premium pay TV in northern Europe. The company also operates one of Europe's largest radio networks. In ProSiebenSat.1 Networld, the Group offers Germany's second-largest online network. maxdome, Germany's largest video-on-demand portal, as well as interests in innovative Internet services like MyVideo and lokalisten, are among the activities with which the Group has increasingly been diversifying its sources of revenue.

The Group's activities are pooled under ProSiebenSat.1 Media AG. The Company, which is listed on the MDAX, is headquartered in the Munich suburb of Unterföhring. The ProSiebenSat.1 Group has some 6,000 employees throughout Europe.

Management System and Oversight Functions

Management functions, legal and organizational structure of the Group

ProSiebenSat.1 Media AG is a German stock corporation, an Aktiengesellschaft. German corporate law prescribes a dual management system, with a clear separation between the managing body and the supervisory body. The Company's managing body is its Executive Board, which is overseen and advised by the Supervisory Board. The basic rules for managing ProSiebenSat.1 Media AG are set forth in its articles of incorporation. In fiscal 2007, the Executive Board had four members initially, and later five. Under the articles of incorporation, the Supervisory Board has 15 members. A responsible corporate governance policy for the creation of long-term value is basic to the Company's business politics. At ProSiebenSat.1 corporate governance stands for openness and transparency, concern for shareholder interests, and efficient cooperation between the Executive Board and Supervisory Board.

Corporate Governance Report

Think locally, act globally

Think locally, act globally:
Effective organizational structures thanks to "companies within the Company"

The pan-European media group, headquartered in the Munich suburb of Unterföhring, is managed centrally. As the Group's ultimate parent company, ProSiebenSat.1 Media AG centrally manages key functions that affect multiple segments, such as programming acquisitions, accounting, controlling, corporate planning, human resources, finance, investor relations, legal affairs and corporate communications. At the same time, the individual subsidiaries in their various countries have a large degree of autonomy. With this arrangement, decisions can be made quickly, and the subsidiaries can respond flexibly to the needs of their target audiences and markets. As part of the integration process, a holding company was set up during fiscal 2007 for the German-language free TV activities. German Free TV Holding GmbH pools the companies that run free TV activities in Germany, Austria and Switzerland as a parallel to the international holding company. This includes not only the stations ProSieben, Sat.1, kabel eins and N24 in Germany, which were previously held directly by ProSiebenSat.1 Media AG, but also SAT.1 Privatrundfunk und Programmgesellschaft mbH Österreich and SAT.1 Schweiz AG. The list of shareholdings in the Notes to the Financial Statements provides further information about company locations and the Group's organizational structure.

Notes

The internal management system

Management by objectives: A goal-oriented management system

The staff and management of the ProSiebenSat.1 Group are managed under the principle of management by objectives. It is for this purpose that the TOP Goals system was developed. It puts higher-level corporate objectives into more specific terms for both staff and management by breaking targets down systematically into segment, department and individual goals. Stating, agreeing on and monitoring annual goals is a way of making sure that all employees actively participate in implementing the Group's strategic objectives. It is a way of anchoring goal-oriented action within the various segments and departments. Resources are used as efficiently as possible. At the same time, it provides a channel for specific, continuous feedback. The TOP Goal system ties in with a special performance-based bonus plan. This incentive system ensures performance-oriented compensation based on objective measurement criteria, since the size of the bonus depends on how well the individual achieves the specified goals. Employees' sharing in the Company's profits is based on the achievement of the corporate target, which is calculated on the basis of recurring EBITDA margin. The compensation of the Executive Board members is also based on a results-oriented bonus model, and has both fixed and variable components.

Definition in chapter "Management by key indicators"
Principles of compensation of the Executive and Supervisory Boards

Management by key indicators

Corporate financial management parameters

The ProSiebenSat.1 Group is managed and operated using a management system based on key performance indicators. The central financial management parameters in the Group-wide controlling and planning system are EBITDA prior to exceptional effects ("recurring" EBITDA), recurring EBITDA margin, and free cash flow.

- **Recurring EBITDA** stands for EBITDA – earnings before interest, taxes, depreciation and amortization – after adjustment for non-recurring items. The **recurring EBITDA margin** is the ratio between recurring EBITDA and revenues. These key figures make possible a meaningful evaluation of operating performance, and simplify international comparisons of companies' profitability, since they exclude national taxes and the effects of depreciation and amortization.
- The ProSiebenSat.1 Group defines **free cash flow** as the net sum of cash flow from operating activities and cash flow from investing activities. Free cash flow shows the surplus cash generated during a period, and can be interpreted as a financial surplus that is available to service equity and borrowings.

Non-financial performance indicators

Additionally, the ProSiebenSat.1 Group has defined performance indicators that cannot be measured directly in financial terms. These non-financial management parameters include:

High importance of non-financial performance indicators

- **Leading brands, programming quality and audience loyalty:** Strong, internationally known brands and attractive programming content are critical to the ProSiebenSat.1 Group's success. One of the most important non-financial management parameters in this connection is the TV stations' audience figures. The audience shares and reaches of stations in Germany are determined daily by AGF/GfK-Fernsehforschung, the leading TV research system, by measuring viewing patterns among a representative panel of viewers. At the same time, audience ratings serve to document programs' performance for the advertising industry. The performance of pay TV services, video on demand, and print operations is documented by the number of subscribers or readers. For the online business, the key parameters are page impressions, unique users, and visits.

With our programming portfolio we reach 200 million viewers in Europe

Programming

- **Good corporate governance thanks to shared values and goals:** As a media corporation, we are subject to special laws, regulations and high journalistic standards, especially in our TV and radio operations. The ProSiebenSat.1 Group has summarized its goals and its own sense of itself in short, pithy principles, taking account not only of laws and regulations, but ethical and social rules as well. The corporate mission statement was taken as a basis to lay down management guidelines that describe the Group's most important shared values and aspects of conduct. Through binding guidelines and management principles, we intend to ensure that staff and management behave ethically and in compliance with the law, both toward one another and toward the public. As part of the process of integrating the ProSiebenSat.1 Group with SBS, plans call for introducing a Group-wide compliance system.
- **Motivated, high-performance employees:** With their innovative imaginations, creativity and commitment, our employees make an indispensable contribution to the ProSiebenSat.1 Group's success. The Group believes it is essential to retain well-qualified employees as long as possible. For that reason, important management parameters in human resources include average time with the Company and staff turnover.

Employees

- **Reputation:** The ProSiebenSat.1 Group sets itself high standards for transparency that not only guide its employees' conduct, but influence public opinion and our relations with our customers. A transparent style of communication also strengthens the capital market's confidence in the corporation and in ProSiebenSat.1 stock. The Group's financial reporting and investor relations work won a number of prizes once again in fiscal 2007. All the same, ProSiebenSat.1 stock was unable to escape the effects of the subprime crisis on the capital markets, and the associated uncertainties about the economic outlook for the future.

The ProSiebenSat.1 share

A coordinated planning and management system

Planning and management are closely interrelated. The ProSiebenSat.1 Group's planning is based on the Group's strategic and operating objectives. Profitability planning includes the long-term corporate plan (five-year plan), operating plans (budgeting) and budget updates during the year (forecasting). Monthly earnings projections present and analyze the expected development of revenues and earnings for the year as a whole in comparison to the budget or forecast, as the case may be. Any potential risks are reported by the decentralized risk managers to the Executive Board as part of the monthly reporting process. These reports provide additional management tools, since they help management take quick action to avert any negative changes. This systematically coordinated and clearly scheduled sequence of steps ensures continuity in the planning process – a matter of fundamental importance for effective management of the defined target figures, but also for the Group-wide detection of risks and opportunities.

Risk Report

Principles of compensation of the Executive and Supervisory Boards

Compensation of the Executive Board

In addition to their functions as directors and officers of the company, the members of the Executive Board of ProSiebenSat.1 Media AG also have contractual relationships with the company. The Supervisory Board, which is in charge of agreements with members of the Executive Board, has delegated this responsibility to its Presiding Committee. The employment agreements between ProSiebenSat.1 Media AG and the members of its Executive Board have a maximum term of five years. These contracts establish the Board members' rights and duties, including their compensation.

ProSiebenSat.1 Media AG's compensation system for the members of the Executive Board includes both fixed and variable components. It is set up in such a way that the compensation paid to each Board member is appropriate to their own area of work and responsibility, and is also competitive compared to the compensation paid to senior executives of other national or international companies. It is based on the recommendations of the German Corporate Governance Code regarding results-based compensation, and is designed to ensure that the Company will remain competitive, by providing appropriate incentives and motivation for top-quality international executives.

Last fiscal year, the compensation paid by ProSiebenSat.1 Media AG to the members of its Executive Board had the following components:

- Under their employment contracts, all Executive Board members receive a fixed base salary, paid monthly, that is determined with reference to the individual member's area of responsibilities.
- In addition to this base component, each member also receives a performance-based variable component in the form of an annual bonus. The specific terms of this annual bonus vary among the contracts of the individual board members. Its amount is decided in part by the Supervisory Board, and in part depends on the achievement of predefined performance targets.
- Additionally, the members of the Executive Board participate in the ProSiebenSat.1 Media AG stock option plan introduced in 2005 (the "Long-Term Incentive Plan"), which establishes an additional pay component based on the Company's long-term results, as a way of enhancing shareholder value. All stock options issued in 2005, which could not have been exercised until May 2007 (because of the change of control last fiscal year resulting from the advent of a new majority shareholder), were redeemed in advance by the Company in return for payment of the cash value of the option. As of December 31, 2007, the current members of the Executive Board still held a total of 665,000 stock options, all of which were issued in 2006 and entitle the holder to purchase one share of preferred stock. Provided the other prerequisites for their exercise are met, the options still cannot be exercised until August 2008 at the earliest. No new stock options were issued in 2007 under the Long-Term Incentive Plan.

- Additionally, the Company has signed pension agreements with most members of the Executive Board.
- Finally, the members of the Executive Board receive other compensation in the form of noncash perquisites, including company cars, insurance coverage, and coverage of relocation expenses if they must relocate.

The Company has extended neither loans nor guaranties or warranties to the members of the Executive Board. The total compensation paid to members of the Executive Board, broken down by fixed and variable components, is reported in the Notes to the financial statements, along with further details of the ProSiebenSat.1 Media AG stock option plan.

A resolution of the shareholders' meeting on August 2, 2006, exempted the Company for a term of five years from the statutory obligation to disclose the compensation of the individual members of the Executive Board in the parent-company and consolidated financial statements, on the basis of the information specified in Section 285 No. 9 a) Sentences 5 through 9 and Section 314 (1) No. 6 a) Sentences 5 through 9 of the German Commercial Code (HGB). However, this resolution of the shareholders' meeting poses no obstacle to the voluntary disclosure of individual Board members' compensation otherwise. The Executive Board and Supervisory Board have decided to exercise this option of voluntary disclosure in the compensation report for 2007, which is included in the Corporate Governance Report of the Executive Board and Supervisory Board. That report therefore states figures for the compensation paid to individual members of the Company's Executive Board for the past fiscal year.

Corporate Governance Report

Compensation of the Supervisory Board

The compensation of the Supervisory Board of ProSiebenSat.1 Media AG is laid down in the Company's articles of incorporation, and was revised by a resolution of the annual shareholders' meeting on July 17, 2007. Under the new rules, the members of the Supervisory Board will receive only a fixed base compensation, which has been increased over the previous fixed compensation. At the same time, whereas the old rules provided for a variable component that depended on the amount of the dividend, this component has been eliminated. The Chairman and Vice-Chairman of the Supervisory Board each receive twice the amount of the fixed base compensation. As before, members of the Supervisory Board's committees are compensated with a separate meeting honorarium, payable for participating at each committee meeting. Committee chairs receive twice the standard meeting honorarium.

The new compensation rules applied for the first time to the full 2007 fiscal year. The variable component payable under the old rules for the previous fiscal year, 2006, which was linked to the dividend resolved for fiscal 2006 by the shareholders' meeting held on July 17, 2007, was paid for the last time following that shareholders' meeting. A list of the individual compensation paid to current and former members of the Supervisory Board last fiscal year appears in the Notes to the financial statements.

Notes

Legal Environment

Composition of share capital

The share capital of ProSiebenSat.1 Media AG comes to EUR 218,797,200 and is divided into 109,398,600 no-par registered shares of common stock and 109,398,600 no-par bearer shares of non-voting preferred stock. There are no shares that carry special rights and confer control.

Each no-par share has a notional value of EUR 1.00 of the share capital. Thus all shares of common stock combined, and all shares of preferred stock combined, each total a notional value of EUR 109,398,600.00 of the share capital, or 50 percent of the share capital each. Only shares of common stock carry voting rights. Each share of common stock confers one vote at the shareholders' meeting. Otherwise no special rights are associated with these common shares.

Except as mandatorily prescribed by law, shares of preferred stock do not carry voting rights. Under Article 19 of the articles of incorporation of ProSiebenSat.1 Media AG, these shares are given preferential treatment in the distribution of profits, receiving a priority payment of EUR 0.02 per share more from the annual distributable net profit than do common shares, and no less than EUR 0.02 per share in any case. If the distributable net profit for one or more fiscal years is not sufficient to cover this priority payment, the deficiencies are made up retrospectively, without interest, out of the distributable net profit from the subsequent fiscal year. This make-up payment must be made before other shares of profits are distributed to preferred stock or common stock for the new fiscal year. Preferred shares of ProSiebenSat.1 Media AG are listed for trading in the regulated Prime Standard segment of the Frankfurt Stock Exchange. The Company must meet additional follow-up obligations to maintain this listing. Common shares are not listed.

Restrictions on transfer of stock

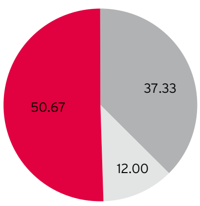
Under Article 5 (4) of the articles of incorporation, the registered common shares of ProSiebenSat.1 Media AG stock may be transferred only with the company's consent, which is to be decided upon by the Executive Board. The Board must give that consent unless the transfer would establish a stake in the Company that would exceed the bounds prescribed by media regulations. There are no consent requirements for transfers of the bearer shares of non-voting preferred stock.

Ownership structure

Since March 2007, the majority shareholder of ProSiebenSat.1 Media AG has been Lavena Holding 4 GmbH. Lavena Holding 4 GmbH is a holding company controlled by funds advised by Kohlberg Kravis Roberts & Co. L.P. (KKR) and Permira Beteiligungsberatung GmbH (Permira) respectively. As of December 31, 2007, it held 88.0 percent of the Company's voting common stock and approximately 13.3 percent of the nonvoting preferred stock, after adjustment for other equity interests. This holding is equivalent to approximately 50.7 percent of the Company's share capital, likewise after adjustment for other equity interests. In addition, again after adjustment for other equity interests, at December 31, 2007, Axel Springer AG held a significant interest in ProSiebenSat.1 AG, with 12.0 percent of both the common stock and preferred stock. The remaining roughly 74.7 percent of the preferred stock, equivalent to approximately 37.3 percent of the share capital, is in free float.

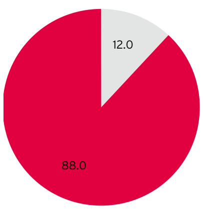
Subsequent Events

Split of capital stock
In percent

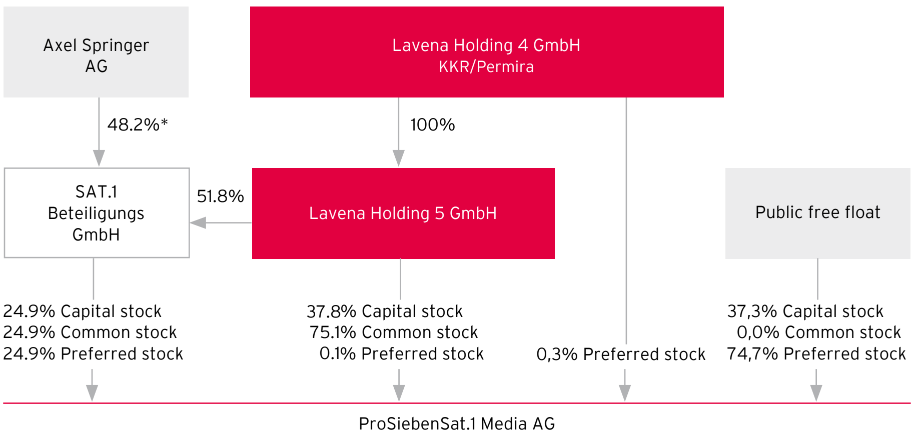


Public free float
Axel Springer AG
Lavena Holding 4 GmbH

Split of common stock
In percent



Axel Springer AG
Lavena Holding 4 GmbH



* indirect

In December 2007, Axel Springer AG announced that it would sell its stake in ProSiebenSat.1 Media AG. Further information appears in the Report of Subsequent Events.

Change of majority shareholder
Last fiscal year, the Company changed majority shareholders. On March 6, 2007, under a share purchase agreement signed on December 14, 2006, with the former majority

shareholder, German Media Partners L.P., Lavena Holding 4 GmbH indirectly acquired an interest of 88.0 percent of the voting common stock and about 13.0 percent of nonvoting preferred stock of ProSiebenSat.1 AG (after adjustment for other equity interests). This is equivalent to some 50.5 percent of the share capital of ProSiebenSat.1 Media AG, likewise after adjustment for other equity interests.

Under a public tender offer to ProSiebenSat.1 Media AG shareholders that was published on January 30, 2007, and ended upon expiration of the extended acceptance period on April 10, 2007, Lavena Holding 4 GmbH had acquired another roughly 0.3 percent of nonvoting preferred stock. This purchase increased its total holding of the share capital of ProSiebenSat.1 Media AG to 50.7 percent, after adjustment for other equity interests.

Lavena Holding 4 GmbH then restructured the indirect holding it had acquired through the share purchase agreement mentioned above, by replacing the intermediate companies it had taken over from German Media Partners L.P. with Lavena Holding 5 GmbH, a new wholly-owned subsidiary of Lavena Holding 4 GmbH. As of December 31, 2007, Lavena Holding 5 GmbH directly held some 75.1 percent of the common stock and 0.1 percent of the preferred stock of ProSiebenSat.1 Media AG. In addition, after adjustment for other equity interests, Lavena Holding 5 GmbH indirectly held 12.9 percent of both the common stock and preferred stock through SAT.1 Beteiligungs GmbH, a joint venture in which Axel Springer AG also indirectly held an interest.

Report on Relations with Affiliated Companies

In compliance with Section 312 of the German Stock Corporations Act (AktG), ProSiebenSat.1 Media AG has prepared a report on its relationships with affiliated companies in fiscal 2007, which concludes with the following statement by the Executive Board:

In the year under review, ProSiebenSat.1 Media AG did not engage in any legal transactions with third parties at the direction of or in the interest of Lavena 1 S.à r.l., the indirect holder of Lavena Holding 4 GmbH, or its affiliated companies. No actions subject to reporting under Section 312 AktG were either performed or omitted.

For every legal transaction entered into between ProSiebenSat.1 Media AG and its subsidiaries during the year under review, ProSiebenSat.1 Media AG contractually promised appropriate compensation within the meaning of Section 312 AktG and received performance in return for such compensation insofar as performance was due during the year under review.

Information under Sections 315 (4) of the German Commercial Code and Explanations under Sections 120 (3) and 175 (2) of the German Stock Corporations Act

The voting stock issued by ProSiebenSat.1 Media AG is not traded on an organized market within the meaning of Section 2 (7) of the German Securities Trading Act (WpÜG). Only bearer shares of the Company's nonvoting preferred stock are listed for trading, in the regulated Prime Standard segment of the Frankfurt Stock Exchange. The Company must meet additional follow-up obligations to maintain this listing. The registered shares of the voting common stock of ProSiebenSat.1 Media AG are not listed for trading on any stock exchange. Therefore there is no requirement for the parent-company or consolidated management reports of ProSiebenSat.1 Media to provide information under Sections 289 (4) and 315 (4) of the German Commercial Code, or for the Executive Board to provide a report explaining this information, pursuant to Sections 120 (3) and 175 (2) of the German Stock Corporations Act.

Business climate

Overall economic environment

Throughout the enlarged EU (EU27) and the Euro zone (EU 13), the economy got off to a robust start. Strained by the global crisis in the financial market, rising prices for oil and an increase in consumer prices, industrialized economies have developed somewhat less dynamically towards the end of 2007. Following a weaker second quarter, GDP rates in the third quarter grew by 0.8 percent in both regions compared to previous year figures. In the last quarter, rates were declining once again. According to estimates from the Statistical Office of the European Communities (Eurostat), growth rates for the fourth quarter will reach 0.5 percent in the EU27 and 0.4 percent in the EU13. Consequently, the estimated growth rates for 2007 are 2.9 percent in the EU27 and 2.7 percent in the Euro Zone (EU13).

According to initial preliminary calculations from Germany's Federal Statistical Office, the German economy grew again vigorously in 2007, with a gain of 2.5 percent in real terms (2006: 2.9 percent). Growth was driven primarily by export markets and capital expenditures. Consumer spending was slack. Despite encouraging growth in the job market and income, spending was down 0.3 percent in real terms against the previous year. The increase in the value-added tax took its toll in the first half, while rising consumer prices in the second half – especially for energy and food – adversely affected consumer sentiment. It was only thanks to increased government expenditures that consumer spending ultimately contributed a total of 0.2 percentage points to GDP growth.

The industry environment

The most critical factor for the ProSiebenSat.1 Group is the degree to which the growth of the economy as a whole will affect the TV advertising market and the Group's core business in advertising-financed TV. Growth in advertising spends for TV was thoroughly positive in the ProSiebenSat.1 Group's new markets during 2007. It ranged from relatively modest increases in such markets as Denmark, with gains of about 3 percent net, to explosive growth in markets like Romania, with more than 40 percent net. The Netherlands recorded net growth of about 8 percent. Gross growth in Belgium was 8 percent. Norway also grew dynamically, with just under 9 percent gross.

With gross advertising spends totaling EUR 8.7 billion in 2007, German TV stations' bookings were up 5.2 percent from a year earlier. The main contributors to growth in the TV market were the retail and shipping sector (+17.2 percent), finance (+13.4 percent) and tourism (+11.3 percent). With a share of 43.5 percent of the German TV advertising market, the ProSiebenSat.1 Group again expanded its lead (2006: 43.0 percent). SevenOne Media, the Group's TV advertising time marketer, generated gross revenues of EUR 3,798 million for the Group's stations in 2007. The stations marketed by IP Deutschland – RTL, Vox, Super RTL and n-tv – generated EUR 3,247 million for the period, a decline of 1.1 percentage points in advertising market share, to 37.2 percent. The share of RTL2 marketer El Cartel was also down compared to a year earlier, to 5.4 percent or EUR 475.0 million (comparable period of 2006: 5.5 percent).

Segment Report

More information about the Group's competitive position is available on page 25, while the Segment Report includes information on changes in audience share.

Earnings, Financial Position and Net Worth

- SBS CONSOLIDATION PRODUCES SURGE IN REVENUES AND EARNINGS
- INTERNATIONAL BUSINESS GROWS VIGOROUSLY
- GOOD OPERATIONAL PERFORMANCE IN GERMAN-SPEAKING REGION

Notes on the reporting approach

This Management Report reflects the Group's new segment structure. Since July the SBS Broadcasting Group is included in the ProSiebenSat.1 Group's consolidated financial statements. The figures for fiscal 2007 include SBS's acquired business for the period from July 3 through December 31. Since SBS was not a part of the ProSiebenSat.1 Group in fiscal 2006, these figures are not included in the prior-year amounts presented for comparison, unless noted otherwise.

Because of the planned sale of ProSiebenSat.1 Produktion, the ProSiebenSat.1 Group recognizes this subsidiary's business as discontinued operations in its consolidated income statement. Prior-year figures will be adjusted. Explanations of discontinued operations pursuant to IFRS 5 are provided in Note 34 to the financial statements.

Business units and segments of the new ProSiebenSat.1 Group

Business Unit	**Free TV**		**Diversification**
Segment	Free TV German-speaking region	Free TV International	Diversification
Region	▪ Germany/Austria/Switzerland	▪ Netherlands/Belgium ▪ Nordic ▪ CEE	▪ Germany/Austria/Switzerland ▪ Netherlands/Belgium ▪ Nordic ▪ CEE
contains: brands/ business activities	▪ Sat.1 ▪ ProSieben ▪ kabel eins ▪ N24 ▪ PULS TV ▪ SevenOne Media	▪ SBS 6 ▪ Net 5 ▪ Veronica ▪ Kanal 5 (DK) ▪ Kanal 5 (SWE) ▪ Kanal 4 ▪ The Voice TV ▪ SBS NET ▪ TVNORGE ▪ FEM ▪ Kanal 9 ▪ VT4 ▪ VIJFtv ▪ TV2 ▪ Prima TV ▪ Kiss TV	Pay TV ▪ CMore/Canal+ ▪ SevenSenses Transaction TV ▪ 9Live ▪ 9Live International ▪ Online ▪ Multimedia ▪ Radio ▪ Print ▪ Merchandising/Licensing ▪ Music ▪ SevenOne International

Main legal entities/activities

Development of revenues and earnings

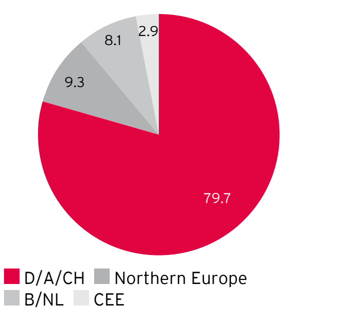
First consolidation of SBS yields vigorous revenue growth

The ProSiebenSat.1 Group's consolidated revenues outperformed the prior year by 29.0 percent, to reach EUR 2.703 billion. Most of the revenue increase of EUR 607.4 million came from the first consolidation of SBS. SBS contributed EUR 547.0 million to consolidated revenues. Without SBS revenues were up by 2.9 percent.

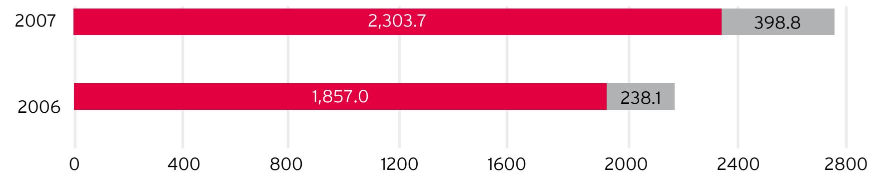
All segments' fiscal 2007 revenues were up compared to the prior year. The Free TV International and Diversification segments made an especially dynamic showing. Revenues for the two segments in advertising-financed television totaled EUR 2.304 billion, compared to EUR 1.857 billion in fiscal 2006. In all, the Group thus generated 85.2 percent (2006: 88.6 percent) of its revenues from its core business in free TV. The contribution to revenues from the Diversification segment – which now also includes radio and print activities since the SBS acquisition – grew EUR 160.7 million, to EUR 398.8 million, equivalent to a 14.8 percent share of total revenues – up from 11.4 percent for the prior year. German-speaking Europe is the Group's strongest revenue-generating region, at 79.7 percent, followed by northern Europe, at 9.3 percent, and the Netherlands and Belgium, at 8.1 percent. Without the SBS Broadcasting Group, the ProSiebenSat.1 Group generated its prior-year revenues entirely in Germany, Austria and Switzerland.

Segment Report
Business climate

Revenues 2007 by region
In percent



Revenues by business units
In EUR m



Higher operating costs due to SBS consolidation and one-off charge

Operating expenses, consisting of cost of sales, selling expenses and administrative expenses, rose significantly in fiscal 2007. The EUR 670.6 million increase in operating expenses, to EUR 2.335 billion, resulted in part from the EUR 436.1 million that came from the first consolidation of SBS. Also as a consequence of the consolidation, the Group must now take impairment charges on the SBS purchase price allocation. These came to EUR 75.5 million for 2007. The total acquisition-based depreciation and amortization recognized in the cost of sales and selling expenses rose significantly, by EUR 76.2 million, to a total of EUR 82.8 million. The following table shows the breakdown of write-downs for purchase price allocations:

PPA amortization ProSiebenSat.1 Group
In EUR m

	2007	2006
Cost of sales	6.4	-/-
Selling expenses	76.4	6.6
	82.8	6.6

SBS Broadcasting Group

Transaction totaled	3.3 EUR bn
PPA amortization SBS	75,5 EUR m
Goodwill (fair value)	2,4 EUR bn
Intangible assets (Step up Fair Value)	884 EUR bn

Administrative expenses increased also because of a one-time expense of EUR 120.0 million resulting from a non-tax-deductible fine imposed by Germany's Federal Cartel Office. The fine will be paid after the reporting period. The first of two installments was paid early in 2008.

The consolidation of SBS raised consumption of programming assets to EUR 1.135 billion, compared to EUR 946.7 million the year before

Non-recurring factors affect results of operations; recurring EBITDA climbs vigorously

EBITDA increased 8.0 percent, to EUR 521.3 million (2006: EUR 482.9 million). The positive effects of the first consolidation of SBS were partly offset by the EUR 120.0 million Federal Cartel Office fine. This factor also explains why the EBITDA margin declined to 19.3 percent from the prior year's 23.0 percent. After deductions for non-recurring factors, adjusted (recurring) EBITDA rose to EUR 661.9 million, exceeding the prior-year figure by 36.3 percent (2006: EUR 485.6 million). The recurring EBITDA margin increased to 24.5 percent (2006: EUR 23.2 percent).

The net interest expense was EUR –115.7 million. The EUR 72.8 million expansion of the figure came primarily from higher interest expense resulting from the financing for the SBS acquisition. Interest expense rose EUR 96.6 million, to EUR 143.8 million. Only part of this increase was offset by lower other financing expenses and by interest income from the termination of interest-rate swaps. As a result, the financial result declined from EUR –57.5 million to EUR –135.5 million. The pre-tax result for the period decreased accordingly by EUR 136.5 million, to EUR 248.8 million.

Reconciliation of recurring EBITDA
In EUR m

	2007	2006
Pre-tax profit	248.8	385.3
Financial income	135.5	**57.5**
Operating result	384.3	442.8
Depreciation and amortization	137.0	40.1
(thereof PPA)	(82.8)	(6.6)
EBITDA	521.3	482.9
Fine from the Federal Cartel Office	120.0	-/-
Other non-recurring items	20.6	2.7
Recurring EBITDA	661.9	**485.6**

In fiscal 2007, income taxes of EUR 152.7 million were somewhat higher, compared to EUR 142.3 million in the previous year. The non-tax-deductible fine in fiscal 2007 increased the Group's tax rate from 36.9 percent to 61.4 percent.

After deducting the tax expenses and minority interests, the consolidated net profit was EUR 89.4 million, compared to EUR 240.7 million for fiscal 2006. Earnings per preferred share came to EUR 0.42, compared to EUR 1.11.

The adjusted consolidated net profit after minority interests (underlying net income) rose 11.8 percent against the prior year, to EUR 272.8 million (2006: EUR 243.9 million). This figure does not include either the impairment charges taken as part of the purchase price allocation or Federal Cartel Office fine.

Reconciliation Underlying net income
In EUR m

	2007
Net income from continuing operations (after minorities)	**89.3**
Amortization of purchase price allocation (after taxes)	63.5
Fine from the Federal Cartel Office	120.0
Underlying net income	**272.8**

* Amortization of purchase price allocation before taxes: 82.2 EUR m

Financial position and net worth

Acquisitions and capital expenditures

ProSiebenSat.1 Media AG acquires SBS Broadcasting Group
On June 27, 2007, ProSiebenSat.1 Media AG signed a share purchase agreement to acquire all of the SBS Broadcasting Group. The agreement was consummated on July 3. The transaction totaled EUR 3.3 billion. The SBS Broadcasting Group represents the biggest acquisition in the Corporation's history. More information on the SBS acquisition and on setting up the integrated Group appears below and on page 24.

Launch of a pan-European broadcasting champion
Group and business conditions

Further acquisitions in fiscal 2007
In July ProSiebenSat.1 Media AG acquired all of Austrian station PULS TV, and in August it incorporated the new station into the consolidated financial statements, with the consent of the antitrust authorities. The acquisition of the free TV station strategically complements the Group's portfolio of brands and programming in Austria. PULS TV will also serve as a producer for the stations ProSieben Austria, Sat.1 Österreich, and kabel eins Austria.

Acquisition of the free TV station PULS TV in Austria

At the beginning of the fiscal year, the ProSiebenSat.1 Group had already acquired a majority interest in solute GmbH, which operates the online price search engine Billiger.de. In July, the Group signed an agreement to acquire the remainder of Magic Internet Holding GmbH. This additional purchase was another step in the Group's efforts to expand its online services. Magic Internet Holding GmbH operates MyVideo, the largest German-speaking video community on the Internet. In August, the ProSiebenSat.1 Group also acquired a majority interest in the wer-weiss-was.de advice platform. This expert information service is Germany's leading portal for knowledge sharing on the Internet.

Acquisitions strengthened business unit Diversification

Investments in programming assets represent another focus of investment activity, alongside acquisitions. This investment policy is explained in more detail in the "Programming" section on page 39.

Investments in attractive programming content
Programming

Financial Position

Principles and objectives of financial management

The primary goals of financial management at the ProSiebenSat.1 Group are safeguarding liquidity and enhancing financial strength. The Group's broad financing leeway is ensured with a revolving syndicated line of credit for a total of EUR 600 million. Additionally, the Group's debt maturity profile includes a large proportion of long-term financing instruments. Managing financial risk is a further important goal of financial management. The tools that the ProSiebenSat.1 Group applies to limit this risk include derivative financial instruments.

Risk Report

Financing measures for the SBS acquisition

The higher debt level still leaves enough financial leeway for the Group's further strategic and operational expansion

Company outlook

New syndicated credit facility agreed

The transaction for the acquisition of the SBS Broadcasting Group totaled EUR 3.3 billion, including the acquired Group's net financial liabilities. The transaction was financed entirely with a new secured syndicated credit facility. The loan funding of EUR 3.6 billion was provided by a banking syndicate and institutional investors. Along with covering purchase price and transaction costs, the loan refinanced financial liabilities of the SBS Broadcasting Group that were outstanding at the time of the acquisition, and an outstanding corporate bond of ProSiebenSat.1 Media AG. The ProSiebenSat.1 Group has hedged some 80 percent of its variable-interest financial liabilities by way of a variety of interest-rate swaps.

Rate risk hedged by way of interest-rate swaps

Risk Report

The loan agreement covers a number of term loans totaling EUR 1.8 billion, with a term of seven years (Term Loan B) and loans for a total of another EUR 1,8 billion with a term of eight years (Term Loan C). The agreement also includes a new revolving credit facility with a term of seven years and a total limit of EUR 600 million. It may be drawn in variable amounts. The new revolving credit facility replaces a syndicated credit line from 2006 with an amount of EUR 500 million.

EUR 150 million bond issue retired early

A EUR 150 million bond issue from ProSiebenSat.1 Media AG was retired early as of August 1, 2007. The bond, issued in 2004, had a fixed yield of 6.25 percent and was originally due for repayment in 2009. The redemption price was 101.858 percent of par.

Borrowings

Net financial debt

At December 31, 2007, the Group had net financial debt of EUR 3.328 billion, compared to EUR 121.8 million a year earlier. Net financial debt is the total of bonds and bank liabilities, less cash and cash equivalents and current securities. The Group's financial liabilities grew from EUR 185.6 million to EUR 3.6 billion, primarily because of the financing for the SBS acquisition. Long-term bank debt with a remaining term of more than one year was EUR 3.577 billion (December 31, 2006: EUR 184.0 million).

Credit lines

At December 31, 2007, the Group had funds of EUR 555.8 million available under its revolving credit facility. EUR 44.2 million of this facility were used as a bank guarantee. Additionally, the Group had cash and cash equivalents of EUR 250.8 million.

Leases

For property it uses at the Unterföhring site, ProSiebenSat.1 Media AG has leases that qualify as finance leases under IAS 17. The properties are capitalized as part of property, plant and equipment, and the associated leases are recognized under "other liabilities." The earliest expiration of these leases is scheduled for 2019, but the interest rate conversion dates (the end of the interest rate lock-down period) may be earlier.

Off-balance-sheet financial instruments

The ProSiebenSat.1 Group had no off-balance-sheet financial instruments during the year.

Credit rating

ProSiebenSat.1 Media AG retired its outstanding corporate bond early, as of August 1, 2007. It now has no corporate bonds outstanding. Consequently Moody's and Fitch Ratings have upgraded their ratings. Both rating agencies have regularly evaluated ProSiebenSat.1 Media AG's credit standing since 2001.

Cash and cash equivalents, and cash flow

The Group's cash flow statement shows the origin and use of cash flows. It distinguishes among cash flows from operating activities, investing activities and financing activities. The cash flow from operating activities is derived indirectly from the Group's profit for the period. The cash and cash equivalents indicated in the cash flow statement are equivalent to the "cash and cash at bank" shown in the balance sheet as of the reporting date.

The **cash flow from operating activities** was up EUR 321.6 million against the year before, to EUR 1.594 billion. The increase in operating cash flow derived mainly from a decrease in working capital (non-interest-bearing receivables less non-interest-bearing liabilities). The significant decrease in cash tie-up resulted primarily from an increase in (current) liabilities during fiscal 2007.

The **cash flow from investing activities** increased by EUR 2.289 billion, to a net outflow of EUR 3.269 billion. Most of the new figure was for payments relating to the SBS acquisition, including the purchase price of some EUR 2.1 billion. Additionally, the ProSiebenSat.1 Group acquired a majority interest in various online portals and in the free TV station PULS TV during the period. In addition to expenditures for acquisitions, the increase in cash flow from investing activities resulted from higher programming investments. Investments in programming assets were up EUR 221.7 million against the year before, to EUR 1.177 billion. Because of intense investment activity, free cash flow decreased from EUR 292.4 million to EUR -1.675 billion.

↗ Acquisitions and capital expenditures

↗ Programming

The **cash flow from financing activities** yielded a net inflow of EUR 1.863 billion, compared to an outflow of EUR 386.4 million in 2006. The inflow came primarily from the new credit agreement signed in connection with financing the SBS transaction. A total of EUR 192.5 million was paid for dividends, compared to EUR 181.6 million the year before.

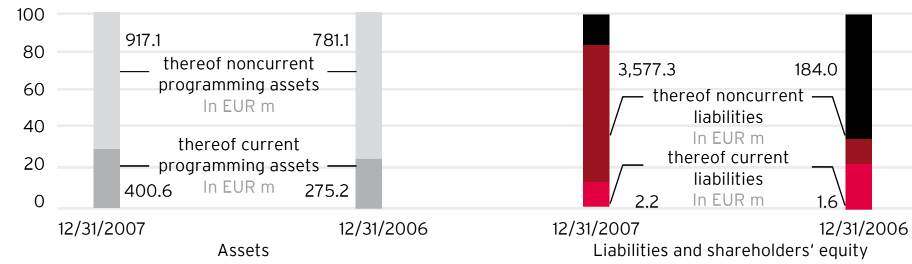
At the end of the period on December 31, 2007, the Group had **cash and cash equivalents** of EUR 250.8 million, compared to EUR 63.5 million a year earlier.

Asset and capital ratios

SBS acquisition affects balance sheet items

Total assets increased significantly compared to the level on December 31, 2006. Most of the sharp increase of EUR 4.067 billion, to EUR 5.999 billion, results from the first consolidation of the business of the SBS Broadcasting Group. Apart from the SBS Broadcasting Group's assets and liabilities, which are recognized at fair value, the balance sheet shows the capitalized goodwill that derived from the first consolidation of SBS at July 3, 2007. The SBS acquisition was financed from borrowings. It resulted in the following material changes on the assets and equity/liabilities sides of the balance sheets:

Consolidated balance sheet
In percent



Non-current assets as of December 31, 2007, grew EUR 3.485 billion to reach EUR 4.837 billion. The chief factors here were increases in intangible assets, which rose EUR 3.207 billion against December 31, 2006, to reach EUR 3.535 billion. This figure includes the intangible assets of SBS – including license rights and brands – for EUR 884.0 million, which were fair valued as part of the preliminary purchase price allocation. Goodwill of EUR 2.363 billion was also capitalized as part of the first consolidation of SBS. Likewise among the non-current assets, long-term programming assets showed additions as a result of the first consolidation of SBS. The balance-sheet figure was EUR 917.1 million – up EUR 136.0 million from the prior-year value.

The Group's programming assets increased significantly
Programming

Short-term programming assets also increased significantly in this connection, to EUR 400.6 million, compared to EUR 275.2 million a year earlier. In all, **current assets** increased EUR 582.4 million against December 31, 2006, to EUR 1.162 billion. In addition to an increase in programming assets, this rise resulted primarily from trade receivables and from the cash and equivalents added as part of the first consolidation of SBS.

Shareholders' equity decreased EUR 178.2 million against December 31, 2006, to EUR 1.062 billion. The decrease in equity resulted primarily from the Group's results of operations, which were influenced by one-off factors. The equity ratio decreased to 17.7 percent against the prior year, compared to 64.2 percent on December 31, 2006. The decrease in the equity ratio resulted from the borrowings to finance the SBS transaction and the resulting changes in balance sheet ratios.

The increase in total equity and liabilities resulted primarily from an increase in long-term interest-bearing liabilities associated with the financing for the SBS acquisition. Long-term financial liabilities rose to EUR 3.577 billion, up EUR 3.393 billion from the comparable figure on December 31, 2006. All in all, on December 31, 2007, non-current liabilities came to EUR 3.997 billion, compared to EUR 307.6 million a year earlier.

Current liabilities also increased, to EUR 939.5 million, following EUR 384.0 million a year earlier. In connection with the consolidation of SBS, this item includes a significant increase in current trade payables, which rose EUR 158.1 million against the prior year, to EUR 335.0 million.

Aside from the higher current trade payables, other short-term financial liabilities and higher provisions also contributed to the increase in current liabilities. The primary reason for the EUR 258.0 million increase in other liabilities to EUR 362.3 million was the payment obligation of EUR 120.0 million resulting from the proceedings before Germany's Federal Cartel Office. The first of two installments was paid out after the end of the period, in January 2008. The largest single provision item is for taxes.

Assets and liabilities available for sale
Because of the planned sale of ProSiebenSat.1 Produktion, the balance sheet of the ProSiebenSat.1 Group recognizes the business of this subsidiary as current assets available

for sale. The value is measured at EUR 31.0 million. On the equities and liabilities side, this item is carried as a current liability available for sale, in the amount of EUR 12.4 million.

Programming

The ProSiebenSat.1 Group is Europe's only genuine family of TV channels. All its free TV stations are wholly-owned subsidiaries, a competitive advantage in both the production and the subsequent use of programming. Since these subsidiaries are fully integrated, and processes such as purchasing and production are centralized, the result is an optimum in synergies and savings. The merger of ProSiebenSat.1 with SBS has created a European network with an expanded pool of creativity and ideas. To make the most efficient use of its new resources and create economies of scale, during fiscal 2007 the ProSiebenSat.1 Group combined its content-driven operations as a central "Group Content" unit. In addition to domestic and international programming purchases, this unit includes operations that already existed before – international programming sales, central production management, and programming production. A new Group Format Acquisitions unit was also formed, which specializes in tracking down programming that can be implemented for a variety of TV stations in different geographical markets.

New production methods of a pan-european TV Company

Initiatives	Advantages	Examples
Back-to-back productions	Economies of scale in programming rights negotiations Pan-European productions and contract negotiations	The next Uri Geller, Clever
Joint development	Joint development and management to mine full creative potential and cut station costs	Survivor, Stars auf Eis, Are You Smarter than a Fifth Grader?
Joint productions	Joint production of programming for multiple countries: significantly lower production costs thanks to shared use of a single set	POPSTARS
Multiple reuse of content	TV content can be shown in multiple countries	Galileo
Program roll-outs	Successful concepts can be adapted for multiple countries	Galileo

Program development

The ProSiebenSat.1 Group conducts extensive programming research. To discover and develop promising programming concepts at an early stage, the Company constantly monitors TV markets worldwide, evaluating what programming might be of interest for the Group's audiences and stations. On its new footing, the Group has additional resources and valuable know-how. Joint development projects allow it to profit from its individual stations' market expertise. At the same time, integrated resource pools cut costs and enhance the stations' profitability.

Programming purchases and investments in programming assets

The success of the ProSiebenSat.1 Group, as one of Europe's leading TV providers, hinges most of all on its long-term investments in expanding and updating its programming assets. The Group expanded its programming portfolio once again in 2007 through purchases and contract extensions. The three largest contracts, of the kind known as volume deals, were signed with Columbia Pictures Television Holdings Inc., Walt Disney Company Ltd., and Spyglass Entertainment. The pan-European Group invested a total of EUR 1.177 billion in programming rights purchases in 2007, compared to EUR 955.0 million the year before. Programming purchases are paid for out of operating cash flow.

Liquidity and cash flow

The Company has long-standing business relationships with many agents and film production companies, and has long-term contracts with virtually every major Hollywood studio and the major European film production companies. Among the programming suppliers are Columbia Pictures Television Holdings Inc., Paramount Pictures Global, CBS International Television, Disney-ABC International Television, Warner Bros. International Television Distribution Inc., MGM International Television Distribution Inc., Lucasfilm LTD, and Dreamworks SKG. The Group also has rights to the most attractive titles in KirchMedia's extensive film library. Since 2003 the ProSiebenSat.1 Group has had a long-term purchase agreement with the insolvency administrator of KirchMedia GmbH & Co. KGaA, covering the rights to more than 2,000 films and more than 120 series from Europe's largest programming library. These contracts and access rights not only ensure that the Group's stations will enjoy an excellent supply of programming, but also provide an important foundation for future license negotiations. Apart from stable business relationships, the Group's large purchasing volume also strengthens its negotiating position with the studios.

The merger with SBS has expanded the Group's network and gained it additional contracting partners. In its new position as a pan-European group, the Company also has an open doorway to new markets, and holds the rights to access additional platforms.

Program production

In-house and commissioned productions strengthen profile of the stations

Outlook

Investments in commissioned and in-house productions serve as a complement to licensed rights. It is becoming more and more common for stations to define their own personalities with their own programming. Programming produced in-house helps ensure audience recognition in the intensely competitive TV market. Additionally, unlike programming shown on license, these shows can be produced daily or weekly over extended periods. In-house productions and commissioned productions are ordered directly by the TV stations themselves. The in-house and commissioned productions the Group orders concentrate mainly on television films, series, light entertainment, information magazines and news broadcasts. For years now, there has been a balanced ratio between licensed programming and in-house or commissioned productions. Not only does this arrangement safeguard the Group's programming variety, but a well-balanced range of programming also establishes a degree of independence from such market uncertainties as price fluctuations.

Risk Report

Programming assets

Assset and capital ratios

The Group's current and non-current programming assets came to EUR 1.318 billion at December 31, 2007, and thus represented 22.0 percent of total assets. Together with the effects of the consolidation of SBS, additions to programming assets helped increase total assets by EUR 261.4 million against the prior year. Programming assets are one of the most important items on the balance sheet, and are mainly feature films and series, along with commissioned productions intended for single or multiple airings, and advance payments for future productions. Future payment obligations for programming assets already under contract, but whose license period had not yet begun as of the reporting date and for which payments were still to be made as of that date, are reported as other financial liabilities.

Employees

SBS consolidation increases workforce

At December 31, 2007, the ProSiebenSat.1 Group had 5,930 employees throughout Europe, compared to 3,097 a year earlier. The reported personnel figures have included the employees of the former SBS Broadcasting Group since July 2007.

The average number of full-time-equivalent positions rose 1,552 in fiscal 2007, to 4,852. Approximately 3,100 of these were located in Germany, Austria and Switzerland. The substantial increase of 52.2 percent in the average size of the Group's work force resulted primarily from the first consolidation of SBS in July 2007. Another contributing factor was employees who are being reported for the first time since Solute was consolidated in February 2007, and Puls TV and MyVideo were consolidated in August 2007. An additional contribution to the increase came from the new hires that 9Live and SevenSenses took on to handle their expanded business operations. By contrast, efficiency enhancement programs reduced staff size at some companies, especially Sat.1 and the regional companies.

Personnel expenses (included in the cost of sales, selling expenses and administrative expenses) increased from EUR 235.5 million to EUR 323.6 million in fiscal 2007. The higher personnel expenses resulted primarily from the first consolidation of SBS.

We do not present comparison figures for staff turnover and average time with the Company for the integrated Group, since SBS was not part of the scope of consolidation of ProSiebenSat.1 during the comparison period of 2006. Staff turnover for the ProSiebenSat.1 Group by itself in fiscal 2007 remained low, at 11.2 percent (2006: 9.7 percent). Permanent employees' average time with the Company came to 5.2 years (2006: 4.7 years).

Training and continuing education: Key to a successful future

The Group's ability to innovate is a very important factor in staying competitive. We ensure that our staff is highly qualified through systematic further training and continuing education programs that take account of not just what's needed from the individual now, but what the market may need in the future. In Germany alone, some 1,000 employees participated in in-house and outside courses of training during fiscal 2007. As a consequence of the Group's international reorientation, the number of language courses tripled compared to 2006.

Results-based component and management by objectives
The internal management system

Strategic assistance and training for the next generation are additional components of our human resource planning. To attract qualified employees at an early stage and safeguard our competitiveness for the long term, the ProSiebenSat.1 Group trains a large number of apprentices, volunteers and trainees in a number of different areas every year. The Group significantly expanded its volunteer and trainee programs in 2007. Apart from volunteer positions in TV, PR and online operations, it now offers positions in its very promising multimedia games business. As of 2007, trainee programs have expanded from marketing into other significant areas such as sales, personnel, CRM and product management. The range of training for beginners in the media industry also includes internships.

The intranet relaunch: An important step in integrating SBS and ProSiebenSat.1

In September 2007, the ProSiebenSat.1 Group's intranet was thoroughly revised and relaunched on a platform that uses state-of-the-art technology. The new platform combines information capabilities with interactive Web 2.0 components. The core of the intranet, which is available in both German and English, is a content management system that can be used on both a centralized and decentralized basis. Every employee of the integrated Group has access to this internal communication platform. The pan-European networking of Group employees on a shared communication platform is an important step on the way toward fully integrating ProSiebenSat.1 and SBS.

Research and development

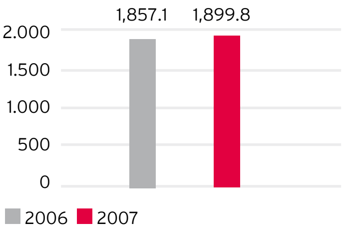
The ProSiebenSat.1 Group conducts extensive market research in every area in which it does business and in every area where it foresees growth potential. However, market research activities do not fit the definition of research and development in the strict sense. For that reason, this information is omitted from the Group's Management Report.

Segment Report

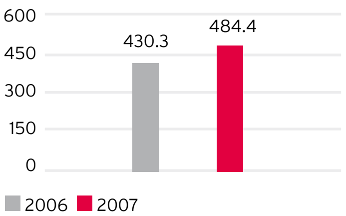
Notes about segment reporting

The activities of the former SBS Broadcasting Group are included as part of the new Free TV International and Diversification segments. SBS has been fully consolidated since July 2007, and is proportionally included in the figures for fiscal 2007. Since SBS was not a part of the ProSiebenSat.1 Group in fiscal 2006, its prior-year figures are not included in the ProSiebenSat.1 consolidated financial statements. However, in order to provide a commentary on the performance of business operations in the Free TV International segment since the consolidation of the SBS Broadcasting Group, here we refer back to SBS's prior-year figures.

Revenues Free TV D/A/CH
In EUR m



Recurring EBITDA Free TV D/A/CH
In EUR m



Free TV in German-Speaking Europe segment

As part of the first consolidation of SBS, the segment structure of the ProSiebenSat.1 Group has been changed. The former Free TV segment has now been renamed the Free TV in German-Speaking Europe segment. In addition to the Group's stations – Sat.1, ProSieben, kabel eins, and N24 – in Germany, the segment's highest-revenue region, this segment also includes the Group's subsidiaries in Austria and Switzerland.

EBITDA performance affected by one-time expenses

During the third quarter of 2007, there were gathering signs that consumer spending in Germany would not pick up as expected. Nevertheless, the Free TV in German-Speaking Europe segment generated higher advertising revenues, and increased its overall revenues to EUR 1.900 billion against fiscal 2006, a gain of EUR 42.8 million or 2.3 percent. The increase resulted in particular from the good performance of the advertising-financed stations ProSieben and kabel eins. In combination with low consumer confidence, weak ratings at Sat.1 slowed down the segment's revenue growth overall.

The segment's earnings performance was affected by one-time expenses of EUR 120.0 million resulting from proceedings before Germany's Federal Cartel Office. As a consequence, EBITDA declined EUR 81.3 million (-19.0 percent), to EUR 346.3 million. But EBITDA after adjustment for non-recurring exceptional factors (recurring EBITDA) grew EUR 54.1 million, or 12.6 percent, to reach EUR 484.4 million. Apart from the revenue increase, the growth of recurring EBITDA also derived from cost controls during fiscal 2007.

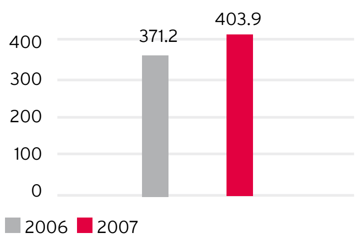
Highlights 2007

PULS TV in Austria
The July 2007 acquisition of all of Vienna metropolitan area station PULS TV strengthens the Group's core business in free TV and expands the Group's commitment in Austria. The station has been fully consolidated since August 2007.

ProSieben: A popular award-winner
According to a forsa survey, ProSieben is the most popular station among the 14-to-49 demographic. And the station also scores with critics, winning four German Television Prizes and two German Comedy Prizes for the year.

N24: News station leads in advertising revenues and viewers
N24 increases its advertising revenues significantly in fiscal 2007. With a 1.1 percent audience share, the news channel is well ahead of its principal competitor n-tv among the key demographic. N24 also overtakes its Cologne competitor in gross advertising revenues.

Revenues Free TV International
In EUR m



Free TV International segment

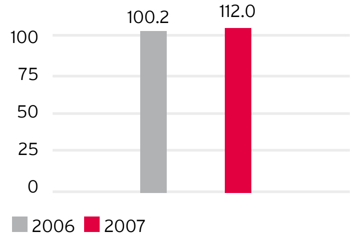
The acquisition of the SBS Broadcasting Group brought the Group a number of free TV stations in northern and eastern Europe and in the Netherlands and Belgium, which are combined as the new Free TV International segment.

New Free TV International segment performs very well

The Free TV International segment, which was first consolidated as of July 2007, enjoyed vigorous revenue and earnings growth. Based on pro forma figures for the second half of 2006, the segment's revenues for July through December 2007 grew 8.8 percent, to EUR 403.9 million (July-December 2006: EUR 371.2 million). The segment enjoyed vigorous revenue growth in every region. The region with the strongest revenues was the Netherlands and Belgium, followed by northern Europe.

This dynamic revenue performance – most of which came from higher advertising revenues – also improved the results of operations further. EBITDA for July through December 2007 grew 18.2 percent, to EUR 109.3 million (July-December 2006: EUR 92.5 million). Recurring EBITDA increased 11.8 percent, to EUR 112.0 million (July-December 2006: EUR 100.2 million).

Recurring EBITDA Free TV International
In EUR m



Highlights 2007

Dutch stations report their most successful year ever
Dutch stations Net 5, SBS 6 and Veronica set a new audience record in fiscal 2007. With a combined audience share of 26.3 percent of the 20-to 49 demographic, the stations add about nine percent to their prior-year figure (2006: 24.2 percent).

FEM launched
The September launch of free TV station FEM expands the ProSiebenSat.1 Group's activities in Norway. FEM's target audience is women between the ages of 20 and 49.

The Voice TV overtakes MTV
For the first time, Finnish music station The Voice TV enjoys a wider reach than its competitor MTV Finland in 2007, making The Voice the country's most widely watched music channel.

Audience share by country (In percent)

	2006	2007
Netherlands (1)	20.3	21.9
Norway (2)	14.1	13.6
Sweden (3)	14.7	15.2
Denmark (4)	8.4	7.6
Belgium (3)	15.8	15.2
Hungary (4)	26.1	23.6
Romania (3)	7.0	6.8
Germany (5)	29.4	29.0

Note: Audience share indicated for commercial time (Including "The Voice" in the relevant countries)
(1) Share of viewing in 20-49 years target group
(2) Share of viewing in 12-44 years target group.
(3) Share of viewing in 15-44 years target group. Romania quarterly data based on Urban population. Belgian data refer to the region of Flanders.
(4) Share of viewing in 15-50 years target group except Hungarian data which are based on 18-49 years target group.
(5) Basis: ProSieben, Sat.1, kabel eins and N24. All German TV households (Germany + EU), Mo.-Son., 03:00-03:00h, Age of viewers 14-49.

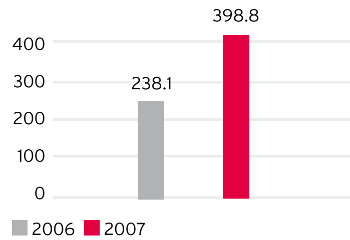
Diversification segment

Diversification activities that were added by way of SBS, such as radio, print and the premium pay TV services of C More/Canal+, are included together with the Group's previous diversification activities under the Diversification unit. The former Transaction TV and Other Diversification segments have also been incorporated into the new segment.

Diversification segment grows both organically and through acquisitions

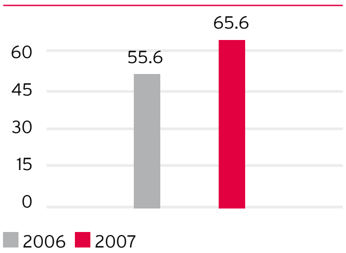
The Diversification segment's revenue performance picked up speed in fiscal 2007. Organic growth, and most especially the first consolidation of SBS, pushed segment revenues up EUR 160.7 million, or 67.5 percent, to EUR 398.8 million. The full consolidation of solute, MyVideo and wer-weiss-was.de also strengthened the segment. Organic revenue growth was 7.4 percent; the SBS acquisition contributed 35.9 percent to revenues. Important drivers of organic growth included online, games, and basic pay TV operations, as well as the expansion of the Starwatch Music label and of the Group's worldwide programming sales company, SevenOne International.

Revenues Diversification
In EUR m



Total costs for the segment increased significantly in fiscal 2007. Apart from a cost increase resulting from the SBS acquisition, most of the rise resulted from 9Live's expanded business operations. One factor was the startup and production costs for the 9Live International unit. In fiscal 2007, the quiz station signed cooperation agreements for call TV programming windows in Turkey, Spain, the Middle East and Croatia, and produced interactive shows for its partners under these agreements as a full service provider. Another source of higher expenses was the restructuring of the Diversification segment as part of the call TV station's refocusing as the Group's corporate service provider for its telephone-based and interactive operations. The expansion of activities at SevenSenses and Starwatch Music also resulted in higher expenses. SevenSenses began operation in fiscal 2006, and is in charge of such businesses as the Group's two German-language pay TV stations (kabel eins classics and Sat.1 Comedy) and the maxdome video-on-demand portal.

Recurring EBITDA Diversification
In EUR m



Despite higher costs, EBITDA also made strong gains to reach EUR 65.8 million, compared to EUR 55.6 million in fiscal 2006 – an 18.3 percent increase, part of which derives from the first consolidation of SBS. Recurring EBITDA was up 18.0 percent, to EUR 65.6 million (2006: EUR 55.6 million).

Print

Veronica Magazine

Large circulation: Veronica Magazine
Veronica Magazine, a TV program periodical, expands its lead in the intensely competitive Dutch market again in fiscal 2007. The ProSiebenSat.1 Group's TV magazine is the only periodical of its kind to increase its circulation in the Netherlands, reaching a weekly print run of more than 1,000,000.

Online


SevenGames.de

ProSiebenSat.1 Networld still growing
The ProSiebenSat.1 Group continues its expansion on the Internet. In fiscal 2007, the Group adds to its online portfolio, acquiring majority interests in the Billiger.de price search engine and wer-weiss-was.de, Germany's leading advice platform. ProSiebenSat.1 Networld is Germany's second-largest online network.

SevenGames.de
The ProSiebenSat.1 Group is investing in new digital distribution channels: in the summer of 2007, the Group launches a no-charge Web TV concept, SevenGames TV, at the game platform www.SevenGames.de.

Basic Pay TV


maxdome

New distribution for Sat.1 Comedy and kabel eins classics
The ProSiebenSat.1 Group has tapped new distribution paths for its pay TV stations Sat.1 Comedy and kabel eins classics. Since the fall of 2007, both channels have been available in digital distribution on Premiere Star, as the "ProSiebenSat.1 Plus" package. Since November, the digital satellite platform arenaSAT has also carried both channels as part of its "arenaSAT Komplett" and "arenaSAT Family" packages.

Music and sports join video-on-demand array
maxdome expands its services again in fiscal 2007. In addition to films and series, now the platform also offers videos of sports events and musical concerts. With more than 10.000 titles, maxdome has Germany's largest selection of videos downloadable via DSL, and more than 200,000 active users. The video-on-demand portal's lead is also reconfirmed by an IPTV Award in August 2007.

International programming sales

Uri Geller

Programming portfolio in demand internationally
SevenOne International continues to pursue its successful business model. In fiscal 2007, SevenOne International sells ProSieben's hit "Schlag den Raab" concept to the UK, Sweden, Finland, and the USA, along with other programming sales. Uri Geller's show "The Successor" is sold to the United States, Canada and Australia. The internationally active company also begins representing concepts from the former SBS stations for the first time at the MIPCOM film and TV trade show in Cannes.

Music

Monrose

Strongest growth of any label in Germany
In fiscal 2007, Starwatch Music, the ProSiebenSat.1 Group's music label, enjoys the strongest growth of any label, and is the second biggest domestic label in Germany in terms of market share, according to the Media Control Charts. Starwatch singer Roger Cicero is Germany's most successful album artist, following Herbert Grönemeyer. The songs "Shame" and "Hot Summer" from girl band Monrose and the summer hit "Vayamos Compañeros" from Marquess place three Starwatch singles in Media Control's Top 15 chart for the year.

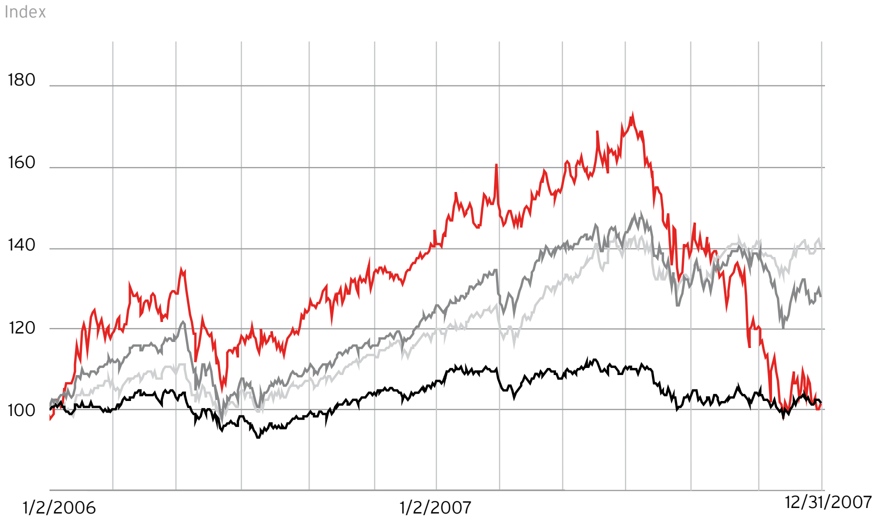
The ProSiebenSat.1 Share

Stock price performance

During the first half of 2007, ProSiebenSat.1 stock continued its positive performance from 2006. At the end of June the stock, which had closed at EUR 24.85 at the end of 2006, reached EUR 29.50, outperforming the relevant indexes of comparison. However, the stock was unable to maintain its uptrend in the second half. The subprime crisis adversely affected its price performance, because hedge funds in particular were forced to cut back their positions. At the end of fiscal 2007, like many other cyclic stocks, ProSiebenSat.1 stock came under pressure from the rising skepticism about the performance of the German economy. The stock closed out the last trading day of 2007 at EUR 16.39. During the period a total of 180,638,874 shares were traded over the Xetra trading system, equivalent to an average trading volume of about 716,820 shares per day.

Legal environment

ProSiebenSat.1 share: Price performance



ProSiebenSat.1 ■ Euro Stoxx Media ■ MDAX ■ DAX
Basis: Xetra closing quotes. An Index 100 = January 2, 2007; Source: Bloomberg

		2006	2007
Share capital	EUR	218,797,200	218,797,200
Number of preferred shares at reporting date	Units	109,398,600	109,398,600
Number of common shares at reporting date (unlisted)	Units	109,398,600	109,398,600
Close (XETRA)	EUR	24.85	16.39
Market capitilization at the end of the fiscal year (incl. common stock)	EUR m	5,437	3,586
High close (XETRA)	EUR	24.85	30.10
Low close (XETRA)	EUR	16.02	16.00
XETRA trading	Average daily volume in units	550,670	716,820
Dividend per preferred stock	EUR	0.89	1.25*
Total dividends	EUR m	192.5	271.3
Dividend yield on basis of closing price	Percent	3.6	7.6

*dividend proposed

Shareholders' meeting for fiscal 2006

The annual meeting of the shareholders of ProSiebenSat.1 Media AG was held in Munich on July 17, 2007. With about 200 shareholders attending, some 64 percent of the Company's capital stock was present. A full 100 percent of the voting share capital was represented, and about 27 percent of the preferred share capital.

You can find information on the Annual General Meeting on our homepage http://en.prosiebensat1.com/investor_relations/hauptversammlung

Dividend for fiscal 2006

All motions by the Executive Board and Supervisory Board for decisions requiring shareholder consent were carried unanimously. Among other resolutions, the shareholders approved the proposed dividend payment for fiscal 2006 of EUR 0.87 per share of common stock (2005: EUR 0.82) and EUR 0.89 per share of preferred stock (2005: EUR 0.84). Thus 80 percent of ProSiebenSat.1 Media AG's consolidated net profit (after minority interests) for fiscal 2006 was distributed (2005: 82 percent). In all, ProSiebenSat.1 Media AG distributed EUR 192.5 million (2005: EUR 181.6 million) to the holders of its common and preferred stock. The dividend was paid out as of July 18, 2007, the day after the meeting. Additionally, the meeting approved the supplementary nominees to the Supervisory Board. Marinus Maria Petrus van Lent, President International of Telegraaf Media Groep, N.V., Heinz-Joachim Neubürger, Managing Director and Senior Advisor at Kohlberg Kravis Roberts & Co. Ltd., Adrianus Johannes Swartjes, Chairman of the Board of Telegraaf Media Groep N.V., and Katrin Wehr-Seiter, a Principal at Permira Beteiligungsberatung GmbH, were elected as new members of the Supervisory Board. The other members elected in the supplemental elections had already sat on the Supervisory Board since March 7, as court-appointed members. Following the shareholders' meeting, the newly constituted Supervisory Board reconfirmed Götz Mäuser, a Partner at Permira, and Lord Clive Hollick, a Partner at KKR, as the Board's Chairman and Vice-Chairman.

You can find additional information on the Supervisory Board on our homepage http://en.prosiebensat1.com/unternehmen/aufsichtsrat

Investor relations activities

Once again in fiscal 2007, the ProSiebenSat.1 Group kept analysts, investors, private shareholders and ratings agencies promptly and fully informed about the company's business performance. The Executive Board and the investor relations team provided an accounting of the Group to institutional investors at road shows in the financial centers of Europe and the USA. The Company also presented itself at international investor conferences, and held many one-on-one meetings in Unterföhring. The capital market was kept regularly informed of the Group's quarterly results and major policy decisions at additional investor and analysts' meetings, as well as in conference calls.

The ProSiebenSat.1 corporate Web site is more and more popular. During 2007, the investor relations page at www.prosiebensat1.com/investor_relations/ received an average of 30,000 hits a month. This represents an increase of about 30 percent in page impressions against the prior year.

The high quality of the Group's investor relations work was also evident from its rankings in the Thomson Extel Pan-European Survey for 2007: out of 68 media firms, the ProSiebenSat.1 Media AG investor relations team ranked eighth, and was once again first among free TV corporations. Additionally, ProSiebenSat.1 Media AG placed among the top ten MDAX firms for the 2007 Capital Investor Relations Prize. At the end of fiscal 2007, approximately 23 well-known brokerage firms and banks published studies on ProSiebenSat.1 stock.

Subsequent Events

Changes in the Executive Board: CFO Lothar Lanz to leave ProSiebenSat.1 Group

Changes in the Executive Board

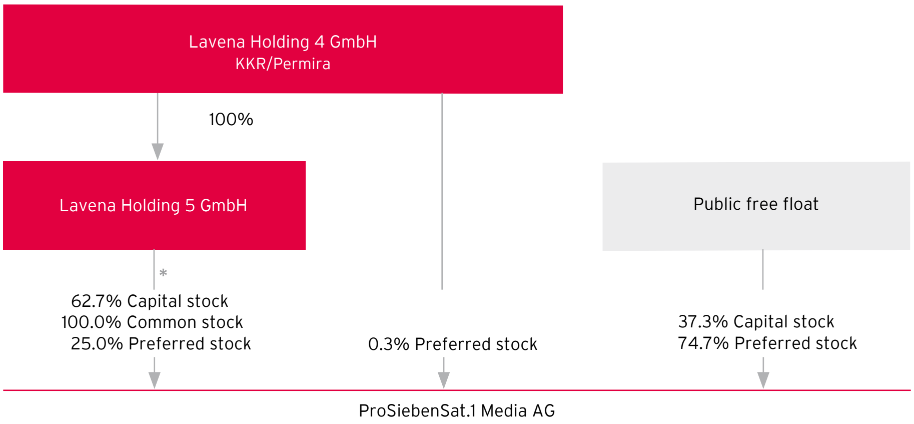
Lothar Lanz, the Executive Board member in charge of Finances, Legal Affairs & Human Resources at ProSiebenSat.1 Media AG, will be leaving the company soon. The CFO and the appropriate committee of the Supervisory Board arrived at this arrangement by joint agreement in January 2008. Mr. Lanz will remain in office at ProSiebenSat.1 until his successor has been appointed, presumably in the summer of 2008.

Lavena 5 acquires Axel Springer's holding in ProSiebenSat.1

New ownership structure

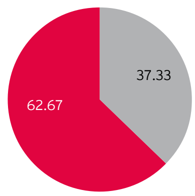
In December 2007, Axel Springer AG announced that it would sell its stake in ProSiebenSat.1 Media AG. Following the end of the fiscal year, the purchase agreement was consummated on January 15, 2008, transferring to Lavena Holding 5 GmbH all shares of ProSiebenSat.1 previously attributable to Axel Springer AG. The holdings in question were 12.0 percent of the Company's voting common stock and 12.0 percent of the nonvoting preferred stock, both held indirectly through SAT.1 Beteiligungs GmbH. At the same time, Axel Springer AG also withdrew as a shareholder of SAT.1 Beteiligungs GmbH; its interest of some 48.2 percent of the share capital of SAT.1 Beteiligungs GmbH was also acquired. SAT.1 Beteiligungs GmbH is now wholly owned by Lavena holding 5 GmbH. The Lavena companies now hold 100 percent of the voting common stock and approximately 25.3 percent of the nonvoting preferred stock of ProSiebenSat.1, after adjustment for other interests. This is equivalent to approximately 62.7 percent of the share capital, likewise after adjustment for other interests.

Shareholder structure at December 31, 2007



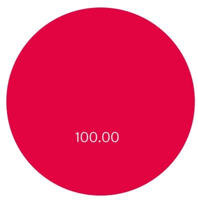
* thereof indirectly held through SAT.1 Beteiligungs GmbH:
12.9% Capital stock
12.9% Common stock
12.9% Preferred stock

Split of capital stock
In percent



Public free float
Lavena Holding 4 GmbH

Split of common stock
In percent



Lavena Holding 4 GmbH

In connection with the sale of Axel Springer's holding, both Dr. Matthias Döpfner, the Chairman of the Board of Management of Axel Springer AG, and Christian Nienhaus, then Managing Director of the Bild Publishing Group, resigned from their seats on the Supervisory Board of ProSiebenSat.1 Media AG. They left the Board effective January 15, 2008. New appointments, if any, to the unfilled seats on the Supervisory Board will be decided at the annual shareholders' meeting of ProSiebenSat.1 Media AG on June 10, 2008.

Other events after the end of fiscal 2007

From the end of fiscal 2007 to March 7, 2008, the date when this report was released for publication and forwarded to the Supervisory Board, no other events occurred that are of particular significance for the assets, liabilities, financial position and profit or loss of the ProSiebenSat.1 Group.

Overall risk remains manageable

The ProSiebenSat.1 Group is exposed to material risks from the effects of the economy on its markets. To compensate for these risks, the ProSiebenSat.1 Group pursues a systematic strategy of diversification. The restructuring of the Group's portfolio has also significantly changed the Group's risk structure. The borrowings to finance the SBS acquisition have increased financial risk. But a holistic assessment of risk items shows that the Group's risk position remains within bounds. Additionally, the SBS acquisition actually optimized the Group's overall risk/opportunity profile. Thanks to its highly diversified media portfolio, the new Group is now set up on a significantly broader base, and is less dependent on cyclic fluctuations in single markets.

In regard to the risk developments discussed below, Group management sees no basis to suppose that any risks might have individually or in combination jeopardized the survival of the Company during the period. In fact, the Executive Board assumes that with its current portfolio and the products and programming now under development, the Group is well positioned for the future. No events or identifiable risks arose after the reporting period that might materially change this overall risk assessment, whether individually or in combination.

Risk management system established for pan-European Group

As a pan-European media corporation, the ProSiebenSat.1 Group will continue to take advantage of every opportunity to strengthen its already strong market position still further. But opportunities also entail risks. Effective risk management is an important factor in safeguarding our competitive position for the long term, and in sustainably increasing our company's value. Our risk management system enables us to identify, analyze and assess current and future potential risks at an early point, and supports efficient management of those risks. Additionally, the ProSiebenSat.1 Group conducts extensive market research in every area in which it does business and in every area where it foresees potential risks or opportunities. ↗

↗ Opportunity Report

As part of the integration of the SBS Broadcasting Group, the Group-wide risk management system was revised to address the specific conditions in which the new subsidiaries operate. Risk categories were expanded, and a reporting system was introduced with six categories: External Risks, Content, Technology Risks, Sales, Organizational and Financial Risks, and Compliance. These are not necessarily the only risks to which the Group is exposed. Risks that are currently unknown, or risks that appear minor at present, might still have adverse effects on business activities. For that reason, keeping a close watch on current developments will remain a top priority at the ProSiebenSat.1 Group.

Principles and processes for managing strategic and operating risk

Clear organizational structures and an unambiguous allocation of duties and responsibilities are fundamental to managing risk properly, and to identifying and making the most of opportunities. Uniform guidelines ensure a methodical approach, and are indispensable for Group-wide process control. The risk management system is tailored to the special circumstances of the ProSiebenSat.1 Group, and is based on the principle of including every segment and every subsidiary in the process.

The ProSiebenSat.1 Group's risk management process follows the steps outlined below:

- **Risk identification:** Because conditions and requirements change constantly, identifying risk is a standing assignment, and an integral part of our day-to-day work. Here the risk management system functions as an early warning system, helping take the right steps in time to avert possible damage. Early warning indicators have been defined for all measurable and material areas of risk. These early warning indicators primarily cover the ProSiebenSat.1 Group's performance in terms of audience share and advertising market share, the profitability and appeal of the program inventory, the evolution of available lines of credit, and human resources development. As soon as an indicator reaches a certain tolerance limit, steps are taken to avert trouble. This approach means that the Group's overall risk position is always kept within tolerable bounds, and the opportunity-to-risk ratio is optimized overall.
- **Risk assessment:** Not all risks are of equal importance. For effective risk management, major risks must be assessed systematically: their causes must be analyzed, their probability must be estimated, and their potential effects and interactions with opportunities must be taken into account. Recognized risks are identified and categorized on the basis of specific checklists, as well as planning and controlling data. Qualitative methods of appraisal are also applied for risk assessment, along with quantitative methods and early warning indicators.
- **Risk monitoring and reporting:** Decentralized risk managers at the various corporate units are responsible for detecting and reporting risks. These risk managers are supported by the Corporate Controlling and Planning department. Controlling is also responsible for reporting to the Executive Board each month. When new opportunities or risks arise, or individual indicators change significantly, the Executive Board and Supervisory Board are notified at once, irrespective of the regular reporting intervals. This enables management to recognize adverse developments early, before they can cause harm, and to take appropriate measures to mitigate them. Internal Auditing reviews the efficacy of these processes, on the basis of a risk management manual that summarizes the legal context and basic principles of risk management.

Evolution of risk categories

The following risk groups describe major factors that might have adversely affected or had an impact on the Group's assets and liabilities, financial position, and profit or loss in fiscal 2007.

1. External Risk

1.1 Economic conditions and the advertising market

The ProSiebenSat.1 Group's business operations depend to a large degree on overall economic conditions and developments in the markets where our advertising clients operate. A general weakening of the economy, especially in the core market in Germany, could have a material effect on the ProSiebenSat.1 Group's business performance. Despite the recent turbulence in the financial market, the situation of the German economy has proved to be essentially stable. The first preliminary calculations indicate that Germany closed out 2007 with robust economic growth of 2.5 percent. Corporate capital spending was especially positive, while consumer spending contributed less to growth than had been expected. The general consensus is that the economy will slow down somewhat in 2008. Worldwide economic risks will rise appreciably during the year. Developments in the United States are a particular source of increasing concern. There is considerable worry that the crisis in mortgages and the financial market may push the American economy into recession, with consequent adverse effects on the entire global economy. The ongoing increase in the cost of raw materials and the strong euro likewise offer significant obstacles to growth for Germany's export-oriented economy.

However, the advertising market is driven primarily by domestic demand. Here the experts and the economic research institutes agree that consumer spending will pick up significantly in 2008, strongly supporting growth in Germany. In particular, the continuing improvement in the job market and rising consumer buying power argue that domestic demand will revive vigorously.

But the economic institutes' expert reports always point out that their projections are subject to a substantial risk of misjudgment. For that reason, reviewing and assessing orders on hand will remain an important component of risk management. Total orders are analyzed continuously by extensive methods that extrapolate advertising revenues for the year from the level of advertising bookings. Monthly reports submitted to the Executive Board list actual and projected values, as well as the previous year's advertising revenues, and provide a detailed picture of revenue developments. The Company's analyses also include the position of competitors and developments within the economy and the advertising industry.

Environment

2. Content Risk

2.1 License acquisition

The ProSiebenSat.1 Group acquires many of its feature films, TV films and series as licensed programming from third parties. Although the programming market has stabilized over the past few years, some increase in prices must be expected for the future as well. The U.S. series in particular may continue to entail higher costs because of their present success.

Nevertheless, the ProSiebenSat.1 Group can generally keep price risks relatively low because of its strong position as a licensee. The Group is one of the largest, most important licensees in the European market, and has long-standing, close business relationships with every major U.S. studio, and the main independents as well. At the national level too, the Group has long-standing business relationships and contracts in its various territories, both for the former SBS channels and their acquisitions departments, and for the Group's German stations. Apart from stable business relationships, the Group's large purchasing volume also strengthens its negotiating position with the studios. The centralized organization of license purchasing, along with the complementary positioning of its full-service stations, also gives the ProSiebenSat.1 Group synergies in programming use, on top of its advantages in program purchasing.

Programming

The ProSiebenSat.1 Group's programming supply was at no time affected by the three-month strike of Hollywood's screen writers. Due to the ProSiebenSat.1 Group's purchase of several additional series in the run-up to the strike and new formats and re-runs of successful series, viewers and advertising clients hardly noticed a difference.

2.2 Programming inventory

The success of a programming policy depends on the programming content's appeal and profitability. To ensure that the ProSiebenSat.1 Group has the largest possible number of attractive, successful films, the number of highlight films acquired by the Group is set in relation to the total number of theatrical film highlights for the same year. The resulting percentage offers an early warning indicator for risk reporting. A further early warning indicator is the total return on programming inventory. As a rule, programming contracts are signed several years ahead of the broadcast date. Programming rights are capitalized in the amount of their contracted purchase price. To reduce inventory risk, the revenue potential of broadcasting rights under contract undergoes regular review. Maintaining an optimized number of suppliers also reduces inventory risks. A broad supplier base ensures independence. But at the same time, maintaining the lowest possible number of core suppliers makes the procurement process less complex. The German stations' programming supplier list for fiscal 2007 included nearly 230 vendors. The value of the SBS stations' broadcasting rights under licenses is tested for impairment in the course of the preparation of the individual companies' annual financial statements. The Group is harmonising the various approaches.

Programming

3. Technology Risk

3.1. Broadcasting equipment and studio operations

The broadcasting process, computer centers, and all material components of studio equipment at the ProSiebenSat.1 Group's production facilities at its Berlin and Munich sites are protected with backup systems. In IT operations, the Company has several computer centers maintained at separate locations. If a server fails at one center, another takes over automatically, with no loss of either time or data. A certified emergency program, updated constantly, furthermore ensures that the Group's entire IT infrastructure is armored against software attack by outsiders.

4. Sales Risk

4.1 Ratings

In 2008, the Group's audience share targets will be exposed to particular risks because of the intense competition surrounding the year's upcoming major sports events (the European Soccer Championship and the Olympics).

4.2 Sales

Proceedings by the German Federal Cartel Office

Antitrust laws

Immediately following the conclusion of the investigation by the German Federal Cartel Office, the Group's advertising marketing company, SevenOne Media, presented a new discount and fee model. ProSiebenSat.1 Media AG assumes that this new model will still enable it to achieve its corporate objectives. The new model complies with the antitrust requirements for discounting systems. For example, it will offer "incremental" volume discounts. These will apply only to the volume spent above each discount threshold, and will not be granted for the total volume as before. Thus the discounts formerly accorded under "share of advertising" agreements will also be eliminated. Otherwise, discounts will be limited to "functional" discounts, allowed only where ProSiebenSat.1 Media AG reaps clearly defined cost advantages and efficiencies. Another important criterion that SevenOne Media has built into its new discount model is the principle of equal treatment. This calls for all companies with the same spending practices to get the same discount.

By complying with these and other criteria, the SevenOne model also satisfies the transparency and neutrality requirements of the Code of Conduct promulgated by the OWM, a major German advertisers' organization.

5. Organization and Finance Risk

5.1 Strategic and organizational risks posed by the integration process

Acquiring new companies and integrating them into a corporation are always associated with risks. Because of the acquired entity's magnitude, integrating the former SBS Broadcasting Group and its subsidiaries represents a major challenge for the ProSiebenSat.1 Group. The ProSiebenSat.1 Group takes account of these risks with extensive steps to support the integration process. It has set up inter-company project teams whose task is to establish structures that will result in a rapid coalescence of the two corporate groups, laying down a basis for organizational coordination in corporate operations like content, sales and marketing, and administration. The performance of the acquired companies to date, and the progress of their integration, show that the ProSiebenSat.1 Group is on the right track toward achieving the operating and strategic goals it has set itself. The successful integration of the SBS Broadcasting Group as well as the achievement of the operative and strategic goals is a fundamental prerequisite in generating forecasted dividends from investments made in order to guarantee the value of intangible as well as programming assets

Company outlook

5.2 Financial risks

The ProSiebenSat.1 Group's operations and its financing needs expose it to various financial risks. Fluctuating interest rates and foreign exchange rates may affect the Group's assets and liabilities, financial position, and profit or loss. The acquisition of the SBS Group has significantly altered the Corporation's risk structure. Interest rate risks in particular have risen. Financial risks are managed and monitored centrally as a part of financial risk management. For the Group's German-speaking regions, the principles, duties and responsibilities of financial risk management are governed by the Group's internal corporate financial guidelines. One of the primary tasks for fiscal 2008 is to fully integrate the SBS Broadcasting Group into the ProSiebenSat.1 Group's financial risk management system, and to incorporate it into Group-wide regulations. The objective of financial risk management is to cushion the adverse effects that fluctuations in financial risk factors may have on the Group's assets and liabilities, financial position and profit or loss. The derivative financial instruments employed for this purpose serve solely to hedge existing risks, not for speculation. Risk positions are assessed regularly, and existing risks are quantified using sensitivity analyses. Currency risks are based on an assumed appreciation of 10 percent in the value of the U.S. dollar. The ProSiebenSat.1 Group's interest rate risk is calculated by increasing the relevant interest rates by one percentage point.

5.2.1 Currency risks

The ProSiebenSat.1 Group signs a substantial number of its license agreements with production studios in the United States. As a rule, the Group meets its financial obligations deriving from programming rights purchases in U.S. dollars. Consequently fluctuations in the exchange rate between the euro and the dollar may adversely affect the ProSiebenSat.1 Group's financial position and profit or loss. Additionally, the Group also has dollar-denominated financial liabilities that result from the acquisition of sports rights.

Most future license payments on a hedged dollar-denominated license agreement, together with the associated hedging instruments, are gathered and managed in hedge books if the hedging relationship qualifies as a hedge under IAS 39.88 and hedge accounting can be applied. The hedge books are constantly monitored under a system of limits, and any applicable open items are closed to stop potential losses or take advantage of favorable changes in exchange rates. As of December 31, 2007, there were 14 hedge books covering a total of USD 973 million in pending license payments. These obligations extend into the year 2019. The prior year's obligations came to USD 997 million. Of this figure, USD 698 million is hedged with currency forwards and currency options.

No hedge accounting is applied for a certain portion of the foreign currency exposure in U.S. dollars. In these cases, liabilities for pending license payments came to USD 432 million at December 31, 2007.

To hedge against fluctuations in exchange rates, the ProSiebenSat.1 Group enters into forward exchange contracts ("forwards") and currency options. The average hedge ratio at December 31, 2007, allowing for internal limit systems, was 58 percent. A detailed description of hedging instruments, measurements and sensitivity analyses is provided in the Notes to the Financial Statements.

Notes

Since its acquisition of SBS, the ProSiebenSat.1 Group now owns some companies located outside the zone where the euro is the currency. Since the Group's functional currency is the euro, the financial statements of these companies are converted to euros for purposes of the consolidated financial statements. The ProSiebenSat.1 Group fundamentally views its holdings in these companies as a long-term investment, and therefore does not hedge the associated foreign currency translation risk.

5.2.2 Interest rate risks
Through its financial obligations, the ProSiebenSat.1 Group is exposed to an interest rate risk. The acquisition of the SBS Broadcasting Group was financed entirely through a new loan agreement. The loan agreement covers a number of term loans totaling EUR 1.8 billion, with a term of seven years (Term Loan B) and loans for a total of another EUR 1.8 billion with a term of eight years (Term Loan C). Through these variable-interest financial obligations, the ProSiebenSat.1 Group is exposed to an increased interest rate risk. For that reason, the ProSiebenSat.1 Group has hedged more than 80 percent of this liability with interest rate swaps. These interest rate hedges are used to compensate for uncertain, variable-rate interest payments on borrowings by replacing those payments with fixed-rate interest payments. The interest rate swaps qualify as cash flow hedges that are covered by hedge accounting under IAS 39.88.

The remaining variable interest rate risk results not only from the unhedged portion of the term loan, but also from any draws the Group may take on its revolving credit facility. As of December 31, 2007, no use had been made of this syndicated credit facility. An interest rate risk in the sense of a change in market value is of no relevance here, since ProSiebenSat.1 Media AG's financial liabilities are reported at cost, and thus any change in market value will have no effect on the balance sheet.

5.2.3 Liquidity risks
As part of its liquidity management, the ProSiebenSat.1 Group ensures that adequate cash and cash equivalents are available at all times, in spite of the industry's sharp seasonal fluctuations in revenues. Another integral part of the loan agreement to finance the SBS acquisition was a revolving credit facility with a term of seven years and a total credit line of EUR 600 million. As of December 31, 2007, no drawings of this syndicated credit facility were made. EUR 44.2 million of this facility were used as bank guarantees.

6. Compliance Risks

6.1 General compliance

Corporate governance risks arise from violations of statutory reporting obligations and from insufficient transparency in corporate management and corporate communications. The Corporation limits these risks with a Group-wide compliance structure. The program includes training employees in antitrust matters, as well as internal oversight and sanctioning mechanisms to prevent any violations of the antitrust laws from the outset.

Non-financial performance indicators

6.2. Antitrust laws

6.2.1 Proceedings by the German Federal Cartel Office ("share of advertising" discounts)

Germany's Federal Cartel Office has concluded its proceedings against the ProSiebenSat.1 Group's German advertising marketer, SevenOne Media, in return for payment of a fine. The proceedings were part of an industry-wide investigation against marketers of advertising time and media agencies in Germany. In essence, the Cartel Office regards agreements on the "share of advertising" discounts customary in the industry as a vertical restraint of competition. In setting the amount of the fine, for the first time the Federal Cartel Office applied the new provisions of the seventh amended version of the antitrust laws in conjunction with the Office's own guidelines on fines. The new provisions have significantly increased fines compared to such cases under the old laws. To avert a wearisome court battle and adverse effects on its business activities, the ProSiebenSat.1 Group accepted the fine of EUR 120.0 million. The first of two installments was paid early in 2008. There can be no assurance that third parties will not attempt to bring action against SevenOne Media in the aftermath of these proceedings. However, no such actions have been brought at present.

6.2.2 Market investigation in Hungary

The Hungarian antitrust authority is currently conducting a general investigation of the media market, concentrating on three aspects: television advertising, the sale of television programming, and purchases of film and sports rights. This investigation is not directed against companies of the ProSiebenSat.1 Media AG. However, the Hungarian antitrust authority might take the investigation as an occasion for further proceedings that might affect the business of the Group's free TV station TV2.

6.3 Media law/broadcasting licenses

6.3.1 Audiovisual Media Services Directive

After an extensive legislative process in which ProSiebenSat.1 Media AG played an active role, the European Audiovisual Media Services Directive was adopted in December 2007. It will replace the former EU television directive. The new directive, which includes provisions on advertising and on protecting children in both linear and nonlinear services, codifies the European Court of Justice's case law to date on exceptions from the "country of origin" principle. Under the country of origin principle, audiovisual services that extend across borders are always subject only to the laws of the country of origin, and are not required to comply with the laws of the country of reception. The new legal situation increases the risk that proceedings might be initiated by Member States that receive Group programming from another Member State.

The new rules first of all provide for a consultation procedure between the country of reception and the country of origin. Here difficulties with different legal frameworks may be resolved by amicable agreement. In these proceedings, the provider cannot be subject to the rules of the country of reception. The ProSiebenSat.1 Group is in continuous close contact with the licensing agencies, and will support them in the consultation proceedings.

Only in cases of genuine breaches, where a service provider has settled in a Member State other than the country of reception in order to avoid stricter laws in the country of reception, can a country of reception take action against a broadcaster whose services violate the laws of the country of reception. However, the country of reception must first appeal to the EU Commission, which in turn will review whether the prerequisites for such proceedings have indeed been met, thus forestalling any action from being taken on purely protectionist grounds.

There is a risk that countries of reception may attempt on this basis to restrict programming that does not fall under their own legislation. However, there are high barriers against restraints of the basic freedoms of service and location on which the country of origin principle is founded. In this connection, the EU Commission has already announced that it will work to counteract unreasonable restraints of basic freedoms. Additionally, since in essence the new rules simply reflect the existing case law, there is no reason to assume that they will hinder the Group's activities. The ProSiebenSat.1 Group is also in constant contact with the Commission, to make sure that the Group's interests will be adequately taken into account even in the event of such proceedings.

6.3.2 Regional windows

With the adoption of the Eighth Amended Interstate Treaty on Broadcasting, the governors of Germany's states tightened the requirements for "windows" of regionally oriented programming. The new treaty requires regional windows to obtain their own licenses. These are to be issued only to companies that are independent from established broadcasters. The North German regional programming windows in Sat.1's schedule are produced by a wholly-owned subsidiary, Sat.1 Norddeutschland GmbH. Applications were filed at the end of 2006 and the beginning of 2007, with a term until mid-2008. In all cases, the Commission on Concentration in Broadcasting (KEK) has held consultations and advocated granting the license. Accordingly the licenses were then granted by the state media agencies in charge, in Bremen, Hamburg, Lower Saxony and Schleswig-Holstein. ProSiebenSat.1 Media AG and Sat.1 Norddeutschland GmbH have applied for extensions, so as to exclude a reduction of the ownership requirement to less than 25% for 2008 as well. In the draft of the Tenth Amended Interstate Treaty on Broadcasting, Section 53b permits an extension to at least December 31, 2009. At the end of January 2008, the state media agency for Hamburg and Schleswig-Holstein responded to the application by further extending the permit and channel allotment until 2015.

Section 47 (3) of the Saarland Media Act, as last amended on March 31, 2004, requires that so far as is technically possible, state-wide programming windows must be incorporated at least into the two private nationwide television channels with the greatest technical reach, irrespective of the method by which they are broadcast, and these windows must be financed by the broadcasters of the nationwide channels. ProSiebenSat.1 Media AG and Sat.1 have taken legal action to contest the obligation to provide Saarland window programming. At the end of 2006 they filed suit for a declaratory judgment on the permissibility of the applicable provisions of the interstate broadcasting treaty and state law, and of the associated Ordinance, as well as the administrative action issued on that basis. Given the proceedings still pending before the Saarland Administrative Court, ProSiebenSat.1 Media AG is taking an active, broad-based role in this social, media-policy and legal controversy, to combat these new restrictions. The financing to be provided by Sat.1 or ProSiebenSat.1 Media AG for a new regional window is estimated at roughly EUR 5 million per year.

There is a further risk that in German states that hitherto have had no requirements for programming windows, demands for similar arrangements may also arise, first in debates on media policy and then, potentially, in new legislation. In these discussions as well, the Company is taking an active part to counteract an expansion of further regional TV requirements.

6.4 Distribution

For the Company's stations, lasting success in the advertising market depends most of all on high audience reaches. Apart from programming appeal, this reach depends especially on the technical distribution of the TV stations over as many distribution channels as possible. The Group's stations have high technical reaches. The German market can serve as an example here. The German stations' broad reach was safeguarded further with long-term distribution and cooperation agreements signed in 2006 and 2007 with T-Systems, SES Astra, the "big" broadband operators Kabel Deutschland, Unity Media and Kabel Baden-Württemberg, Primacom, and additional broadband operators from network levels 3 and 4. There are also distribution agreements with Deutsche Telekom AG's T-Online unit, Hansenet, Arcor, and other providers, to carry programming signals over telephone cables. At the end of 2007, ProSiebenSat.1 Media AG also signed a contract for terrestrial distribution of its channels ProSieben, Sat.1 and N24 on mobile terminal devices, such as cell phones, in the territory of Germany, via DVB-H-Plattform Mobile 3.0 GmbH, which is expected to go into operation in mid-2008. In this way, ProSiebenSat.1 Media AG has laid the cornerstone for the distribution of its free TV programming on mobile terminal devices, and also safeguarded reception of its content via this path.

The non-German stations of ProSiebenSat.1 Media AG generally achieve similarly high reaches via various paths – satellite, cable and terrestrial. The reaches in their various countries depend on the distribution model chosen there, such as the "transport" model or "platform" model in which the platform operator generally sends free TV programming into homes in encrypted form, for an equipment fee, and passes on a fee to the programming providers, such as ProSiebenSat.1 Media AG, for the use of their brands or for other reasons.

The changeover from analog to digital broadcasting will once again multiply the capacity available for carrying the Company's television programming and other services. It opens up business prospects for all channels and other services provided by the ProSiebenSat.1 Group, especially in new content. Digitization has produced a significant increase in the total number of channels available. Signing long-term distribution agreements has ensured that the reach of the Group's stations in Germany will still be assured as the transition from the analog to the digital age advances. Similar agreements have been signed or are being negotiated for the Group's stations outside Germany.

Irrespective of the distribution agreements it signed in 2007, the ProSiebenSat.1 Group is confident that its stations' appeal, high audience acceptance and variety will ensure that they will remain available area-wide via analog and digital distribution channels. Even as the television market becomes more and more heavily fragmented, the stations of the ProSiebenSat.1 Group will still be able to maintain their competitive positions in the free TV sector. Quite aside from the high barriers against any new provider's entry into the market, the Group's standing will be particularly ensured by the widespread recognition of its station brands in their various countries, its long-term contracts for broadcasting rights, and its stations' strong position with audiences and in the advertising market.

7 Other legal risks

7.1 Preliminary ruling from the European Court of Justice

The Austrian Federal Communications Board had sought a preliminary ruling from the European Court of Justice (ECJ) on whether call TV services are not in fact broadcasting, but rather teleshopping or possibly advertising. In its decision of October 18, 2007, the ECJ furnished no final criteria on how call TV programs should be categorized under broadcast law, but said the critical circumstances should be evaluated on a case by case basis. To that extent, the ECJ remanded the proceedings to the Austrian Federal Communications Board, which must now make its own decision, taking the criteria defined by the ECJ into account. Therefore the decision will have no direct impact for the moment on the programming produced by 9Live in Germany.

7.2 Call TV prohibited in the Netherlands

Invoking the Dutch laws on lotteries and gambling and the code of conduct applicable in the country under those laws, in September 2007 the Netherlands Ministry of Justice prohibited private TV broadcasters from showing conventional call TV programming. The ban also affected Group stations SBS 6 and Net 5, which took their call TV shows off the air on November 30, 2007. Since the court cases on the matter are still pending, and the date of a final decision cannot be foreseen, it is currently unclear whether conventional call TV programming will be able to return to the air in the Netherlands sometime in the future. Further, it cannot be barred that, regarding this issue, it may come to stipulation of a fine.

7.3 Victory in declaratory judgment proceedings

In May 2007, the Munich Higher Regional Court upheld the September 2006 decision of Munich Regional Court I favoring ProSiebenSat.1 Media AG. The lower court's decision had been appealed by several of the petitioners on the losing side. The May 14 decision of the Munich Higher Regional Court cannot be appealed. The proceedings, which dragged on for years, have thus come to an end. The litigation arose out of the merger of ProSieben Media AG and SAT.1 Holding GmbH to form ProSiebenSat.1 Media AG. After the 2000 merger, several former preferred shareholders of ProSieben Media AG applied to the court for a review of the exchange ratio, and to set a figure for an additional cash payment.

General outlook for the Group's future development

ProSiebenSat.1 management believes that the Group will once again be able to show a positive overall outcome of business operations in the 2008 and 2009 projection period. The Company will benefit from dynamic growth rates in international markets, especially in eastern and northern Europe. Apart from careful cost controls, the increasing networking of our activities, in tandem with knowledge transfers within our pan-European structure, will generate synergies and further improve the Group's revenues and profits.

We will continue to vigorously pursue our strategic objectives. A clear focus on programming will strengthen the ProSiebenSat.1 Group's core business in free TV, and at the same time lay the cornerstone for further growth in the Diversification segment.

Opportunity Report

To identify business opportunities and make the most of them, the ProSiebenSat.1 Group conducts market research in every relevant field, and constantly monitors new technical developments. Efficient risk management serves as an early warning system for all units. Recognizing risks and opportunities is an integral part of all planning and decision-making processes.

Risk Report

Future environment and market opportunities

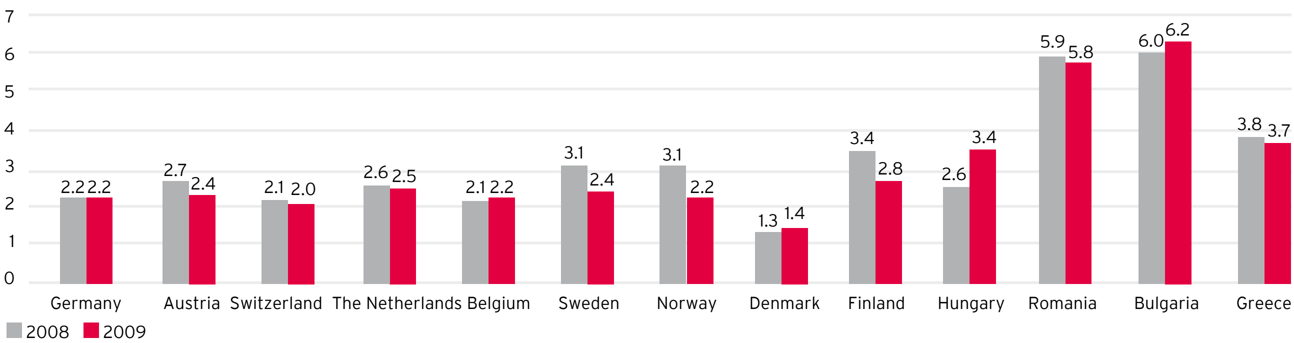
Economic developments in Europe

The economy of the Euro Zone and the European Community will presumably grow somewhat more slowly in 2008 than in 2007. The ongoing turbulence in the financial market, higher prices for oil and energy, and the rising euro will have an impact on economic development in the first quarters of 2008. Consumer spending, the most important engine driving the advertising markets, will profit from the improvement in the job market.

The growth momentum of the past two years will taper off somewhat in Germany as well. Currently the ifo-institute projects real growth of 1.6 percent in gross domestic product. High expectations here are tied to the growth of consumer spending. The improvement in the job market and income gains from agreements setting high wages should strengthen buying power. In our most important international markets – the Netherlands, Sweden and Hungary – the respective estimated GDP growth rates for 2008 are 2.6 percent, 3.1 percent and 2.6 percent.

Real GDP

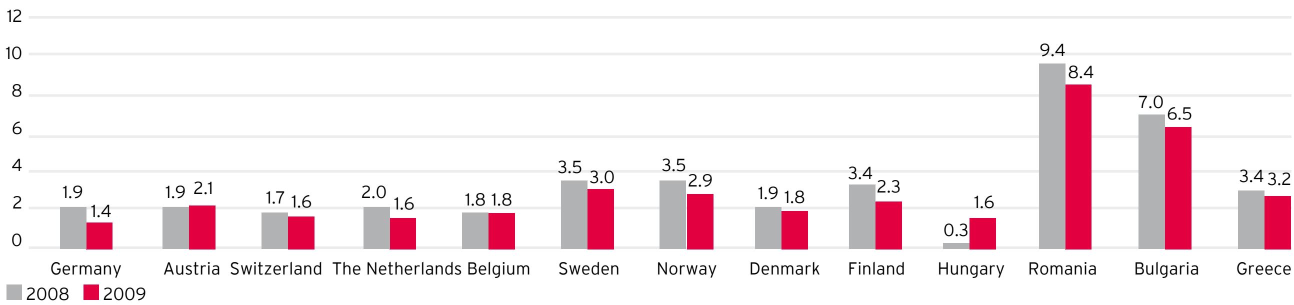
In percent



Source: Eurostat except Germany 2008: Joint Economic Forecast of German economic institutes, October 2007.

Private consumption

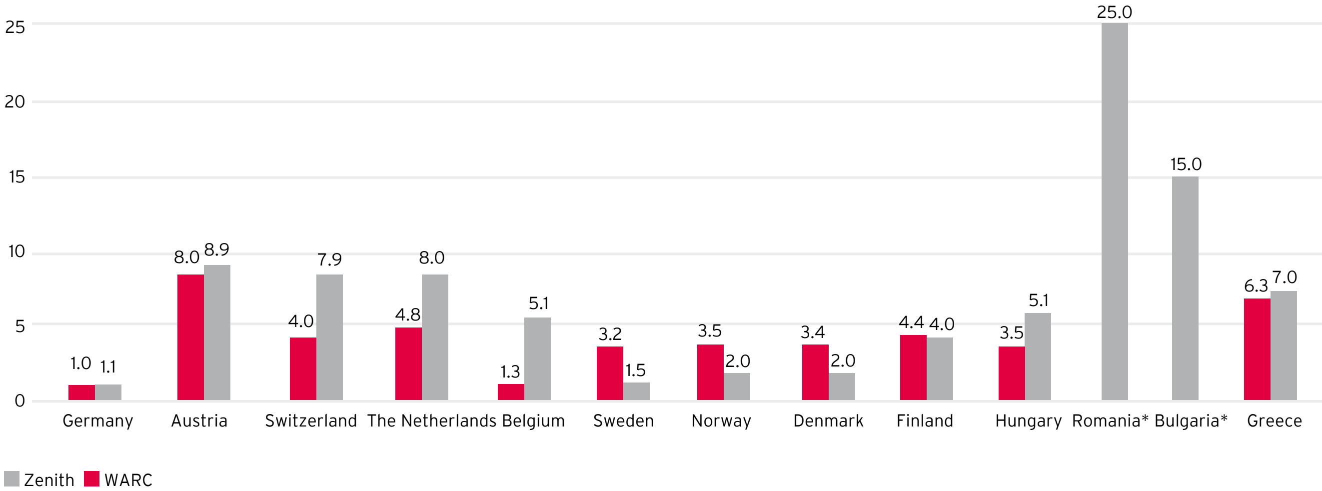
In percent



Source: Eurostat except Germany 2008: Joint Economic Forecast of German economic institutes, October 2007.

Development of the advertising market in ProSiebenSat.1's main markets
The media industry is especially sensitive to cyclic fluctuations in the economy. Accordingly, the projected growth of gross domestic product and consumer spending is generally reflected in the expected growth of the associated advertising markets. For countries with strong economic growth, like Romania and Bulgaria, advertising spends are therefore expected to be well above average. In Germany, ZenithOptimedia expects the TV business to grow 1.1 percent in 2008. The World Advertising Research Center (WARC) projects that the German television advertising market will grow 1.0 percent in 2008. Projections indicate that all other markets where the ProSiebenSat.1 Group operates will grow faster than Germany.

Development of TV advertising market in countries central to the ProSiebenSat.1 Group
TV ad spend (Net) in percent (Change 07 vs. 06 at current prices)



*WARC forecast not available for Romania and Bulgaria.
Source: WARC 12/2007, ZenithOptimedia 12/2007. Figures extensively harmonized on a net base. With methodical differences between countries and sources.

Outlook for performance of the media market
Advertising market: TV will remain highest-revenue segment in Germany – Internet gaining fast
In 2008, digitization will again result in new platforms and distribution channels for TV content. Nevertheless, people will still consider television the most important medium. According to a representative study of Germany by SevenOne Media, television use will remain stable at high levels. With an average of 52 receivable channels per household using TV, about 80 percent of use will be spread among the six big free TV channels, including ProSieben and Sat.1. Multi-channel households as well – which today can receive up to 150 channels or more – tend to have a more or less stable selection of about 16 stations that they actually use for at least ten minutes a month. Television viewing behavior changes slightly only among very young viewers. More and more, they have been consuming Internet services – especially from entertainment platforms and communities. But television undisputedly remains by far the highest-revenue segment in the German entertainment and media industry.

The Internet is currently the fastest growing advertising medium. The boom is being driven by the increasing number of broadband Internet connections that make moving pictures possible. They have opened the way to the use of new advertising formats, such as advertising videos. But the industry will also gain momentum from the possibility of directing customized advertising messages to Internet users by way of individualized appeals to target audiences.

Audience share: TV still exercises an unbroken fascination
But new technologies and distribution channels are not the decisive factors in competition; that place goes to content. Using TV as their launch pad, moving pictures are con-

quering the new digital platforms. On the Internet, on video portals or on mobile devices, consumers look for content – especially the kind of content they already know from television. Even today, German users between the ages of 14 and 29 have already shifted nearly 70 percent of their total media use to such screens as the PC or cell phones. The AGF television research association also intends to take due account of this fact in the future. Beginning in January 2009 it will be adding time-delayed uses of television content to its TV performance figures, on the principle of "Follow the Content." Surveyors are developing ways of measuring the use of television on the computer, via IPTV and via DVB-H.

Strategic opportunities of the ProSiebenSat.1 Group

Digital developments pose new challenges for a content provider like the ProSiebenSat.1 Group. At the same time, they offer substantial opportunities for growth. With its attractive content and its strong TV brands, the ProSiebenSat.1 Group has many opportunities to provide innovative services that will support new usage habits, attract new audience groups, and develop new concepts for the advertising industry.

The acquisition of the SBS Broadcasting Group has opened up additional opportunities for the ProSiebenSat.1 Group to grow further in Europe. SBS and ProSiebenSat.1 complement one another in terms of geography, content and strategy, to form a leading pan-European media corporation. Both parts of the Group are primarily providers of free TV, while at the same time counting on diversification. As a pan-European television group, ProSiebenSat.1 now stands on a broader base, and is better protected against crises than before. The integrated Group has an optimized risk-opportunity profile. It operates in 13 countries of northern, central and eastern Europe. Formerly the Company generated 100 percent of its revenues in Germany, Austria and Switzerland. Since the takeover of SBS, this figure has declined to 70 percent (pro forma combined 2007). The merged Group generates some 80 percent of its revenues from its core business in free TV (pro forma combined 2007). In addition to an internally complementary corporate profile, the Group's specific organizational structure also gives it a lead over its competitors, since most of its subsidiaries are wholly owned. A fully integrated Group will be able to make the most of any potential for synergy. At the same time, innovations can be developed faster, and decisions can be put into action more efficiently.

Business and market position

Company outlook

Future ownership structure

As a consequence of the 2007 takeover of SBS Broadcasting Group by ProSiebenSat.1 Media AG, in mid-2008 the Company may gain a new strategic shareholder. Telegraaf Media Groep N.B., which formerly held 20 percent of SBS Broadcasting Group, has informed the Company that it has an option to acquire 12 percent of the voting common stock of ProSiebenSat.1 Media AG from Lavena holding 5 GmbH. If it exercises that option – which becomes possible in June 2008, according to Telegraaf Media Groep – Telegraaf Media Groep would hold 6 percent of the ProSiebenSat.1 Group's capital stock. In case TMG does not exercise its call option, Lavena has a put option on TMG to be exercised before August 15, 2008.

Subsequent Events

Advancing integration between companies, pooling expertise

The Corporation's top priority is to achieve a successful combination between SBS and ProSiebenSat.1. The integrated Group is being organized along the lines of thinking locally, and acting globally. This approach should allow the subsidiaries to operate largely autonomously within their own markets. At the same time, all companies and units can profit from the skills and resources of the Group as a whole. Pooling resources centrally will enable the Company to make optimum use of its potential for synergy, and achieve economies of scale. International project groups have been formed to advance integration between the two companies as quickly as possible, and thus to reap the projected synergies of EUR 80 to 90 million that are expected to take full effect in 2010. These international teams organize joint working procedures and promote networking of the Group's various locations, along with the broadest possible knowledge transfer. In six areas –

Content, Sales and Marketing, New Media, Operations, Holding Company, and Procurement – they have been working closely to develop new procedures within the Group.

Capital spending and finance

Financial position and net worth

The acquisition of the SBS Broadcasting Group was the biggest acquisition in the ProSiebenSat.1 Group's history. The acquisition was financed entirely through borrowings. The higher debt level still leaves enough financial leeway for the Group's further strategic and operational expansion.

The ProSiebenSat.1 Group will invest in further growth. Our spending will focus mainly on expanding and updating our programming. We will invest some EUR 10 million between 2008 and 2009 in new technology to build N24 into Europe's most up-to-date news station. We will also review our opportunities to expand our business operations through acquisitions. The Group especially sees potential for expansion in the growing eastern European market, and on the Internet. The ProSiebenSat.1 Group has sufficient financing capabilities for this purpose. However, there are no plans for major corporate acquisitions that would result in an additional need for capital. All possible investment plans pursue the objective of sustainably strengthening the Group's market position as a pan-European media corporation, through a forward-looking programming and marketing strategy.

Management's proposed allocation of profits

The ProSiebenSat.1 Group aims to reduce its debt level through further growth in profits and reductions in debt. Although reducing debt is a high priority, we also assume the continuation of a shareholder-friendly dividend policy in the future.

Segments' and units' future performance

The objective for 2008 and 2009 is once again to increase revenues and EBITDA in both the Free TV core business and Diversification operations. A clear focus on programming will further strengthen the Group's core business in Free TV, and at the same time help make the most of opportunities in the Diversification business, especially through multiple reuses of content.

Economies of scale through new production synergies

Programming

The merger with SBS has yielded numerous opportunities for international growth, both for the Group's Free TV brands and for its Diversification services. Among the projects that the Group is currently reviewing is the introduction of a German version of the successful Scandinavian music channel The Voice. We also have plans to extend various TV programming concepts to multiple international stations. The January 2008 debut of "The next Uri Geller – Unglaubliche Phänomene Live" on ProSieben already took early advantage of opportunities for synergy by conducting back-to-back productions. ProSieben's live show drew an enthusiastic audience of millions in Germany. A Dutch version followed on SBS 6. SBS 6 used ProSieben's expertise and studio infrastructure for its own productions. Many of the ProSiebenSat.1 Group's programs and brands that currently focus on individual markets have the potential for successful geographic expansion. Here the Group will do more than open up additional sources of revenue. Joint productions also offer economies of scale and opportunities for a more efficient use of resources.

As part of the integration process, the ProSiebenSat.1 Group has already made a number of successful changes in the Diversification unit. Following the launch of the Norwegian game platform SevenGames.no and the international game portal SevenGames.com, the launch of MyVideo in Belgium and the Netherlands was the third synergy project that ProSiebenSat.1 carried out in the Online segment since the beginning of the year. Further integration projects and country-specific adaptations are in preparation, especially in online operations.

ProSiebenSat.1 Group starts with attractive programming lineup in 2008

The ProSiebenSat.1 Group started out the year with an attractive programming lineup, and expanded its portfolio with some of the most successful theatrical film productions of the past few years by way of an agreement with Sony Pictures Television International. In parallel with the optimization of its programming portfolio, the Group will further improve the broadcasting structure of its free TV stations, giving its channels an even better focus on the audience market's needs. At the beginning of the year, Sat.1 took extensive steps to renovate its programming structure and content. The station is expected to move closer to its audiences by upgrading its information services, including by placing news in the 8 pm time slot. At the same time, it will improve audience flow with block programming. Besides expansions in programming, the ProSiebenSat.1 Group also intends to establish Berlin news station N24 as Europe's most up-to-date news station, and to set it up on an innovative technology platform. The station's relocation into a new building in the fall of 2008 will lay the cornerstone for its expansion into a multimedia news brand. This will make it possible not just to renovate editing and production equipment, but to pool TV and multimedia activities.

Blockbusters, free TV premieres, and film highlights

Ocean's Twelve

In the next several months, viewers can expect to find all kinds of movie features on ProSiebenSat.1 Group stations. They include blockbuster hits like "Aviator" (ProSieben, D), "King Kong" (VT4, B), "Ocean's Twelve" (Kanal 5, DK) and "Harry Potter and the Prisoner of Azkaban" (e.g., ProSieben, D, Kanal 5, DK). In addition to free TV premieres like "The Chronicles of Narnia: The King of Narnia" (Sat.1, D) and top movies like "Fight Club" (kabel eins, D), "Meet the Fockers" (Sat.1, D) and "Calendar Girls" (Kanal 4, DK), TV events like "Die Brücke" (ProSieben, D) with Franka Potente offer the best TV entertainment anyone could want.

All-out suspense with successful top-rated US shows


Grey's Anatomy

The viewer ratings speak for themselves and viewers have given "crime and suspense made in the US" a long lead over other genres. For that reason, ProSiebenSat.1 Group stations also provide exciting TV entertainment with top-rated US shows, such as "Navy CIS" (e.g., Sat.1, D; TV2, HUN; Veronica, NL), "CSI: Miami" (e.g., Kanal 5, DK; TVNORGE, N), "Dr. House" (e.g., SBS 6, NL; TV2, HUN), "Grey's Anatomy" (e.g., ProSieben, D, Net 5, NL) and "Private Practice" (ProSieben, D, Kanal 4, DK).

It's Showtime!

Schlag den Raab

In fiscal year 2008, the stations of the ProSiebenSat.1 Group will air numerous, special-feature shows once again. ProSieben is on the lookout for "Germany's Next Top Model – by Heidi Klum" and will continue putting Stefan Raab up against a contestant in "Schlag den Raab". Sat.1 will feature the casting show "Ich Tarzan, Du Jane" with individuals competing for two leading roles in a musical. Northern European stations are using local co-productions like "Hitmakers" to find the new stars in Scandinavia's music scene. ProSieben and SBS 6 viewers will get to witness incredible phenomena as paranormalist Uri Geller looks for a suitable successor on his show "The next Uri Geller".

Docu-series, infotainment, and comedy

Jedes Kilo zählt

New docu-formats like "Jedes Kilo zählt – Eine Insel wird schlank!", "Das Fast-Food-Duell" (both on kabel eins, D) and new seasons of successful series like "De unge modre" (Kanal 4, DK) and "The House Doctor" (VIJFtv, B) will provide a wide variety of TV entertainment on all ProSiebenSat.1 stations. Successful comedy formats like "Dr. Psycho" (ProSieben, D) and "The Daily Show" with Jon Stewart (Kanal 9, S) will enable the European broadcast group to keep audiences in stitches over the next few months.

News and sports


Kai Pflaume

Up-to-date news 24 hours a day and background reports on the hottest, latest topics – that's what the Berlin-based N24 news channel will give its viewers in the upcoming months. Sports highlights receiving N24 coverage include football matches of the UEFA Champions League and the UEFA Cup, which will be broadcast live by Sat.1, as well as live broadcasts of local events, such as the playoff games of the Swedish ice hockey league (Kanal 5, 9, S).

Expected Group performance

For the current year, the ProSiebenSat.1 Group continues to expect revenues and profits to grow, especially thanks to the first full calendar-year of consolidation with SBS. As in previous years, recurring EBITDA is expected to rise faster than revenues again this year. Revenue growth combined with rigorous cost management will be the principal driver for rising profits. The core business in advertising-financed television will remain the major revenue driver for the future. The dynamism of the international market, and especially the vigorous growth of the European markets of the former SBS Broadcasting Group, will drive the Group's business growth in Free TV operations. The Group's diversified media portfolio will also contribute to growth. In addition to organic growth, strategic acquisitions will further strengthen the Diversification unit.

Strong medium term growing perspectives

We expect that the SBS transaction will increase adjusted earnings per share, and that within the short to medium term the generated returns will be greater than the ProSiebenSat.1 Group's cost of capital. Efficiency enhancements and synergies associated with integrating SBS's business will make a crucial contribution here. We have set ourselves the ambitious goal of achieving synergies of EUR 80 to 90 million a year through a number of specific initiatives. Two-thirds of these synergies will be in costs, and one-third will be founded on additional revenue potential. Economies of scale in programming production and the multiple reuse of content will offer opportunities to save on costs. The licensing business and programming purchases will also enjoy economies of scale. Group-wide cooperation and a centralization of the procurement process will increase our purchasing volume, and thus strengthen our negotiating position with suppliers. We have also particularly identified potential savings in marketing and sales, administration and IT. Using shared administrative services and eliminating duplicate corporate functions will help reduce operating costs. We particularly expect to reap revenue synergies in programming production. Setting up joint production sites and networking our market expertise should gain us additional revenues. There are also numerous opportunities for revenue synergy in the Diversification unit. To take advantage of these, we will coordinate our brands more closely, and make the most of opportunities for expansion with cross-media and geographic links.

The Group will use her high synergy potential

The integration process of ProSiebenSat.1 and SBS is running according to plan. We are well on the way toward achieving our target synergy of EUR 80 to 90 million per year by 2010. We expect to achieve synergies of about EUR 40 million as early as this year.

Financial Statements

Consolidated income statement for ProSiebenSat.1 Media AG

EUR k			2007	2006	Change	Change in %
1.	Revenues	[7]	2,702,533	2,095,134	607,399	29%
2.	Cost of sales	[8]	-1,618,789	-1,295,697	323,092	25%
3.	**Gross profit**		1,083,744	799,437	284,307	36%
4.	Selling expenses	[9]	-374,486	-223,658	150,828	67%
5.	Administrative expenses	[10]	-341,717	-145,078	196,639	136%
6.	Other operating income	[11]	16,743	12,120	4,623	38%
7.	**Operating profit**		384,284	442,821	-58,537	-13%
8.	Income from equity interests in associated companies		1,914	3,914	-2,000	-51%
9.	Other financial result	[12]	208	338	-130	-38%
10.	Net interest and similar income		28,009	3,931	24,078	613%
11.	Net interest and other expenses		-143,751	-46,873	96,878	207%
12.	Net interest result	[13]	-115,742	-42,942	-72,800	-170%
13.	Other financial expenses	[14]	-21,881	-18,848	3,033	16%
14.	**Financial income**		-135,501	-57,538	-77,963	-135%
15.	**Profit before taxes**		248,783	385,283	-136,500	-35%
16.	Income taxes	[15]	-152,696	-142,318	10,378	7%
17.	**Consolidated profit for the year of continuing operations**		96,087	242,965	-146,878	-60%
18.	Result from discontinued operation (net of income tax)	[34]	125	891	-766	-86%
19.	**Consolidated profit for the year**		96,212	243,856	-147,644	-61%
	attributable to					
	Shareholders of ProSiebenSat.1 Media AG		89,445	240,667	-151,222	-63%
	Minorities		6,767	3,189	3,578	112%
EUR						
	Basic and diluted earnings per share of common stock according to IAS 33 *	[16]	0.40	1.09	-0.69	-63%
	Basic and diluted earnings per share of preferred stock according to IAS 33 *	[16]	0.42	1.11	-0.69	-62%

* thereby accounted for consolidated net profit for the period: 89.4 EUR m [previous period: 240.7 EUR m];
thereby accounted for number of common and preferred shares: 218,797 thousand [previous year: 218,797 thousand]

Consolidated balance sheet of ProSiebenSat.1 Media AG

ASSETS		12/31/2007	12/31/2006	Change
EUR k				
A. Noncurrent assets				
I. Intangible assets	[18]	3,534,723	327,557	3,207,166
II. Property, plant and equipment	[19]	244,935	228,646	16,289
III. Investments accounted for using the equity method	[20]	4,583	9,324	-4,741
IV. Other financial assets	[20]	70,473	4,024	66,449
V. Programming assets	[21]	917,110	781,082	136,028
VI. Accounts receivable and other long-term assets	[23]	14,091	1,560	12,531
VII. Deferred taxes	[15]	50,600	- / -	50,600
		4,836,515	**1,352,193**	**3,484,322**
B. Current assets				
I. Programming assets	[21]	400,575	275,235	125,340
II. Inventories	[22]	4,678	4,306	372
III. Current financial assets	[23]	264	1,682	-1,418
IV. Assets for current tax	[23]	34,109	23,871	10,238
V. Accounts receivable and other short-term assets	[23]	440,886	211,314	229,572
VI. Cash and cash equivalents	[24]	250,826	63,540	187,286
VII. Assets classified as held for sale	[34]	30,993	- / -	30,993
		1,162,331	**579,948**	**582,383**
Total assets		**5,998,846**	**1,932,141**	**4,066,705**

LIABILITIES AND SHAREHOLDERS´ EQUITY		12/31/2007	12/31/2006	Change
EUR k				
A. Shareholders' equity	[25]			
I. Subscribed capital		218,797	218,797	- / -
II. Capital reserves		546,987	584,537	-37,550
III. Group equity generated		342,646	445,743	-103,097
IV. Accumulated other Group equity		-56,539	-9,602	-46,937
V. Total equity attributable to shareholders of ProSiebenSat.1 Media AG		1,051,891	1,239,475	-187,584
VI. Minority interests	[29]	10,435	1,049	9,386
		1,062,326	**1,240,524**	**-178,198**
B. Noncurrent liabilities				
I. Long-term loans and borrowings	[32]	3,577,297	183,959	3,393,338
II. Provisions	[30,31]	11,308	5,970	5,338
III. Noncurrent financial liabilities	[32]	201,420	116,875	84,545
IV. Deferred taxes	[15]	207,027	789	206,238
		3,997,052	**307,593**	**3,689,459**
C. Current liabilities				
I. Short-term loans and borrowings	[32]	2,196	1,602	594
II. Provisions	[31]	177,519	93,349	84,170
III. Current financial liabilities	[32]	523,573	231,355	292,218
IV. Liabilities for current tax	[32]	1,706	2,374	-668
V. Other liabilities	[32]	222,092	55,344	166,748
VI. Liabilities classified as held for sale	[34]	12,382	- / -	12,382
		939,468	**384,024**	**555,444**
Total liabilities and shareholders' equity		**5,998,846**	**1,932,141**	**4,066,705**

ProSiebenSat.1 Group cash flow statement *]

EUR k	2007	2006
Consolidated profit for the year	**89,446**	**240,667**
Depreciation, amortization and impairment/write-ups of noncurrent and current assets	137,041	40,044
Consumption/write-ups of programming assets	1,127,152	938,089
Change in tax provisions [incl. change in deferred taxes]	5,733	29,955
Change in other provisions	31,150	22,119
Result from equity accounting and other noncash relevant changes within financial assets	867	-2,363
Result from sale of fixed assets	452	74
Unrealised currency differences of fixed assets	21,467	- / -
Other noncash income / expenses	-9,779	4,572
Cash flow	**1,403,529**	**1,273,157**
Change in inventories	-543	167
Change in non-interest-bearing receivables and other assets	-36,861	-10,198
Change in non-interest-bearing liabilities	227,473	8,845
Cash flow from operating activities	**1,593,598**	**1,271,971**
Proceeds from disposal of noncurrent assets	4,042	4,033
Expenditures for intangible assets and property, plant and equipment	-41,462	-28,872
Expenditures for purchase of financial assets	-5,129	-3,848
Proceeds from disposal of programming assets	9,110	9,428
Expenditures for programming assets	-1,176,684	-954,987
Effects of changes in scope of consolidation (acquisition)	-2,026,681	-8,320
Effects of changes in scope of consolidation (divestiture)	4,264	- / -
Other changes in equity	-36,461	3,013
Cash flow from investing activities	**-3,269,001**	**-979,553**
Free cash flow	**-1,675,403**	**292,418**
Dividend	-192,542	-181,602
Reduction of interest-bearing liabilities	-1,485,395	-204,832
Allocation of interest-bearing liabilities	3,540,647	- / -
Cash flow from financing activities	**1,862,710**	**-386,434**
Change in cash and cash equivalents	**187,307**	**-94,016**
Cash and cash equivalents at beginning of year	63,540	157,556
Cash and cash equivalents as of December 31	**250,847**	**63,540**
Cash and cash equivalents of discontinued operations at end of period	-21	- / -
Cash and cash equivalents of continuing operations at end of period	**250,826**	**63,540**
The cash flow from operating activities includes the following receipts and payments according to IAS 7:		
Cash flow from income taxes	-148,114	-152,246
Cash flow from interest expenses	-106,728	-36,036
Cash flow from interest income	8,195	3,735

*] The cash flow statement is explained in the notes under number 33

Statement of changes in shareholders' equity of the ProSiebenSat.1 Group for 2006

EUR k	Subscribed capital	Capital reserves	Group equity generated	Accumulated other Group equity		Minority interests	Shareholders' equity
				Foreign currency translation adjustment	Valuation from cash flow hedges		
December 31, 2005	218,797	579,965	386,678	-250	4,474	-1,915	1,187,749
Dividends paid	- / -	- / -	-181,602	- / -	- / -	- / -	-181,602
Changes in scope of consolidation	- / -	- / -	- / -	- / -	- / -	-258	-258
Stock option plan	- / -	4,572	- / -	- / -	- / -	- / -	4,572
Statement of recognised income and expenses	- / -	- / -	- / -	-208	-13,618	33	-13,793
Consolidated profit for the year	- / -	- / -	240,667	- / -	- / -	3,189	243,856
Dezember 31, 2006	**218,797**	**584,537**	**445,743**	**-458**	**-9,144**	**1,049**	**1,240,524**

Statement of changes in shareholders' equity of the ProSiebenSat.1 Group for 2007 *]

EUR k	Subscribed capital	Capital reserves	Group equity generated	Accumulated other Group equity		Minority interests	Shareholders' equity
				Foreign currency translation adjustment	Valuation from cash flow hedges and interest rate swaps		
December 31, 2006	218,797	584,537	445,743	-458	-9,144	1,049	1,240,524
Dividends paid	- / -	- / -	-192,542	- / -	- / -	- / -	-192,542
Changes in scope of consolidation	- / -	- / -	- / -	- / -	- / -	2,649	2,649
Stock option plan	- / -	-9,779	- / -	- / -	- / -	- / -	-9,779
Liabilities to owners of preferred shares according IAS 32	- / -	-27,771	- / -	- / -	- / -	- / -	-27,771
Statement of recognised income and expenses	- / -	- / -	- / -	-15,615	-31,322	-30	-46,967
Consolidated profit for the year	- / -	- / -	89,445	- / -	- / -	6,767	96,212
Dezember 31, 2007	**218,797**	**546,987**	**342,646**	**-16,073**	**-40,466**	**10,435**	**1,062,326**

*] The changes in shareholders' equity is explained in the notes under number 25 - 29

Statement of recognised income and expenses *]

EUR k	2007	2006
Consolidated profit for the year	**96,212**	**243,856**
Cash-flow hedges	-40,568	-21,965
Deferred taxes	9,246	8,347
Change in foreign currency translation adjustment	-15,615	-208
Minority Interests	-30	33
Total income and expenses recognized in equity	**-46,967**	**-13,793**
Total income and expenses for the period	**49,245**	**230,063**
attributable to:		
Shareholders of ProSiebenSat.1 Media AG	42,508	226,841
Minorities	6,737	3,222

*] Statement of recognised income and expenses is a component part of the notes

Notes to the 2007 Consolidated Financial Statements ProSiebenSat.1 Group

Basis and Methodology

[1] Application of International Financial Reporting Standards (IFRS)

The consolidated financial statements of ProSiebenSat.1 Media AG for fiscal 2007 were prepared in compliance with the International Financial Reporting Standards of the International Accounting Standards Board (IASB) that were in effect and applicable for the EU on the reporting date, December 31, 2007, as well as the supplemental provisions of German commercial law under Sec. 315a (1) of the German Commercial Code. All applicable interpretations of the International Financial Reporting Interpretations Committee (IFRIC) for fiscal 2007 have been applied.

A new guidance interpretation, IFRIC 11 ("IFRS 2 – Group and Treasury Share Transactions"), was issued in 2007 by the IASB. However, its application was not yet mandatory for the period under review, and it has not been applied early. Application of IFRIC 11 is mandatory for fiscal years beginning on or after March 1, 2007. IFRIC 11 is intended to supplement IFRS 2 as a clarification about how to report certain situations like treasury share transactions and transactions in the stock of group companies. This new interpretation does not affect the consolidated financial statements of the ProSiebenSat.1 Group.

IFRS 8 ("Operating Segments") was first issued by the IASB in 2006 and was applied early by the ProSiebenSat.1 Group. It requires companies to report financial and descriptive information regarding their reportable segments. IFRS 8 converts segment reporting from the "risk and reward" approach under IAS 14 to the "management" approach. Application of IFRS 8 is mandatory for fiscal years beginning on or after January 1, 2009. In connection with the acquisition of the SBS Broadcasting Group, the ProSiebenSat.1 Group decided to apply the standard early, beginning with its quarterly report for the quarter that ended on September 30, 2007. For more information about segment reporting, see Note [38].

The consolidated financial statements of ProSiebenSat.1 Media AG consist of the income statement, the balance sheet, the statement of changes in equity, the cash flow statement, and the notes to the financial statements. The income statement is presented using the cost of sales method.

To provide a clearer and more meaningful picture, certain items have been combined in the balance sheet and income statement, while an item-by-item explanation is provided in the notes. Unless specifically indicated otherwise, all amounts are in thousands of euros (EUR k).

The preparation of accounts, explanations and information about the consolidated financial statements under IFRS for fiscal 2007 are generally based on the same accounting policies as the consolidated financial statements for 2006, except for those accounting standards whose application has been mandatory since January 1, 2007, and accounting standards that have been revised. As part of the integration of the SBS Broadcasting Group, acquired in July 2007, the classification of programming assets as current or non-current has been reorganized, as has the segment structure. The change in the recognition of programming assets better reflects the economic approach to their durations.

The change against the prior period is summarized below:

EUR k	12/31/2007		12/31/2006	
	After revision of reporting method	Amount under previous reporting method	After revision of reporting method	Amount under previous reporting method
Non-current programming assets	917,110	400,384	781,082	300,196
Current programming assets	400,575	917,301	275,235	756,121
Total programming assets	**1,317,685**	**1,317,685**	**1,056,317**	**1,056,317**

The fiscal year of ProSiebenSat.1 Media AG and its consolidated subsidiaries is the same as the calendar year. ProSiebenSat.1 Media AG is entered in the Companies Registration Office of Munich district court, and has its registered office and principal place of business in Unterföhring.

[2] Scope of consolidation

The number of subsidiaries included in the consolidated financial statements changed as follows in fiscal 2007:

	Domestic market	Foreign market	Total
Included at 12/31/2006	36	5	41
Newly founded/consolidated companies	11	127	138
Merged/disconsolidated companies	-1	- 2	-3
Included at 12/31/2007	**46**	**130**	**176**

ProSiebenSat.1 Media AG directly or indirectly holds a majority of voting rights in these companies. For the year under review, 15 (prior year: 8) associated companies are consolidated by the equity method.

Affiliated companies are listed on pages 107 through 111, along with the specific percentage of their capital held by the ProSiebenSat.1 Group.

Acquisition of the SBS Broadcasting Group

By a purchase agreement dated June 27, 2007, the ProSiebenSat.1 Group acquired full ownership of the SBS Broadcasting Group from funds advised by KKR and Permira, and from the Telegraaf Group. The share purchase agreement was consummated on July 3. The transaction totaled EUR 3.3 billion. Some EUR 2.1 billion of this was for the purchase price, which was paid entirely in cash. That figure also includes costs of EUR 11.5 million directly associated with the purchase. The acquisition of the SBS Broadcasting Group gained the ProSiebenSat.1 Group cash and cash equivalents of EUR 96.5 million. The purchase price allocation ("step-up") process was begun upon consummation of the purchase agreement early in July, and had not been entirely completed by the reporting date, December 31, 2007, since the final allocation of goodwill among various legal entities had not yet been concluded. The assets and liabilities of the ProSiebenSat.1 Group incorporate the acquisition of the SBS Broadcasting Group at the following provisional values:

SBS Broadcasting Group: Fair value

EUR k	SBS	Step-up	Fair value
Intangible assets	24	884	908
Goodwill	- / -	2,363	2,363
Property and equipment	52	- / -	52
Financial assets	1	64	65
Programming assets	228	- / -	228
Current assets, including deferred tax assets	212	- / -	212
Cash and cash equivalents	96	- / -	96
Provisions	-17	-5	-22
Liabilities, including deferred tax liabilities	-1,712	-103	-1,815
Total			**2,087**
Purchase price SBS Broadcasting Group			2,087
Total			**2,087**

The step-up takes account of the differences between the residual carrying amounts recognized in the seller's books and the fair value to the buyer. The identified, capitalized intangible assets are primarily brands and trademarks, rights under broadcasting licenses, trademark license agreements, client relationships, and orders on hand. The financial investments include the current fair value of a nine percent interest in Zenimax Media Inc., of Rockville, Maryland (USA).

The step-up identified not only intangible assets to be capitalized, but also assets that cannot be measured separately from goodwill. This is essentially the case when the goods involved are not scarce, or if no future benefit can be expected, or if the capitalized value already reflects the fair value, or if capitalization is out of the question because of the asset's minor value. Assets that were identified but not recognized separately from goodwill included Internet domains, client lists, internally created software, leases, and contracts with call TV service providers. Differences between recognized residual carrying amounts and fair values for acquired property, plant and equipment were identified, but were deemed of minor importance and therefore were not capitalized additionally.

The SBS Broadcasting Group operates in northern, central and eastern Europe, and runs a pan-European broadcasting chain of 20 free TV and 20 pay TV channels, as well as numerous radio networks. The media group is also a leader in the print sector in the Netherlands.

The SBS Broadcasting Group's revenues for 2007 came to EUR 1.074 billion. The consolidated net profit for 2007 was EUR 9.8 million; the consolidated net profit of the SBS Broadcasting Group since it has belonged to the ProSiebenSat.1 Group is EUR 65.7 million.

If the SBS Broadcasting Group had been taken over as of January 1, 2007, the total consolidated revenues for 2007 would have been EUR 3.229 billion, and the profit would have been EUR 41.0 million. The small size of the profit resulted primarily from one-time unscheduled depreciation and amortization at the SBS Broadcasting Group during the first half of 2007.

Acquisition of solute GmbH

Effective February 1, 2007, SevenOne Intermedia GmbH, an indirect wholly-owned subsidiary of the ProSiebenSat.1 Group, acquired 74.8 percent of solute GmbH, based in Karlsruhe, Germany. The total purchase price for the acquired ownership interest was EUR 3,554 thousand. This amount is divided into a cash purchase price of EUR 2,800 thousand, costs of EUR 84 thousand directly associated with the acquisition, and an earn-out clause stipulated in the purchase agreement for an additional purchase price payment totaling EUR 670 thousand, due in fiscal 2010 and 2011. This additional payment is contingent on certain profit targets for fiscal 2009 and 2010. It is considered very likely that these targets will be met. The company was fully consolidated into the consolidated financial statements of ProSiebenSat.1 Media AG for the first time as of February 1, 2007.

solute GmbH is an Internet service provider, and in particular operates a price search engine on the Internet at the portal billiger.de.

The step-up (purchase price allocation) identified intangible assets that were not measured separately from goodwill. This may be the case, for example, when the goods involved are not scarce, or if no future benefit can be expected, or if the capitalized value already reflects the fair value, or if capitalization is out of the question because of the asset's minor value. The assets concerned are the "shop relationships" on the billiger.de Web site. solute GmbH had revenues of EUR 11,611 thousand in 2007; the net profit for the same period was EUR 736 thousand, of which EUR 534 thousand applies to the period for which the company was consolidated.

Acquisition of Sat.1 Privatrundfunk und -programmgesellschaft m.b.H

Effective February 1, 2007, Sat.1 Satelliten Fernsehen GmbH acquired a further 17.7 percent of Sat.1 Privatrundfunk und –programmgesellschaft m.b.H, of Vienna (Austria), which had formerly been reported at equity. The purchaser consequently holds a total of 51.0 percent of the acquired company, which has been fully consolidated into the consolidated financial statements of ProSiebenSat.1 Media AG as of February 1, 2007. The total purchase price for the additional ownership interest was EUR 3,000 thousand. The acquisition of Sat.1 Privatrundfunk und -programmgesellschaft m.b.H brought the ProSiebenSat.1 Group cash and cash equivalents totaling EUR 9,787 thousand. Sat.1 Privatrundfunk und -programmgesellschaft m.b.H broadcasts TV programming produced by Sat.1 Satelliten Fernsehen GmbH, as a nationally syndicated schedule in Austria.

The step-up revealed no intangible assets or other unreported reserves or charges that should be recognized separately from goodwill. Sat.1 Privatrundfunk und -programmgesellschaft m.b.H had revenues of EUR 22,312 thousand in 2007; the net profit for the same period was EUR 10,022 thousand, of which EUR 5,111 thousand, after adjustment for minority interests, applies to the period during which the company was consolidated.

Acquisition of PULS CITY TV GmbH

On July 4, 2007, SevenOne Media Austria GmbH acquired full ownership of PULS CITY TV GmbH, headquartered in Vienna, Austria. The acquisition took effect once the antitrust and media regulators had granted their consent on August 9. The purchase price was EUR 2,180 thousand. PULS CITY TV GmbH is a broadcaster in the Vienna metropolitan area, and also produces programming for ProSieben Austria and Sat.1 Österreich, among others.

PULS CITY TV GmbH had revenues of EUR 8,258 thousand for 2007; the net loss for the same period was EUR –2,047 thousand, of which EUR –1,404 thousand applies to the period for which the company was consolidated.

Acquisition of all of Magic Internet Holding GmbH

By a contract dated July 16, 2007, SevenOne Intermedia GmbH, a ProSiebenSat.1 Group subsidiary, purchased the remainder of Magic Internet Holding GmbH, of Cologne (Germany), which had formerly been reported at equity. The purchase included Magic Internet Holding's wholly-owned subsidiaries S.C. MyVideo Broadband SRL, of Bucharest (Romania), and Magic Internet GmbH, of Cologne.

The purchase price for the acquired remaining 69.95 percent of Magic Internet Holding GmbH was EUR 19 million. In all, the acquisition of the Magic Internet Group brought the ProSiebenSat.1 Group cash and cash equivalents of EUR 343 thousand.

MyVideo.de is the largest video community established in Germany. At www.myvideo.de, private individuals swap their home-made short films, music clips and vacation videos. Magic Internet Holding GmbH and its subsidiaries had revenues of EUR 5,210 thousand in 2007; the net loss for the same period was EUR –1,882 thousand, of which EUR –224 thousand applies to the period for which the company was consolidated.

Acquisition of wer-weiss-was GmbH
Effective September 4, 2007, SevenOne Intermedia GmbH acquired 74.8 percent of wer-weiss-was GmbH. The cost of acquisition for the 74.8 percent purchase came to EUR 9,024 thousand.

This expert information service is Germany's leading portal for knowledge sharing on the Internet. At www.wer-weiss-was.de, online users can register as experts if they want to share their knowledge with others in a vast range of areas of interest. The revenues of wer-weiss-was GmbH were EUR 517 thousand; the net profit since it has been consolidated is EUR 372 thousand.

Fair value reconciliation
The assets and liabilities of the ProSiebenSat.1 Group reflect the additional acquired companies, as discussed above, at the following total values:

iEUR k		Step-up	Fair value
Intangible assets	225	13,768	13,993
Goodwill	- / -	32,380	32,380
Non-current assets	987	- / -	987
Current assets	22,476	- / -	22,476
Provisions and liabilities	-17,856	-2,707	-20,563
Total			**49,273**
Purchase price			36,758
Carrying amount or equity			5,085
Minority interests			7,430
Total			**49,273**

[3] Consolidation policies

The financial statements of consolidated companies were incorporated into the present statements uniformly according to the reporting and valuation principles adopted by the ProSiebenSat.1 Group.

Capital is consolidated in accordance with IFRS 3 ("Business Combinations") using the purchase method, in which the acquisition cost of a subsidiary is offset against the fair value of that subsidiary's assets, liabilities and contingent liabilities as of the date of its acquisition. Any excess of the acquisition cost over the net fair value of the acquisition is capitalized under intangible assets, as goodwill. Under IFRS 3, goodwill is tested annually for impairment.

If a decrease in value is found, after another test an impairment charge is taken against the income statement.

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

Interests held in companies over whose business policies the Group has significant influence (associated companies at equity) are measured using the equity method under IAS 28 ("Investments in Associates"). Equity interests held in associated companies are reported at a figure equivalent to the proportion of the adjusted equity held in each such company. There is no price quoted on any active market for the companies measured using the equity method. Any difference from the acquisition cost of the equity interest is recognized using the purchase method.

Receivables, provisions, liabilities, expenses and income between consolidated companies, as well as interim results incorporated, have been eliminated. Where individual companies' financial statements took write-downs or write-offs on intra-Group receivables, such changes have been eliminated in the consolidated financial statements of →ProSiebenSat.1 Media AG.

[4] Foreign currency conversion

Annual financial statements in foreign currency were converted in accordance with IAS 21 ("The Effects of Changes in Foreign Exchange Rates") on the basis of the functional currency, using a modified reporting date method. As these companies operate autonomously in financial, economic and organizational terms, here the functional currency is generally identical to the companies' national currency. Accordingly, equity is converted at historical rates of exchange, while other asset and liability items are converted at the closing rate as of the date of the balance sheet. In the income statement, expenses and income are converted at the average rate for the year. Any currency translation differences resulting from the conversion of financial statements in foreign currencies are added to or charged against accumulated other equity, with no net effect on profit or loss.

The financial statements of the individual Group companies report both receivables and payables denominated in foreign currencies using the rate as of the reporting date. Any foreign-exchange gains or losses as of the reporting date are added or charged to the income statement.

An expense of EUR 11,948 thousand resulting from foreign exchange translation differences (vs. income of EUR 840 thousand the year before) was applied to the income statement for the year under review. The larger foreign exchange translation differences are connected with the inclusion of the foreign subsidiaries of the SBS Broadcasting Group. In the prior year, the ProSiebenSat.1 Group had only minor activities in other countries.

The following exchange rates were used in translating foreign currency within the Group:

Exchange rate: 1 EUR equals	Rate of reporting date		Average rate	
	12/31/2007	12/31/2006	2007	2006
Swiss franc	1.66	1.61	1.65	1.58
Swedish krona	9.44	- / -	9.25	- / -
Norwegian krone	7.96	- / -	8.02	- / -
Danish krone	7.46	- / -	7.45	- / -
United States dollar	1.47	- / -	1.37	- / -
Pound sterling	0.73	- / -	0.68	- / -
Hungarian forint	253.73	- / -	251.32	- / -
Romanian leu	3.60	- / -	3.34	- / -
Bulgarian lev	1.96	- / -	1.96	- / -

[5] Derivative financial instruments

To hedge risks posed by changes in interest rates and foreign exchange rates, the ProSiebenSat.1 Group uses derivative financial instruments in the form of interest rate swaps, forward exchange transactions ("forwards") and currency options. Interest rate risks result from liabilities carrying variable interest rates; foreign exchange risks are incurred primarily through license payments denominated in U.S. dollars.

Derivative financial instruments are reported at fair value in the balance sheet, irrespective of the purpose or intent for which the transaction was entered into. Derivative financial instruments are recognized as of their trading date. The fair value of interest rate swaps is generally zero at the time of their first recognition. Subsequently interest rate swaps are recognized in the balance sheet at their market value, as "other assets" or "miscellaneous liabilities." The fair value of forwards is likewise generally zero at the time of their first recognition. Subsequently forwards are recognized in the balance sheet at their market value, as "other assets" or "miscellaneous liabilities." Purchased currency options are first capitalized as "other assets" at the amount of their option premium, and subsequently capitalized at market value.

Changes in fair value are normally recognized in the income statement. Cash flow hedge accounting may be applied under certain conditions. If any hedge transaction qualifies as a cash flow hedge in this sense, the portion of the change in market value that is considered an effective hedge is recognized in equity. The ineffective portion continues to be included in the profit or loss for the period. To hedge currency risks on future license payments, hedge gains or losses accumulated in equity are removed from equity at the inception of the license – i.e., at the moment when the underlying transaction is capitalized – and the acquisition cost is increased or decreased accordingly.

At the inception of a hedge, IAS 39 requires comprehensive documentation of the hedging relationship, including a description of such matters as the associated risk management strategy and objectives in undertaking the hedge. Wherever possible, the ProSiebenSat.1 Group gathers and manages the underlying transactions and hedges in what are known as "hedge books." The effectiveness of the hedging relationship is measured at regular intervals. If a hedging relationship does not meet, or no longer meets, the requirements of IAS 39, the cash flow hedge is derecognized. After a hedging relationship is terminated, the amounts included in equity are always recognized in the profit or loss for the period if the results of the underlying transactions affect profit or loss.

The ProSiebenSat.1 Group had no hedges designated at fair value as of December 31, 2007.

[6] Accounting policies

Recognition of revenues

The ProSiebenSat.1 Group's revenues are mainly advertising revenues derived from the sale of advertising time on television. Advertising revenues are net of volume discounts, agency commissions, cash discounts and value-added tax. Other revenues besides advertising revenues derive from cooperative media agreements and call revenues from transaction television, revenues from pay TV activities, revenues from the sale of print products, revenues from the sale of radio advertising, revenues from the marketing of rights and other merchandising services, revenues from the sale of Club articles, revenues from new media services (such as teletext, Internet, mobile telephony and added-value telephone services), and revenues from the sale of programming rights and ancillary programming rights.

Revenues are considered realized when the principal risks and opportunities associated with ownership have been transferred to the buyer, the amount of the revenue can be determined reliably, an economic benefit from the sale is sufficiently probable, the costs associated with the sale can be determined reliably, and the selling company neither has the authority to decide the disposition of the sold items such as would normally be associated with ownership, nor has any lasting power of disposition over the items. Specifically, advertising revenues from both television and radio are considered realized when advertising spots are broadcast. Revenues from pay TV activities and from the sale of print products are considered realized when the service is provided. Revenues from the sale of merchandising licenses are realized at the agreed guarantee amount as of the inception of the license for the customer. Revenues from the sale of programming assets and ancillary programming rights are considered realized when the license term for the purchaser of the programming has begun and broadcast-ready materials have been delivered to the purchaser.

Revenues from barter transactions are considered realized when goods or services that are not of the same kind are exchanged, and the amount of the proceeds and costs, as well as the economic benefit, can be clearly measured. Revenues are recognized at the market value of the received bartered item or service, and may be adjusted with an additional cash payment. Barter transactions at the ProSiebenSat.1 Group are primarily trade-off transactions relating to the sale of advertising time.

Recognition of income and expenses
Other operating income is normally recognized when a service has been performed, the amount of the income can be determined reliably, and it is sufficiently probable that the economic benefit will flow to the Group.
Operating expenses are recognized at the time when the service is utilized or when the expense is otherwise incurred. Interest is recognized as an expense for the period.

Earnings per share
Earnings per share are equivalent to the profit from continuing operations and the profit from discontinued operations that can be attributed to ProSiebenSat.1 Group shareholders, or the consolidated net profit, divided by the weighted average number of shares outstanding during the year.

Impairment of assets
In accordance with IAS 36 ("Impairment of Assets"), a company must assess at each reporting date whether there is indication that an asset may be impaired. If such an indication exists, the recoverable amount of the asset is estimated. Whether or not there is any indication of impairment, each year a company must also review for impairment any intangible assets with an indefinite useful life, any intangible asset not yet available for use, and goodwill acquired in business combinations. An asset has been impaired when its carrying amount exceeds its recoverable amount. The recoverable amount is either the fair value less selling expenses, or the present value of future payment flows expected from the continuing use of the asset, whichever is higher. If the recoverable amount is below the carrying amount, the difference represents the impairment, which must normally be reported as an expense in the income statement, unless it relates to a revalued asset where the value changes are recognized directly in equity. A company must assess at each reporting date whether an impairment still exists. If there is no longer any reason for such an impairment, the impairment loss must be reversed. The reversal cannot result in an amount greater than the amount that would have been reported if no impairment had been recognized. Normally, the reversal is recognized as income in the income statement, unless it relates to a revalued asset where the value changes are recognized directly in equity. Impairment losses for goodwill cannot be reversed.

Intangible assets
Acquired assets are capitalized under IAS 38 ("Intangible Assets") if it is probable that the future economic benefits will flow to the Company and the cost of the asset can be measured reliably. Unless an asset has an indefinite useful life, it undergoes scheduled amortization and, where applicable, unscheduled write-downs. Also capitalized is internally created software that derives, for example, from service relationships among ProSiebenSat.1 Group affiliates and meets the criteria of IAS 38. This software is capitalized at its capitalizable cost. Based on the pattern of usage, scheduled depreciation is recognized on a straight-line basis over the following useful lives:
Purchased software and internally created software is amortized as a rule on a straight-line basis over three to eight years. Licenses and other intellectual property rights are amortized on a straight-line basis over ten years or over the term of the license agreement.

Additionally, goodwill is capitalized in the consolidated financial statements. Under IFRS 3, goodwill and separable intangible assets with an indeterminate useful life expectancy are not to be amortized, but instead must be reviewed at least annually for impairment, in what is known as the impairment-only approach. If the recoverable amount of the asset (the higher of the net resale value and the present value of future benefits) is below the carrying amount, the asset is written down.

Property and equipment
Property, plant and equipment are valued at cost, less scheduled depreciation based on wear and tear and, if necessary, unscheduled write-downs. Based on the pattern of usage, scheduled depreciation is recognized on a straight-line basis over the following useful lives:

years	
Buildings on land owned by others, fixtures and renovations	3-50
Studio facilities	3-10
Technical office equipment	2-10
Office furniture and equipment	3-20

Financial instruments
Financial instruments are any contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The financial assets of the ProSiebenSat.1 Group consist primarily of cash and cash equivalents, loan receivables and trade accounts receivable, derivative financial instruments with a positive market value, financial assets designated at fair value, and financial assets available for sale. Financial liabilities particularly include liabilities to banks, trade accounts payable, liabilities under finance leases, and derivative financial instruments with a negative market value. The ProSiebenSat.1 Group has no financial assets in the "held to maturity" category.

Cash and cash equivalents
Cash equivalents include all near-liquid assets. Cash and cash equivalents are measured at their amortized cost.

Loans and receivables
Financial assets classified as loans and receivables are measured at their amortized cost less impairment. Impairment of trade accounts receivable is recognized in separate write-down or write-off accounts.

Financial assets available for sale
Investments in equity instruments, debt instruments and fund shares are classified as financial assets available for sale, and are recognized at fair value, if that value can be determined reliably. Equity instruments for which there is no price listed on an active market, and whose fair value cannot be determined reliably, are measured at cost. Investments in associated companies are reported under IAS 28 ("Investments in Associates") using the equity method, at the share of their equity held.

Financial assets designated at fair value
Securities recognized here are managed on a fair value basis. They are measured on the basis of current market prices.

Financial liabilities
With the exception of derivative financial instruments, financial liabilities are measured at their amortized cost, applying the effective interest rate method. Term loans and bond liabilities are recognized on the basis of their nominal total, at their amortized cost less issuing and financing costs. These costs are distributed over the term of the liability using the effective interest rate method. The ProSiebenSat.1 Group has no financial liabilities designated at fair value.

Derivative financial instruments
Derivative financial instruments, such as currency forwards and interest rate swaps, are measured at market value. See Note [5], Derivative Financial Instruments, for detailed information on these instruments, including cash flow hedges.

Programming assets
Programming assets comprise feature films, series, commissioned productions, sports rights, and advance payments made. Feature films, series and sports rights are capitalized as of the beginning of the license term; commissioned productions are capitalized as broadcast-ready programming assets as of their date of formal acceptance.

Consumption of licenses and of commissioned productions intended for multiple showings begins at the start of the first broadcast, and depends on the number of showings permitted or planned, as the case may be. Consumption resulting from showings is measured using a declining-balance method according to a standardized matrix.

Commissioned productions intended for only one showing are fully consumed as of their broadcasting.

Unscheduled consumption is applied for feature films, series, sports rights and commissioned productions if their costs can presumably not be covered by future revenues. The reasons for this assumption might include changes in the advertising environment, changing audience tastes, media-law restrictions on the usability of films, licenses that expire prior to broadcasting, or if a production has been commissioned but is not pursued further. Consumption resulting from showings and unscheduled consumption are reported as part of the cost of sales.

Programming assets are written up if unscheduled consumption has caused licensed programs or commissioned productions to be valued too low in the past, in view of their future economic benefits. Write-ups are netted against the cost of sales.

Inventories
Inventories are valued at their cost of acquisition or capitalizable cost of creation, as the case may be, or at net resale value if that value is lower.

Receivables and other current assets
Unless receivables and other current assets are held for trading, they are recognized at their amortized cost as of the balance sheet date. In the valuation of receivables and other current assets, adequate allowances have been made, on the basis of objective evidence and values developed through experience, to cover known risks by valuation adjustments. Individual receivables are estimated and evaluated on the basis of the individual client's creditworthiness, current economic developments, and an analysis of historical defaults, on a portfolio basis.

Deferred taxes
Deferred tax items are formed in accordance with IAS 12 ("Income Taxes") for all temporary differences between the carrying amount of an item and its tax base, and for consolidation measures affecting profits. Goodwill for which amortization cannot be deducted for tax purposes is excepted. Additionally, entitlements to tax reductions are capitalized where there is an expectation that existing tax loss carry-forwards can be applied in later years. Deferred tax assets and liabilities are calculated on the basis of the tax rates that are expected to apply according to current law at the time when the asset is realized or the liability is settled.

Deferred tax assets are netted against tax liabilities so far as they are owed by and to the same tax authorities, and so far as the Company is legally entitled to offset current tax refund entitlements and tax liabilities against one another.

Stock option plan
The management Stock Option Plan is measured on the basis of actuarial methods using option price models. The options are measured at market value as of the date on which they are accorded. The resulting option value is charged to the income statement as a personnel expense, spread over the vesting period.

Provisions
Provisions are formed if a present obligation to third parties has arisen as a result of a past event, if payment is probable, and if the amount of the payment can be estimated reliably. Provisions represent uncertain liabilities that are recognized in an amount measured by a best estimate.

In measuring pension provisions, obligations from direct pension commitments are calculated by determining the present value of expected future payments, adjusted for future changes in benefits. The service cost for those entitled to future pension benefits is derived from the increase in the present value of a defined-benefit obligation that applies to the benefits provided to beneficiaries during the reporting period.

	2007	2006
Actuarial interest rate	5.5 %	4.5 %
Rate of salary progression	0.0 %	0.0 %
Rate of pension progression	1.0 %	1.0 %

Pension obligations were measured using the biometric calculation data provided in the 2005G guideline tables prepared by Prof. Dr. Klaus Heubeck.

Provisions for contingent losses are recognized primarily for programming assets whose license term begins after December 31, 2007, and which current programming analyses indicate will not generate the originally anticipated future audience shares or revenues. Individual license agreements are measured as a function of the quality and age of the programming, restrictions on use under media laws, and strategic program scheduling.

Leases
IAS 17 ("Leases") defines a finance lease as a lease under which substantially all risks and benefits deriving from title to an asset are transferred to the lessee. Leases that do not qualify as finance leases are considered operating leases. Under IFRS, lessees must report finance leases, in equal amounts, as both an asset and a liability at the inception of the lease. The amount to be employed is either the fair value of the leased property, or the present value of minimum lease payments, if the latter value is lower. "Minimum lease payment" is the IFRS term for the payments the lessee must make for the life of the lease, except for expenses for services listed in IAS 17.4. Payments made to exercise an option to purchase at a price that is categorized as substantially lower than the fair value of the item are also included in the minimum lease payments. Finance leases give rise to a depreciation expense for depreciable assets, and a financial expense for the recognized liability. The lease payments for an operating lease are reported as an expense in the income statement, on a straight-line basis.

Under IFRS, a number of leases taken out by the ProSiebenSat.1 Group have been classified as finance leases. The leased assets and lease liabilities under these leases are reported in the balance sheet under "property, plant and equipment" and under "miscellaneous liabilities."

Use of estimates
Preparing financial statements in accordance with IFRS necessitates assumptions and estimates that may have an impact on related amounts and information that are reported. The assumptions and estimates apply primarily to the recognition and measurement of programming assets, intangible assets resulting from purchase price allocations and provisions, discounting of long-term low-interest loans, and the

possibility of realizing future tax advantages. Both the initial measurement and subsequent valuations of programming assets are based on estimated earnings potential. This earnings potential reflects various scenarios for the use of programming assets (see Note 31, "Provisions"). Although these estimates are made with all due attention to current events and conditions, actual results may deviate from these estimates. Any necessary changes will be recognized, with an impact on the income statement, at the time when further knowledge is received.

Notes to the Income Statement

[7] Revenues

EUR k	2007	2006
Advertising revenues	2,289,153	1,876,040
Barter deals	29,361	24,002
Other revenues	384,019	195,092
Total	**2,702,533**	**2,095,134**

The ProSiebenSat.1 Group's revenues of EUR 2,702,533 thousand were primarily advertising revenues.

Group revenues increased EUR 607,399 thousand, or 29 percent, from EUR 2,095,134 thousand in fiscal 2006 to EUR 2,702,533 thousand in fiscal 2007. The change is essentially a result of the inclusion of the SBS Broadcasting Group.

Overall, the ProSiebenSat.1 Group's conventional advertising revenues were up EUR 413,113 thousand, from EUR 1,876,040 thousand to EUR 2,289,153 thousand – a gain of 22 percent.

[8] Cost of sales

Cost of sales primarily comprises consumption of programming assets and expenses for licenses, transmission fees and materials. The cost of sales increased EUR 323,092 thousand, from EUR 1,295,697 thousand in fiscal 2006 to EUR 1,618,789 thousand in fiscal 2007. The cost of sales for the SBS Broadcasting Group for the second half of 2007 is included, at EUR 292,510 thousand. Consumption of programming assets, including amounts drawn from provisions for contingent losses, increased EUR 187,864 thousand, to EUR 1,134,590 thousand in fiscal 2007.

[9] Selling expenses

Selling expenses are mainly broadcasting expenses, distribution fees and advertising expenses. Selling expenses rose EUR 150,828 thousand against the year before, from EUR 223,658 thousand to EUR 374,486 thousand in fiscal 2007. Most of the increase resulted from impairment charges of EUR 69.6 million taken on capitalized intangible assets in the purchase price allocation for the SBS Broadcasting Group, and from the first consolidation of the SBS Broadcasting Group in the second half.

[10] Administrative expenses

This item represents all costs of general administration activities. These include personnel expenses, IT expenses and building management expenses. Administrative expenses rose from EUR 145,078 thousand in fiscal 2006 to EUR 341,717 thousand in fiscal 2007. Most of the increase of EUR 196,639 thousand results from a EUR 120,000 thousand fine imposed by the German Federal Cartel Office, and from EUR 64,010 thousand in administrative expenses resulting from the first consolidation of the SBS Broadcasting Group.

[11] Other operating income

Other operating income rose EUR 4,623 thousand, or 38 percent, from EUR 12,120 thousand in fiscal 2006 to EUR 16,743 thousand in fiscal 2007. The increase resulted primarily from the sale of a wholly-owned subsidiary, Buchagentur Intermedien GmbH, and from realized foreign exchange translation gains.

[12] Other financial income

EUR k	2007	2006
Income from equity interests	76	81
Income from other securities and loans of financial assets	132	258
Write-downs of current financial assets	- / -	-1
Total	**208**	**338**

[13] Net interest

EUR k	2007	2006
Other interest and similiar income	28,009	3,931
including from hedge derivatives	13,393	- / -
Interest and similiar expenses	-143,751	-46,873
including from hedge derivatives	-2,559	- / -
Total	**-115,742**	**-42,942**

The net interest expense widened to EUR -115,742 thousand in fiscal 2007, following the previous year's EUR -42,942 thousand.

Interest expenses grew from EUR 46,873 thousand to EUR 143,751 thousand. The rise of EUR 96,878 thousand resulted substantially from financing for the acquisition of the SBS Broadcasting Group. Interest expenses on future tax payments also had an effect.

The primary interest expense items pertain to interest on loans drawn, interest for bond issues and interest paid on taxes and finance leases. The SBS Broadcasting Group's share of interest expenses came to EUR 49,073 thousand.

The largest single item in interest income was interest income of EUR 13,393 thousand from the termination of interest rate swaps as part of the refinancing process, interest income of EUR 4,129 thousand from term deposits, and interest of EUR 3,827 thousand on future tax refunds. The SBS Broadcasting Group's share of interest income totaled EUR 19,176 thousand.

[14] Other financial expenses

Other financial expenses consist entirely of the cost of incurred or retired financial liabilities.

[15] Income taxes

Income taxes include both taxes paid or owed on income and deferred tax items.

Taxes on income comprise the following:

EUR k	2007	2006
Current Income tax expenses	173,542	133,316
Deferred tax income / expenses	-20,846	9,002
Total	**152,696**	**142,318**

The income tax expense for the year under review includes neither expenses nor income resulting from changes in accounting principles.

The corporate income tax rate of 25.0 percent remained unchanged in 2007 from the previous year, as did the German reunification surtax (the "solidarity surtax") of 5.5 percent of the corporate income tax liability. Including the local business income tax (or "trade tax") with an average basis factor of 380 percent, the total tax rate for 2007 was 38.0 percent, exactly as in the previous year.

The German corporation tax reform will lower the above total rate to 29.0 beginning with 2008. The most significant effect here is the decrease in the corporate income tax rate from 25.0 percent to 15.0 percent. This tax reduction has already been taken into account in calculating the deferred taxes for the Group's German companies.

Tax rates for Group companies outside Germany vary from 10.0 to 34.0 percent.

The anticipated tax expense can be reconciled with the actual tax expense as follows:

EUR k	2007	2006
Consolidated pre-tax profit	248,783	385,283
Statutory tax rate	38.0%	38.0%
Expected tax expenditure	94,538	146,408
Differences in tax rates		
Tax results due to tax rate changes	879	- / -
Tax results referring to differences in foreign tax rates	-1,975	-4,490
At-equity valuation	707	-887
Tax results referring to differences in taxable base		
Amortization of goodwill with no tax impact	- / -	- / -
Permanent Differences	53,299	5,302
Other tax-free revenues	-2,227	-202
Recognition and measurement of deferred tax assets		
Provisions against deferred taxes	-1,282	-452
Non-periodic effects		
Current and deferred taxes for previous years [partially from tax audits]	7,686	20,339
Effects of deconsolidation	584	- / -
Corporate income tax credit	- / -	-23,340
Others	487	-360
Actual total tax expenditure	**152,696**	**142,318**

By itself, the non-tax-deductible EUR 120,000 thousand fine imposed by the cartel office increased the permanent differences by EUR 45,600 thousand.

The following balance sheet items are included among deferred tax items:

EUR k		2007		2006
	Assets	Liabilities	Assets	Liabilities
Intangible assets	20,177	221,033	8,518	14,849
Property and equipment	5,995	34,796	- / -	46,434
Financial assets	2,687	117	3,339	149
Inventories and other assets	15,583	5,210	3,862	4,260
Programming assets	227	13,230	5,602	4,230
Pension provisions	29	246	- / -	215
Provisions	8,765	1,202	7,766	152
Liabilities	45,758	13,793	50,722	13,070
Loss carry-forwards	33,979	- / -	2,761	- / -
Netting	-82,600	-82,600	-82,570	-82,570
Total	**50,600**	**207,027**	**- / -**	**789**

Deferred tax assets for tax loss carry-forwards increased EUR 31.218 thousand against the year before. Most of the increase came from the addition of deferred tax assets on loss carry-forwards for the SBS Broadcasting Group. Deferred tax assets on tax loss carry-forwards were recognized and measured on the basis of projected future taxable income.

Safety margins are deducted from deferred tax assets where there are uncertainties about whether these assets can be realized in the future. No deferred tax assets were formed for loss carry-forwards from periods before a company joined the Group. In all, no deferred tax assets were taken for tax loss carry-forwards of EUR 128,584 thousand as of December 31, 2007 (prior year: EUR 22,492 thousand). Out of the increase in unrecognized tax loss carry-forwards, EUR 116,253 thousand was tax loss carry-forwards for the SBS Broadcasting Group.

In compliance with IAS 12.39, no deferred tax items for outside basis differences were formed for equity investments in subsidiaries and associates, since the reversal of temporary differences can be controlled, and it is not likely that the temporary differences will be reversed in the foreseeable future. No deferred tax items for outside basis differences were formed for companies reported at equity because such amounts were of minor importance.

Deferred tax assets included in equity, with no impact on earnings, pertain particularly to currency derivatives and interest rate swaps, and came to EUR 9,246 thousand, compared to the previous year's deferred tax assets of EUR 8,347 thousand.

[16] Earnings per share

In accordance with IAS 33 ("Earnings per Share"), the earnings per share are calculated by dividing the consolidated profit from continuing operations, after minority interests, by the average number of shares outstanding during the year.

		2007	2006
Consolidated net profit from continuing operations	EUR k	96,087	242,965
Less minority interests	EUR k	-6,767	-3,189
Consolidated net profit from continuing operations attributable to shareholders of ProSiebenSat.1 Media AG	EUR k	89,320	239,776
Weighted average number of shares outstanding		218,797,200	218,797,200
Share of profits attributable to common stock	EUR k	43,566	118,794
Share of profits attributable to preferred stock	EUR k	45,754	120,982
Weighted average number of shares of common stock outstanding		109,398,600	109,398,600
Weighted average number of shares of preferred stock outstanding		109,398,600	109,398,600
Basic [=diluted] earnings per share of common stock from continuing operations	EUR	0.40	1.09
Basic [=diluted] earnings per share of preferred stock from continuing operations	EUR	0.42	1.11

The advance distribution (additional dividend) of EUR 0.02 per preferred share was taken into account in calculating earnings per preferred share. The diluted earnings per share were the same as the basic earnings per share. There were no dilution effects in either the year under review or the comparison period.

[17] Other information

Personnel expenses

The personnel component included under cost of sales, selling expenses and administrative expenses comprises:

EUR k	2007	2006
Wages and salaries	280,350	204,508
(thereof expenses for the stock option plan)	(5,412)	(4,572)
(thereof expenses for employlees of ProSiebenSat.1 Produktion GmbH)	(70,562)	(67,367)
Social security contributions and expenses for pensions and other employee benefits	43,297	30,964
(thereof pension provisions)	(484)	(1,100)
Total	**323,647**	**235,472**

Personnel expenses rose 37 percent against the previous year, from EUR 235,472 thousand in fiscal 2006 to EUR 323,647 thousand in 2007. The increase resulted from the consolidation of the SBS Broadcasting Group and new hires during the past year.

Employer contributions to the public retirement insurance system totaled EUR 18,266 thousand in fiscal 2007.

The Group had the following average numbers of employees during the year:

	2007	2006
Employees	4,528	2,976
(thereof employees ProSiebenSat.1 Produktion GmbH)	(998)	(1,009)
Trainees and interns	324	367
Total	**4,852**	**3,343**

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

Depreciation and amortization

The following amortization of intangible assets and depreciation of property, plant and equipment are included under cost of sales, selling expenses and administrative expenses:

EUR k	2007	2006
Scheduled amortization of intangible assets	100,373	15,691
(thereof ProSiebenSat.1 Produktion)	(2,066)	(1,978)
Scheduled depreciation of property, plant and equipment	36,402	24,085
(thereof ProSiebenSat.1 Produktion)	(13,154)	(12,181)
Unscheduled amortization of intangible assets	199	267
Unscheduled depreciation of property, plant and equipment	34	- / -
Total	**137,008**	**40,043**

Amortization of intangible non-current assets and depreciation of property, plant and equipment was up from EUR 40,043 thousand for the previous period to EUR 137,008 thousand for the period under review. This represents a rise of EUR 96,965 thousand, or 242 percent. The primary factor behind the increase was the impairment write-downs taken on intangible assets found in the purchase price allocation for the SBS Broadcasting Group in fiscal 2007.

Notes to the balance sheet

[18] Intangible assets

EUR k	Licenses, trademarks and patents, as well as licenses to such assets and rights	Goodwill	Advances paid on intangible assets	Total
Acquisition cost				
Initial inventory 1/1/2006	**99,452**	**351,035**	**5,531**	**456,018**
Changes in scope of consolidation	346	3,131	84	3,561
Additions	8,840	- / -	1,713	10,553
Reclassifications	4,148	- / -	-4,239	-91
Disposals	2,580	- / -	84	2,664
Final inventory 12/31/2006 / Initial inventory 1/1/2007	**110,206**	**354,166**	**3,005**	**467,377**
Exchange rate differences	-7,832	-15,940	- / -	-23,772
Changes in scope of consolidation	945,082	2,392,751	- / -	3,337,833
Additions	14,281	- / -	2,419	16,700
Reclassifications	1,949	- / -	-1,934	15
Reclassifications as assets held for sale	-19,723	- / -	-235	-19,958
Disposals	981	- / -	416	1,397
Final inventory 12/31/2007	**1,042,982**	**2,730,977**	**2,839**	**3,776,798**
Amortization				
Initial inventory 1/1/2006	**40,936**	**85,310**	**- / -**	**126,246**
Changes in scope of consolidation	195	- / -	70	265
Additions *]	15,958	- / -	- / -	15,958
Disposals	2,579	- / -	70	2,649
Final inventory 12/31/2006 / Initial inventory 1/1/2007	**54,510**	**85,310**	**- / -**	**139,820**
Exchange rate differences	-2,828	- / -	- / -	-2,828
Changes in scope of consolidation	22,916	-3,135	- / -	19,781
Additions *]	100,572	- / -	- / -	100,572
Reclassifications	18	- / -	- / -	18
Reclassifications as assets held for sale	-14,310	- / -	- / -	-14,310
Disposals	978	- / -	- / -	978
Final inventory 12/31/2007	**159,900**	**82,175**	**- / -**	**242,075**
Carrying amount 12/31/2007	**883,082**	**2,648,802**	**2,839**	**3,534,723**
Carrying amount 12/31/2006	55,696	268,856	3,005	327,557

*] Of this amount, unscheduled amortization of EUR 199 thousand (vs. EUR 133 thousand) is included in administrative expenses. No unscheduled amortization is included in selling costs (vs. EUR 134 thousand).

Intangible assets comprise software, intellectual property rights, brands and trademarks, orders on hand, customer relationships, broadcasting licenses, goodwill and advance payments made on intangible assets. Amortization is shown in the income statement as part of cost of sales, selling expenses and administrative expenses.

For purposes of testing impairment, goodwill, as well as brands, trademarks and other rights with unlimited useful lives, are allocated to cash-generating units (CGUs). The following table shows the principal goodwill and brands or trademarks of the ProSiebenSat.1 Group that are allocated to CGUs:

EUR m	12/31/2007		12/31/2006	
Cash-generating unit	Brands / Trademarks	Goodwill	Brands / Trademarks	Goodwill
Segment Free TV german-speaking				
Free TV german-speaking	3,4	432,8	- / -	26,1
Segment Free TV International				
Free TV Netherlands/Belgium	171,6	654,6	- / -	- / -
Free TV Nordic	144,8	555,9	- / -	- / -
Free TV CEE	22,7	261,5	- / -	- / -
Total Segment Free TV International	**339,1**	**1.472,0**	**- / -**	**- / -**
Segment Diversification				
Premium Pay TV	- / -	151,0	- / -	- / -
Radio	54,3	146,4	- / -	- / -
Print	- / -	93,2	- / -	- / -
Other Media	17,4	353,4	12,2	242,8
Total Segment Diversification	**71,7**	**744,0**	**12,2**	**242,8**

The recoverable amount of a CGU is determined by calculating the present value of its future benefits. Goodwill, brands, trademarks and other rights with an indeterminate useful life are tested for impairment on the basis of future estimated cash flows derived from budget projections. The projections are based on a financial planning horizon of five years. To determine the value added for the terminal value (value added from fiscal 2013 onward), sustained cash flows with a growth rate from 1.0 percent to 2.0 percent are assumed, as applicable. The growth rate reflects the long-term expectation for each CGU. The discount rates are calculated on the basis of the weighted cost of capital for the Group, with due allowance for characteristics specific to the CGUs in question.
The impairment tests resulted in no unscheduled write-downs of goodwill, brands, trademarks, or other rights with an indeterminate useful life.

The value of intangible assets rose EUR 3,207,166 thousand, from EUR 327,557 thousand on December 31, 2006, to EUR 3,534,723 thousand on December 31, 2007. The intangible assets contain goodwill of EUR 2,363,264 thousand acquired through the purchase of the SBS Broadcasting Group, and the unreported reserves of EUR 883,964 thousand found in the purchase price allocation.

[19] Property, plant and equipment

EUR k	Buildings on land owned by others	Technical equipment and machinery	Other equipment, office furniture and equipment	Advances paid on property, plant and equipment	Total
Acquisition cost					
Initial inventory 1/1/2006	**305,977**	**135,538**	**62,395**	**1,193**	**505,103**
Exchange rate differences	- / -	-10	-16	- / -	-26
Change in scope of consolidation	- / -	- / -	184	- / -	184
Additions	410	14,837	1,730	1,368	18,345
Reclassifications	16	668	91	-684	91
Disposals	48	6,904	2,097	1,093	10,142
Final inventory 12/31/2006 / Initial inventory 1/1/2007	**306,355**	**144,129**	**62,287**	**784**	**513,555**
Exchange rate differences	**-378**	**-2,195**	**-155**	- / -	-2,728
Change in scope of consolidation	25,025	126,099	15,730	- / -	166,854
Additions	856	18,236	5,057	618	24,767
Reclassifications	50	2,479	-2,170	-301	58
Reclassifications as assets held for sale	-3,173	-152,163	-3,933	-543	-159,812
Disposals	1,768	7,253	2,462	142	11,625
Final inventory 12/31/2007	**326,967**	**129,332**	**74,354**	**416**	**531,069**
Depreciation					
Initial inventory 1/1/2006	**99,976**	**116,988**	**52,475**	**- / -**	**269,439**
Exchange rate differences	- / -	-10	-13	- / -	-23
Change in scope of consolidation	- / -	- / -	161	- / -	161
Additions *]	9,353	11,936	2,798	- / -	24,087
Disposals	39	6,845	1,871	- / -	8,755
Final inventory 12/31/2006 / Initial inventory 1/1/2007	**109,290**	**122,069**	**53,550**	**- / -**	**284,909**
Exchange rate differences	-82	-1,443	-108	- / -	-1,633
Change in scope of consolidation	9,803	92,241	12,208	- / -	114,252
Additions *]	10,389	22,602	3,478	- / -	36,469
Reclassifications	- / -	-9	46	- / -	37
Reclassifications as assets held for sale	-3,112	-130,566	-3,200	- / -	-136,878
Disposals	1,783	7,134	2,105	- / -	11,022
Final inventory 12/31/2007	**124,505**	**97,760**	**63,869**	**- / -**	**286,134**
Carrying amount 12/31/2007	**202,462**	**31,572**	**10,485**	**416**	**244,935**
Carrying amount 12/31/2006	197,065	22,060	8,737	784	228,646

*] Of this amount, unscheduled depreciation of EUR 34 thousand is included in administrative expenses; no unscheduled depreciation was taken the year before.

The value of property, plant and equipment increased from EUR 228,646 thousand on December 31, 2006, to EUR 244,935 thousand as of December 31, 2007. The rise of EUR 16,289 thousand resulted substantially from the first consolidation of the SBS Broadcasting Group.

Property, plant and equipment includes leased real estate for a value of EUR 119,965 thousand (vs. EUR 122,196 thousand) whose underlying leases qualify as finance leases under IAS 17, and which are therefore reported as assets of which the Group has beneficial ownership. The underlying leases cover land and buildings at the Unterföhring site, and were originally for terms of 22 years each. The earliest expiration is scheduled for 2019, but the interest rate conversion points (the end of the lock-down period for interest rates) may be earlier. The real estate leases were signed on prevailing market terms.

The interest expense on the above finance leases for fiscal 2007 was EUR 6,436 thousand (vs. EUR 6,632 thousand) and the associated depreciation was EUR 2,232 thousand (vs. EUR 2,798 thousand).

The minimum lease payments comprise the following:

EUR k	Remaining term 1 year or less	Remaining term 2 or 5 years	Remaining term over 5 years	Total 12/31/2007	Total 12/31/2006
Property, plant and equipment					
Minimum lease payment	9,749	38,998	72,666	121,413	131,604
Share of interest ref. to minimum lease payment	6,228	22,558	28,418	57,204	63,641
Present value of minimum lease payment	3,521	16,440	44,248	64,209	67,963

Additionally, long-term lease obligations of EUR 50,391 thousand still exist that under the repayment plan will not be fixed until the year 2019 or 2023.

[20] Financial assets

EUR k	Interests in Group companies	Investments in associates	Other equity interests	Loans to associates	Investment securities	Other loans	Total
Acquisition cost							
Initial inventory 1/1/2006	**88**	**5,754**	**821**	**256**	**9**	**3,326**	**10,254**
Changes in scope of consolidation	- / -	6,000	- / -	- / -	- / -	- / -	6,000
Additions	- / -	2,386	- / -	- / -	2,729	1,119	6,234
Disposals	- / -	1,617	557	256	- / -	2,535	4,965
Final inventory 12/31/2006 / Initial inventory 1/1/2007	**88**	**12,523**	**264**	**- / -**	**2,738**	**1,910**	**17,523**
Changes in scope of consolidation	40	-4,404	64,144	-300	- / -	- / -	59,480
Additions	- / -	1,304	342	300	3,192	48	5,186
Reclassifications as assets held for sale	-23	- / -	- / -	- / -	- / -	-12	-35
Disposals	- / -	2,085	- / -	- / -	272	1,010	3,367
Final inventory 12/31/2007	**105**	**7,338**	**64,750**	**- / -**	**5,658**	**936**	**78,787**
Write-downs							
Initial inventory 1/1/2006	**- / -**	**3,199**	**590**	**256**	**- / -**	**2,345**	**6,390**
Changes in scope of consolidation	- / -	- / -	- / -	- / -	- / -	- / -	- / -
Additions	- / -	- / -	- / -	- / -	1	- / -	1
Disposals	- / -	- / -	510	256	- / -	1,450	2,216
Final inventory 12/31/2006 / Initial inventory 1/1/2007	**- / -**	**3,199**	**80**	**- / -**	**1**	**895**	**4,175**
Changes in scope of consolidation	- / -	-444	- / -	- / -	- / -	- / -	-444
Additions	- / -	- / -	- / -	- / -	- / -	- / -	- / -
Disposals	- / -	- / -	- / -	- / -	- / -	- / -	- / -
Final inventory 12/31/2007	**- / -**	**2,755**	**80**	**- / -**	**1**	**895**	**3,731**
Carrying amount 12/31/2007	**105**	**4,583**	**64,670**	**- / -**	**5,657**	**41**	**75,056**
Carrying amount 12/31/2006	88	9,324	184	- / -	2,737	1,015	13,348

The associated companies appear in the list of affiliated companies on pages 109 through 111.

Interests in associated companies comprise the following:

EUR k	12/31/2007	12/31/2006
lokalisten media GmbH	2,937	3,000
TV 10 B.V.	638	- / -
Privatfernsehen in Bayern GmbH & Co. KG	208	176
VG Media Gesellschaft zur Verwertung der Urheber- und Leistungsschutzrechte von Medienunternehmen mbH	189	189
LOVESEARCH DP AB	154	- / -
Radio Silkeborg af 1997 A/S	148	- / -
Österjöns Reklamradio AB	106	- / -
Big Brother Kommanditbolag	65	- / -
Privatfernsehen in Bayern Verwaltungs-GmbH	28	26
IP Multimedia (Schweiz) AG	14	- / -
MAGIC Internet Holding GmbH	- / -	3,000
Sat.1 Privatrundfunk und -programmgesellschaft m.b.H.	- / -	2,933
Other associated companies	96	- / -
Total	**4,583**	**9,324**

[21] Programming assets

EUR k	Free TV rights	Pay TV rights	Advance payments	Total
Carrying amount 1/1/2006	**780,126**	**7,444**	**269,914**	**1,057,484**
Additions	806,722	4,403	143,862	954,987
Disposals	5,777	- / -	3,651	9,428
Reclassifications	173,768	- / -	-173,768	- / -
Consumption *]	937,950	3,048	5,728	946,726
Carrying amount 12/31/2006 / 1/1/2007	**816,889**	**8,799**	**230,629**	**1,056,317**
Change in scope of consolidation	212,363	16,021	- / -	228,384
Additions	1,034,275	76,014	66,396	1,176,685
Disposals	5,833	1,759	1,519	9,111
Reclassifications	149,585	521	-150,106	- / -
Consumption *]	1,084,798	49,792	- / -	1,134,590
Carrying amount 12/31/2007	**1,122,481**	**49,804**	**145,400**	**1,317,685**

*] Consumption including amounts drawn from provisions for contingent losses

Programming assets as of December 31, 2007, came to EUR 1,317,685 thousand – an increase of EUR 261,368 thousand (2006: EUR 1,056,317 thousand). The programming assets include EUR 252,777 thousand for the SBS Broadcasting Group. Investments in programming assets rose EUR 221,697 thousand, from EUR 954,987 thousand in fiscal 2006 to EUR 1,176,684 thousand in fiscal 2007.

During the year, unscheduled consumption of programming assets, including allocations to provisions for contingent losses, came to EUR 72,347 thousand (vs. EUR 83,028 thousand) for the Group.

[22] Inventories

EUR k	12/31/2007	12/31/2006
Raw materials and supplies	38	198
Finished goods and merchandise	4,640	4,108
Total	**4,678**	**4,306**

[23] Receivables and other current assets

EUR k	12/31/2007	12/31/2006
trade acoounts receivable	357,790	168,300
[amounts due after more than one year]	[611]	[298]
Receivables from Group companies	- / -	7
Receivables from entities in which the Company holds interests of 20% or more	17,805	17,022
[amounts due after more than one year]	[63]	- / -
Investment securities	264	252
Other assets	113,491	52,846
[amounts due after more than one year]	[13,417]	[1,262]
Total	**489,350**	**238,427**
[thereof long-term]	[14,091]	[1,560]
[thereof short-term]	[475,259]	[236,867]

Receivables and other current assets increased EUR 250,923 thousand, or 105 percent, from EUR 238,427 thousand at the beginning of the year to EUR 489,350 thousand at year's end. The value of trade accounts receivable, at EUR 357,790 thousand as of December 31, 2007, was up by EUR 189,490 thousand from the previous year's figure.

Receivables from entities to which the Company is linked through interests of 20 percent or more pertain to VG Media Gesellschaft zur Verwertung der Urheber- und Leistungsschutzrechte von Medienunternehmen mbH, of Berlin, IP Multimedia (Schweiz) AG, of Zurich, Switzerland, and Privatfernsehen in Bayern GmbH & Co. KG, Munich.

The following table shows the changes in write-downs of short-term and long-term receivables:

EUR k	12/31/2007	12/31/2006
Write-downs as of beginning of year	20,130	27,976
Additions from first consolidation	5,622	- / -
Additions	5,956	1,833
Write-offs	-1,851	-907
Discounting effects	-14	- / -
Write-backs	-992	-8,772
Write-downs as of end of year	**28,851**	**20,130**

Other current assets comprise the following:

EUR k	12/31/2007	12/31/2006
Income tax refund entitlements	34,109	23,871
Prepaid expenses	30,781	8,887
Finance costs	8,357	- / -
Security deposits	2,242	144
Derivatives	- / -	1,430
Other	38,002	18,514
Total	**113,491**	**52,846**

The increase in the line items for "prepaid expenses" and "other" is particularly the result of the first consolidation of the SBS Broadcasting Group. "Other" current assets are mainly accruals and other tax receivables.

[24] Cash and cash equivalents

Cash and cash equivalents include cash on hand and cash in bank deposits with terms of three months or less.

[25] Shareholders' equity

Shareholders' equity declined EUR 178,198 thousand, or 14 percent, from EUR 1,240,524 thousand at the beginning of the fiscal year to EUR 1,062,326 thousand at year's end. Most of the decrease resulted from the ProSiebenSat.1 Group's lower net profit against the prior period, and from larger negative effects from hedge accounting that were charged to equity, with no impact on profit or loss, as well as a decrease in the capital reserve from a reclassification of the present value of the Company's obligations for future minimum dividend payouts to holders of non-voting preferred stock.

At year's end, the subscribed capital of the ProSiebenSat.1 Group came to EUR 218,797,200. This capital is divided into 109,398,600 registered shares of common stock with no par value, and 109,398,600 nonvoting bearer shares of preferred stock with no par value, each share representing a notional value of EUR 1.00 of the share capital. Thus, as of December 31, 2007, the number of shares outstanding was 218,797,200.

Capital reserves came to EUR 546,987 thousand, compared to EUR 584,537 thousand on December 31, 2006. The decrease of EUR 37,550 thousand resulted primarily from the reclassification of the present value of the Company's obligations for future minimum dividend payouts of EUR 27,771 thousand to holders of nonvoting preferred stock. Under IAS 32, the present value of the preferred dividend payable under Article 19(1) of the articles of incorporation of ProSiebenSat.1 Media AG is classified as a liability to the holders of preferred stock, and is accordingly taken into account in equity. Another reason for the decline in capital reserves was the early payout of the first cycle of the stock option plan during the course of the change of control of ProSiebenSat.1 Media AG in March 2007.

The Group equity generated of EUR 342,646 thousand comprises retained earnings before the dividend payment (EUR 445,743 thousand) and the profit from the period (EUR 89,445 thousand), less the dividend paid during the year (EUR 192,542 thousand).

The accumulated other Group equity of the ProSiebenSat.1 Group, in the amount of EUR –56,539 thousand (vs. EUR –9,602 thousand) results from the measurement of financial instruments, which has no impact on income, and from currency translation differences for the financial statements of subsidiaries in other countries. The measurement of financial instruments, with no impact on income, pertains to currency hedges in the amount of EUR –23,002 thousand (vs. EUR –9,144 thousand the year before) and interest rate hedges in the amount of EUR –17,464 thousand (vs. none), including the associated deferred taxes.

[26] Allocation of profits

Last fiscal year, under a resolution of the shareholders' meeting of July 17, 2007, a dividend of EUR 192,542 thousand was paid out to holders of preferred and common stock, out of ProSiebenSat.1 Media AG's 2006 distributable net profit of EUR 345,190 thousand. This represents a payout of EUR 0.89 per bearer share of preferred stock, and EUR 0.87 per registered share of common stock.

In accordance with the German Stock Corporation Act, the dividend payable to shareholders depends on the distributable net profit shown in the annual financial statements of ProSiebenSat.1 Media AG under the German Commercial Code. The Executive Board of ProSiebenSat.1 Media AG will propose that the distributable net profit of EUR 3.106 billion for fiscal 2007 should be allocated as follows:

Euro	
Distribution of a dividend of EUR 1.25 per preferred bearer share	136.748.250,00
Distribution of a dividend of EUR 1.23 per common share	134.560.278,00
Balance to be carried forward to the new accounting period	2.834.434.272,31
Distributable net profit	**3.105.742.800,31**

As part of the integration process, during fiscal 2007 a holding company was set up for the Group's German-language free TV stations. German Free TV Holding GmbH pools all the Group's free TV operations in Germany, Austria and Switzerland, as a parallel with the holding company for the international stations. The German-language stations include not only ProSieben, Sat.1, kabel eins and N24 in Germany, which were formerly held directly by ProSiebenSat.1 Media AG, but also SAT.1 Privatrundfunk und -programmgesellschaft m.b.H (Österreich) and SAT.1 Schweiz AG. In this connection, the values of the individual stations were remeasured, resulting in extraordinary income of EUR 2,852 million for ProSiebenSat.1 Media AG. This remeasurement has no effect at the Group level.

[27] Authorized capital

By a resolution of the shareholders' meeting on June 16, 2003, the Executive Board was authorized, subject to the approval of the Supervisory Board, to increase the Company's capital stock on one or more occasions on or before June 15, 2008, by a total of not more than EUR 97,243,200.00, by issuing new registered shares of common stock and new bearer shares of preferred stock in return for cash contributions, in the same proportion as existed between the two categories of stock at the time of the new issue in question. The new shares were to carry an entitlement to participate in profits as of the beginning of the fiscal year in which they were issued. After exercising this capital authorization in the capital increase registered on April 6, 2004, the Executive Board was still authorized to increase the Company's capital stock on one or more occasions on or before June 15, 2008, subject to approval by the Supervisory Board, by a total of not more than EUR 72,932,400.00, in return for cash contributions, by issuing new stock in accordance with the above shareholder resolution.

In order to meet the needs of the Company and the capital market flexibly in the future as well, the Executive Board was authorized by a unanimous resolution of the shareholders' meeting of ProSiebenSat.1 Media AG on May 7, 2004, after the suspension of the former authorized capital, to increase the Company's share capital on one or more occasions on or before May 6, 2009, subject to the approval of the Supervisory Board, by not more than EUR 97,243,200.00, in return for contributions in cash and/or in kind, by issuing not more than 97,243,200 no-par shares of stock. The new shares will be entitled to participate in profits as of the beginning of the fiscal year in which they are issued. This authorization also includes the authorization to issue new preferred shares that take precedence over or have the same priority as previously issued preferred shares in the distribution of profits or the Company's assets.

[28] Repurchase of own stock

At the shareholders' meeting of May 13, 2005, the shareholders of ProSiebenSat.1 Media AG authorized the Company for the first time to buy back its own stock. The Company was authorized to acquire its own common and/or preferred stock on or before November 12, 2006, for a notional value of up to 10 percent of the Company's share capital at the time of the authorization. The May 13, 2005, authorization was revoked at the shareholders' meeting of August 2, 2006, and replaced by a new authorization for the Company to acquire its own stock. This authorization for the Company to acquire its own stock was replaced by a new authorization at the shareholders' meeting on July 17, 2007. The Company is authorized to acquire its own common and/or preferred stock on or before January 16, 2009, for a total notional value of up to 10 percent of the Company's share capital at the time of the authorization. The July 17 authorization may be exercised by the Executive Board for any legal purpose, especially in pursuit of the objectives stated in the authorization resolution of the shareholders' meeting of July 17. Hitherto this authorization has not been exercised by the Company, nor by any company dependent upon it or in which it holds a majority interest, nor by any other party acting on behalf of the company or on behalf of a company dependent upon it or in which it holds a majority interest.

[29] Minority interests

Minority interests pertain to third-party holdings in the equity to be consolidated in the course of capital consolidation, together with the profits and losses to which those third parties are entitled. These interests are held primarily in the following companies:

EUR k	12/31/2007	12/31/2006
wer-weiss-was GmbH	3,080	- / -
Sat.1 Privatrundfunk- und Programmgesellschaft m.b.H	2,534	- / -
Sat.1 Schweiz AG	2,255	451
solute GmbH	866	- / -
Wetter Fernsehen - Meteos GmbH	798	283
wetter.com AG	344	247
Producers at work GmbH	307	1
PS Event GmbH	239	65
Other companies	12	2
Total	**10,435**	**1,049**

[30] Provisions for pensions and similar obligations

EUR k	12/31/2007	12/31/2006
Provisions for benefits obligations	4,344	2,574

Pension provisions were formed for obligations to provide future benefits for active and former members of the Executive Board of ProSiebenSat.1 Media AG and their survivors.

In calculating pension expenses, ProSiebenSat.1 Media AG takes account of the expected service cost and the accrued interest on the pension obligation. The change in the present value of the future benefits is calculated as follows:

EUR k	12/31/2007	12/31/2006
Present value of obligation at 1/1	2,574	1,387
Deferred compensation from other allocations	- / -	- / -
Service cost	738	682
Interest cost	115	87
Actuarial gains (-) / losses (+)	917	418
Present value at 12/31 / Value in balance sheet	**4,344**	**2,574**

The interest expense for pension obligations is reported as part of the net interest expense. Actuarial gains and losses result from a change in the quantity structure and an adjustment of the calculation interest rate. They were recognized immediately in the income statement in the year of their occurrence. The measurement date for the present value of obligations is December 31. The parameters and assumptions indicated in Note 6, "Accounting policies," were employed for this purpose.
These parameters will also apply over the course of the year for measuring the interest expense and service cost for the current year.

The expected contribution expenses for defined-benefit pension plans in 2008 are EUR 709 thousand. No pension payments were made in fiscal 2007, and none are expected for 2008.

[31] Provisions

EUR k	1/1/2007	Exchange rate differences	Additions from first time consolidation	Increase	Consumptions	Release	12/31/2007
Tax provisions	63,495	-50	13,388	60,145	25,041	320	111,617
Provisions for contingent losses	11,321	- / -	- / -	22,638	8,798	258	24,903
Other miscellaneous provisions	21,929	-27	13,854	27,975	9,216	6,552	47,963
Total	**96,745**	**-77**	**27,242**	**110,758**	**43,055**	**7,130**	**184,483**

Total provisions increased EUR 87,738 thousand, from EUR 96,745 thousand on December 31, 2006, to EUR 184,483 thousand on December 31, 2007. Most of the increase of EUR 48,122 thousand in tax provisions resulted from the first consolidation of the SBS Broadcasting Group and from assessed additional tax payments.

Provisions for contingent losses are formed almost exclusively for programming assets whose license term begins after December 31, 2007, and which current programming analyses indicate will not generate the originally anticipated future audience shares or revenues.

Provisions comprise long-term provisions of EUR 6,964 thousand (vs. EUR 3,396 thousand), of which almost exclusively are set aside for contingent losses, and short-term provisions of EUR 177,519 thousand (vs. 93,349 thousand).

Other miscellaneous provisions comprise the following:

EUR k	1/1/2007	Exchange rate differences	Additions from first time consolidation	Increase	Consumptions	Release	12/31/2007
Provisions for business operations	6,201	- / -	208	12,513	4,926	1,318	12,678
Provisions for litigation costs	875	-7	192	446	203	230	1,073
Other miscellaneous provisions	14,853	-20	13,454	15,016	4,087	5,004	34,212
Total	**21,929**	**-27**	**13,854**	**27,975**	**9,216**	**6,552**	**47,963**

The "other miscellaneous provisions" particularly include provisions for interest on future tax payments.

[32] Liabilities

EUR k	Remaining term 1 year or less	Remaining term 1 to 5 years	Remaining term over 5 years	Total 12/31/2007
Liabilities to banks	2,196	7,967	3,569,330	3,579,493
Total financial liabilities	**2,196**	**7,967**	**3,569,330**	**3,579,493**
Deposits received	48,445	- / -	- / -	48,445
Trade accounts payable	335,029	31,602	1	366,632
Liabilities to entities in which the Company holds interests of 20% or more	1,608	- / -	- / -	1,608
Other liabililities	362,289	43,319	126,498	532,106
Total other liabilities	**747,371**	**74,921**	**126,499**	**948,791**
Total	**749,567**	**82,888**	**3,695,829**	**4,528,284**
[amounts secured by real estate charges]				[35,042]

EUR k	Remaining term 1 year or less	Remaining term 1 to 5 years	Remaining term over 5 years	Total 12/31/2006
Bonds	- / -	148,917	- / -	148,917
Liabilities to banks	1,602	7,483	27,559	36,644
Total financial liabilities	**1,602**	**156,400**	**27,559**	**185,561**
Deposits received	6,579	- / -	- / -	6,579
Trade accounts payable	176,919	2,209	2	179,130
Liabilities to entities in which the Company holds interests of 20% or more	1,284	- / -	- / -	1,284
Other liabililities	104,291	15,532	99,132	218,955
Total other liabilities	**289,073**	**17,741**	**99,134**	**405,948**
Total	**290,675**	**174,141**	**126,693**	**591,509**
[amounts secured by real estate charges]				[36,638]

Financial liabilities

Financial liabilities comprise all interest-bearing liabilities not included under finance lease liabilities. As of December 31, 2007, the ProSiebenSat.1 Group had financial liabilities totaling EUR 3,579,493 thousand. Of this figure, EUR 2,196 thousand was short-term liabilities with terms of less than one year, and EUR 3,577,297 thousand was long-term liabilities. Additionally, at December 31, 2007, the ProSiebenSat.1 Group had a credit line of EUR 600 million under its revolving credit facility. A total of EUR 44,173 thousand of the credit line was used for bank guarantees. The principal components of financial liabilities are as follows:

EUR 4.2 billion syndicated credit facility

The loan agreement covers a number of term loans totaling EUR 1.8 billion with a term of seven years (Term Loan B), and loans for a total of another EUR 1.8 billion with a term of eight years (Term Loan C). The agreement also includes a new revolving credit facility with a term of seven years and a total limit of EUR 600 million. It may be drawn in variable amounts. The new revolving credit facility replaces a syndicated credit line from 2006 with an amount of EUR 500 million. The new loan agreement was made with an international banking syndicate and institutional investors. A portion of the loans can also be drawn in currencies other than the euro. As of December 31, 2007, loans had been drawn in Swedish kronor for the equivalent of approximately EUR 294 million.

Under the loan agreement, the ProSiebenSat.1 Group has pledged as security equity interests in various subsidiaries categorized as significant. A number of companies also furnished guarantees to the lenders. The loan agreement furthermore includes the usual undertakings, which in turn are qualified or mitigated with exceptions. The loan agreement additionally includes the customary grounds for termination by the lender, which apply to breaches of contract not otherwise covered by more detailed provisions of the contract. In the event that control of the Company changes through an acquisition of a majority interest, each lender independently may terminate its participation in the loan within a specified term and demand repayment of outstanding amounts. Among its other provisions, the contract also obligates the Company to maintain a certain ratio between consolidated net debt and consolidated EBITDA, as well as between consolidated EBITDA and the consolidated net interest expense (each as defined under the contract).

Sat.1 mortgage loan

Obligations to banks furthermore include an annuity loan taken out by Sat.1 Satelliten Fernsehen GmbH, using mortgage liens as collateral. The term of the loan runs to July 2021. Liabilities of EUR 35.0 million under this loan existed as of December 31, 2007.

Bond repaid in 2007

A EUR 150 million bond issue from the ProSiebenSat.1 Group was retired early as of August 1, 2007. The bond, issued in 2004, had a fixed yield of 6.25 percent and was originally due for repayment in 2009. The redemption price was 101.858 percent of par.

The nominal amounts of the term loans and the bond differ from their carrying amounts as recognized under IFRS. Bond liabilities and term loans are recognized at par less the costs associated with the bond issue or the finance costs, as applicable, and less the issue discount or plus the issue premium. These costs are distributed over the term of the liability using the effective interest rate method.

Miscellaneous liabilities

The miscellaneous liabilities comprise the following:

EUR k	12/31/2007	12/31/2006
Liabilities for cartel office fine	120,000	- / -
Liabilities from finance leases	114,600	118,355
[thereof long-term]	[111,079]	[114,600]
Value added tax liabilities	51,400	34,366
Liabilities from hedge	42,497	15,709
Liabilities to holders of preferred stock	27,771	- / -
Interest liabilities on secured term loan	22,948	- / -
Liabilities from fees and toward employees	19,188	7,802
Liabilities for Gema / GVL	16,454	743
Liabilities from unused vacation	14,092	5,646
Liabilities for other taxes	11,712	8,951
Liabilities for independent hedging instruments	8,892	- / -
Amount due for social security	2,438	442
Liabilities for income tax	1,706	2,374
Liabilities from bond interest	- / -	1,198
Other	78,408	23,369
Total	**532,106**	**218,955**

Additional notes

[33] Notes to the cash flow statement

The Group's cash flow statement is prepared in accordance with IAS 7 ("Cash Flow Statements"). It shows how cash and cash equivalents have changed as a result of inflows and outflows during the year, distinguishing between cash flow for operating activities, cash flow for investing activities and cash flow for financing activities. The cash flow statement appears on page 68.

The funds covered by the cash flow statement include all cash and cash equivalents, and all bank credit balances with terms of not more than three months, as shown in the balance sheet.

Other changes in equity during 2007 particularly resulted from the reduction of the capital reserves by recognizing a liability of EUR 27,771 thousand toward holders of preferred stock.

Changes in balance sheet items as a consequence of foreign exchange rates came to EUR 15,784 thousand in 2007 (vs. EUR 779 thousand the year before). This figure includes changes in cash and cash equivalents of EUR 5,886 thousand for the current fiscal year as a consequence of changes in foreign exchange rates (vs. EUR 510 thousand).

[34] Discontinued operations

The groups of assets and liabilities held for sale, and recognized in the balance sheet at EUR 30,993 thousand (for assets) and EUR 12,382 thousand (for liabilities) pertain to the intended sale of all of ProSiebenSat.1 Produktion GmbH. The sale is expected to be completed within the next twelve months. Under IFRS 5, ProSiebenSat.1 Produktion GmbH is classified as a group of assets and liabilities held for sale. The following table shows the carrying amounts for ProSiebenSat.1 Produktion GmbH at December 31, 2007.

EUR k	
Groups of assets held for sale	
I. Intangible assets	5,648
II. Property and equipment	22,934
III. Financial investments	35
IV. Inventories	171
V. Receivables and other current assets	2,076
VI. Cash and cash equivalents	21
VII. Deferred tax entitlements	108
	30,993

EUR k	
Groups of liabilities held for sale	
I. Provisions	300
II. Other liabilities	11,837
III. Deferred tax liabilities	245
	12,382

Because of the planned sale of ProSiebenSat.1 Produktion GmbH, the Group recognizes the results of this subsidiary's business under discontinued operations in its consolidated income statement. For this reason, the external income and expenses of ProSiebenSat.1 Produktion GmbH are shown separately for the current and prior fiscal year. The after-tax profit from discontinued operations was EUR 125 thousand (vs. EUR 900 thousand in 2006). The net earnings of ProSiebenSat.1 Produktion GmbH as recognized in the consolidated income statement are as follows:

EUR k	**2007**	**2006**
1. . Revenues	7,888	9,422
2. Cost of sales	-4,591	-5,313
3. Gross profit	3,297	4,109
4. Administrative expenses	-2,296	-2,657
5. Operating profit	1,001	1,452
6. Pre-tax profit	1,001	1,452
7. Income taxes	-876	-561
8. Profit for the year	**125**	**891**
Basic and diluted earnings per share of common stock according to IAS 33 EUR	- / -	- / -
Basic and diluted earnings per share of preferred stock according to IAS 33 EUR	- / -	0,01

The consolidated cash flow statement reflects ProSiebenSat.1 Produktion GmbH as follows:

EUR k	**2007**	**2006**
Cash flow from operating activities	17,269	10,452
Cash flow from investing activities	-13,063	-18,052
Cash flow from financing activities	- / -	- / -

[35] Contingent liabilities

There were no liabilities from guarantees or other contingent liabilities on either December 31, 2007, or December 31, 2006.

[36] Other financial liabilities

EUR k	Remaining term 1 year or less	Remaining term 2 to 5 years	Remaining term over 5 years	Total
Programming assets	775,320	932,804	174,599	1,882,723
Royalties	15,207	33,234	24,140	72,581
Leasing and long-term rental committments	79,064	201,957	86,242	367,263
Other liabilities	75,951	15,177	293	91,421
Total	**945,542**	**1,183,172**	**285,274**	**2,413,988**

Other financial liabilities exist in addition to provisions, liabilities and contingent liabilities. These derive from contractual agreements entered into before December 31, 2007, and pertain to payment obligations due on or after January 1, 2008. The agreements have remaining terms of between 1 and 15 years.

Use fees include financial obligations for satellite rental, obligations under contracts for terrestrial transmission facilities, and cable feed charges.

Leasing and long-term rental obligations under operating leases essentially comprise obligations under leases for motor vehicles, along with rent obligations under building leases.

Other liabilities essentially comprise GEMA payments and fees for news services and other services.

[37] Further notes on financial risk management

The ProSiebenSat.1 Group's business operations and financing needs expose it to various financial risks. Fluctuating interest rates and foreign exchange rates may affect the Group's assets and liabilities, financial position, and profit or loss. The acquisition of the SBS Broadcasting Group has significantly altered the Corporation's risk structure. Interest rate risks in particular have risen. Financial risks are managed and monitored centrally as a part of financial risk management. For the Group's German-speaking regions, the principles, duties and responsibilities of financial risk management are governed by the Group's internal corporate financial guidelines. One of the primary tasks for fiscal 2008 is to fully integrate the SBS Broadcasting Group into the ProSiebenSat.1 Group's financial risk management system, and to incorporate it into Group-wide regulations. The objective of financial risk management is to cushion the adverse effects that fluctuations in financial risk factors may have on the Group's assets and liabilities, financial position and profit or loss. The derivative financial instruments employed for this purpose serve solely to hedge existing risk positions, not for speculation. Risk positions are assessed regularly, and existing risks are quantified using sensitivity analyses. Currency risks are based on an assumed appreciation of 10 percent in the value of the U.S. dollar. The ProSiebenSat.1 Group's interest rate risk is calculated by increasing the relevant interest rates by one percentage point. The ProSiebenSat.1 Group does not believe it is exposed to any material concentrations of risk.

Currency risks

The ProSiebenSat.1 Group signs a substantial number of its license agreements with production studios in the United States. As a rule, the Group generally meets its financial obligations deriving from these programming rights purchases in U.S. dollars. Consequently fluctuations in the exchange rate between the euro and the dollar may adversely affect the ProSiebenSat.1 Group's financial position and profit or loss. Additionally, the Group also has dollar-denominated financial liabilities that result from the acquisition of sports rights.

To hedge against fluctuations in exchange rates, the ProSiebenSat.1 Group enters into forward exchange contracts ("forwards") and currency options.

	Year of maturity			Nominal amount	Market value
	2008 USD k	2009-2012 USD k	2013 and after USD k	as of 12/31/2007 USD k	as of 12/31/2007 EUR k
Currency forwards	217,477	534,297	- / -	751,774	-39,626
[thereof within cash flow hedges]	145,025	494,817	- / -	639,842	-30,793
Currency options	60,250	4,500	- / -	64,750	-2,698
[thereof within cash flow hedges]	55,250	2,500	- / -	57,750	-2,703

Forwards are unconditional contractual agreements to exchange two currencies. The total par value, exchange rate and maturity date are specified when the contract is entered into. As of December 31, 2007, the ProSiebenSat.1 Group had forwards worth a par value of USD 752 million in its portfolio. As of the same date, it had options for the purchase of dollars covering a total nominal value of USD 65 million. As the purchaser of a currency option, ProSiebenSat.1 Media AG has the right, but not the obligation, to buy U.S. dollars for euros in return for paying an option premium. As with a forward, in a currency option the total par value, exchange rate and maturity date are also laid down at the time the contract is made. Market values for forwards are measured using the discounted cash flow method. Market values for currency options are measured using the option pricing formula of Black and Scholes.

Most license payments on a hedged dollar-denominated license agreement, together with the associated hedging instruments, are gathered and managed in what are known as "hedge books" if the hedging relationship qualifies as a hedge under IAS 39.88 and hedge accounting can be applied. As of December 31, 2007, there were 14 hedge books covering a total of USD 973 million in pending license payments. Equity as of December 31, 2007, included EUR 32.4 million for hedge accounting. In fiscal 2007, EUR 9.5 million was removed from equity and applied directly to the purchase cost of the underlying license agreement. The average hedge ratio varies from one hedge book to another. As a rule the total hedge ratio is between 60 and 80 percent. A separate hedging strategy is developed for each portfolio on the basis of current market assessments and the overall risk position. The hedge books are constantly monitored under a system of limits, and any applicable open positions are closed to stop potential losses or take advantage of a favorable change in exchange rates.

No hedge accounting was applied for a certain portion of the foreign currency exposure in U.S. dollars. In these cases, liabilities for pending license payments came to USD 432 million at December 31, 2007.

The average hedge ratio at December 31, 2007, allowing for internal limit systems, was 58 percent.

Risk positions in U.S. dollars are assessed regularly, and existing risks are quantified using sensitivity analyses. The following table shows the impact of a ten percent appreciation in the value of the U.S. dollar on the equivalent value in euros for future payments in dollars.

USD k	as of 12/31/2007	as of 12/31/2006
Gross foreign currency exposure in U.S. dollars	-1,405,917	-1,043,497
Currency hedges	817,025	741,302
Net exposure	**-588,892**	**-302,195**
Hedge ratio	58%	71%
in Eur k		
Change in future payments resulting from a 10% rise in the U.S. dollar	**-43,960**	**-22,921**

As of its acquisition of the SBS Broadcasting Group, the ProSiebenSat.1 Group now owns some companies located outside the zone where the euro is the currency. Since the Group's functional currency is the euro, the financial statements of these companies are converted to euros for purposes of the consolidated financial statements. The ProSiebenSat.1 Group fundamentally views its holdings in these companies as a long-term investment, and therefore does not hedge the associated foreign currency translation risk.

Interest rate risks

Through its financial obligations, the ProSiebenSat.1 Group is exposed to an interest rate risk. The acquisition of the SBS Broadcasting Group was financed entirely through a new loan agreement. The loan agreement covers a number of term loans totaling EUR 1.8 billion with a term of seven years (Term Loan B), and loans for a total of another EUR 1.8 billion with a term of eight years (Term Loan C). Through these variable-interest financial obligations, the ProSiebenSat.1 Group is exposed to an increased interest rate risk. For that reason, the ProSiebenSat.1 Group has hedged more than 80 percent of this liability with interest-rate swaps. In interest rate swaps, variable-rate interest payments are exchanged for fixed-rate interest payments. Uncertain, variable-rate interest payments on the borrowings described above are compensated and replaced with fixed-rate interest payments. Market values for interest rate swaps are measured using the discounted cash flow method. The interest rate swaps total EUR 3 billion, with an average fixed rate of 4.522 percent. The swaps have terms of five years for a portion of EUR 1.2 billion, and seven years for a portion of EUR 1.8 billion. The interest rate swaps qualify as cash flow hedges that are covered by hedge accounting under IAS 39.88. As of December 31, 2007, the swaps had a negative market value of EUR 9.0 million. Of this amount, EUR 2.6 million is recognized as an interest expense because of the ineffectiveness of the hedges. The remainder of EUR 6.4 million is recognized in equity.

The remaining variable interest rate risk results not only from the unhedged portion of the term loan, but also from any draws the Group may take on its revolving credit facility. As of December 31, 2007, no funds had been drawn on this syndicated credit facility. An interest rate risk in the sense of a change in market value is of no relevance here, since ProSiebenSat.1 Media Group's financial liabilities are reported at cost, and thus any change in market value will have no effect on the balance sheet.

The interest rate risk position is assessed regularly, and existing risks are quantified using sensitivity analyses. The following table shows the effects of a one percentage-point increase in the relevant interest rates.

EUR k	Type of interest	as of 12/31/2007	as of 12/31/2006
Deposits with banks	variable	250,826	63,540
Liabilities to banks	variable	-3,543,742	- / -
Bonds	fixed	- / -	-150,000
Construction financing	fixed	-35,042	-36,638
Gross exposure	variable	**-3,292,916**	**63,540**
	fixed	**-35,042**	**-186,638**
Interest rate hedges		3,000,000	- / -
Net exposure	variable	**-292,916**	**63,540**
Hedge ratio		91%	0%
Annual potential loss from an increase of 100 basis points (1 percentage point) in short-term interest rates*]			

*] Because of the short position in 2007, the 2007 scenario assumes an increase of 100 basis points in interest rates, and because of the long position in 2006, the 2006 scenario assumes a decrease of the same amount.

The mortgage loan taken out by Sat.1 is composed of several tranches, for each of which the interest-rate lock-up period ends on a different date. The next ending date, for a total of EUR 3.1 million, is October 31, 2009.

Insolvency risks

In any transaction, the ProSiebenSat.1 Group incurs a risk that the opposite party may become insolvent. To minimize that risk, the ProSiebenSat.1 Group has endeavored to enter into financial transactions and derivative transactions only with parties with good to first-class credit ratings. The market value of all derivative financial instruments having a positive market value was EUR 1.0 million as of December 31, 2007. The largest share of these derivatives with a positive market value, 79 percent, was entered into with a single partner, which has a credit rating of Aa2 from the Moody's rating agency.

Liquidity risks

As part of its liquidity management, the ProSiebenSat.1 Group ensures that adequate cash and cash equivalents are available at all times, in spite of the industry's sharp seasonal fluctuations in revenues. One of the integral parts of the loan agreement to finance the acquisition of the SBS Broadcasting Group was a revolving credit facility with a term of seven years and a total credit line of EUR 600 million. As of December 31, 2007, no use had been made of this syndicated credit facility.

Information on the carrying amount and market value of financial instruments

The following table shows the carrying amounts of all categories of financial assets and liabilities of the ProSiebenSat.1 Group:

EUR k	12/31/2007	12/31/2006
Financial assets		
Cash and cash equivalents	250,847	63,540
Loans and receivables	414,369	201,581
Financial assets designated at fair value	5,649	2,729
Financial assets held for trading	64	- / -
Financial assets available for sale	69,703	10,871
Hedge derivatives	- / -	1,430
	740,632	**280,151**
Financial liabilities		
Financial liabilities at amortized cost	4,262,230	369,165
Financial liabilities held for trading	8,892	- / -
Bonds	- / -	148,917
Hedge derivatives	42,497	15,709
	4,313,619	**533,791**

The gross default risk was EUR 570.3 million for the entire ProSiebenSat.1 Group. Known default risks have been duly taken into account with write-offs.

The following list shows the market values and carrying amounts of the financial assets and liabilities measured at cost or amortized cost.

EUR k	12/31/2007		12/31/2006	
	Market value	**Carrying amount**	**Market value**	**Carrying amount**
Financial assets measured at cost or at amortized cost				
Cash and cash equivalents	250,847	250,847	63,540	63,540
Financial assets available for sale *]	- / -	69,703	- / -	10,871
Trade accounts receivable and other receivables	414,369	414,369	201,581	201,581
Financial liabilities measured at cost or at amortized cost				
Trade accounts payable	372,747	372,747	179,130	179,130
Bonds	- / -	- / -	156,240	148,917
Liabilities to banks and other financing debt	3,745,503	3,745,503	70,396	70,396
Liabilities from finance leases	114,600	114,600	118,355	118,355
Other financial liabilities	29,380	29,380	1,284	1,284

*] This item includes available financial assets whose fair value the ProSiebenSat.1 Group cannot reliably determine, and which it therefore measures at acquisition cost.

The market value of cash and cash equivalents, of trade accounts receivable and payable, of short-term financial receivables and liabilities, and of revolving credit facilities and other financing debt is approximately equivalent to their carrying amount. A particular reason for this is the short terms of these instruments.

The market value of listed bonds is based on price quotes as of the reporting date. The market value of liabilities to banks and other long-term financing debt, liabilities from finance leases, and other financial liabilities is determined by discounting the expected future cash flows at the interest rates applicable for similar financial debt with comparable terms to maturity.

The net gains and losses on financial instruments are shown below.

EUR k	12/31/2007	12/31/2006
Financial assets available for sale	1,111	19
Financial assets designated at fair value	68	154
Loans and receivables	4,105	926
Financial liabilities at amortized cost	1,932	839
Financial assets and liabilities held for trading	-15,043	-6,286

[38] Segment reporting

Explanatory notes regarding segment reporting

In accordance with IFRS 8 ("Operating Segments"), certain figures in financial statements must be presented separately by business segments and geographical segments. The basis of segmentation is to be the company's own internal reporting, which permits a reliable assessment of the group's risks and earnings. Segmentation is intended to provide transparency as to the profitability and prospects for success of the group's individual activities. Consistently with its internal management practices, the ProSiebenSat.1 Group adopts business segments as the basis for its primary segment reporting.

The ProSiebenSat.1 Group subdivides its operations into two business units, Free TV and Diversification. The Free TV unit in turn is subdivided into two segments, Free TV in German-Speaking Europe and Free TV International.

The Free TV in German-Speaking Europe segment essentially comprises the Group's four channels Sat.1, ProSieben, kabel eins and N24, as well as the Sat.1 regional companies, the marketing company SevenOne Media, and the Group's subsidiaries in Austria and Switzerland. The Free TV International segment includes advertising-financed TV channels in the Netherlands, Belgium, Denmark, Finland, Norway, Sweden, Romania, Bulgaria and Hungary. The Diversification segment pools all subsidiaries that do not generate their income directly from classic TV advertising revenues; their activities include pay TV, call TV, multimedia, merchandising and radio operations, as well as related print products.

ProSiebenSat.1 Produktion is one of the companies included in the Free TV in German-Speaking Europe segment. Because of its planned sale, ProSiebenSat.1 Produktion is no longer included in the segment report, and the segment report for 2006 has been revised accordingly.

Segment information

Segment information normally applies the same accounting policies as the consolidated financial statements.

Internal revenues reflect revenue relationships between Group companies, and in-Group revenues are offset at the prevailing market prices.

Segment assets comprise all assets used for operating activities. These include both intangible assets and property, plant and equipment, as well as current assets less income tax receivables, deferred tax credits, current securities, and cash and cash equivalents.

Segment investments relate to intangible assets including purchased goodwill, and to property, plant and equipment.

Depreciation and amortization apply to the segment assets allocated to each segment, except for amortization of financial investments and current securities.

Noncash expenses largely comprise consumption of programming assets, allocations to provisions, expenses for the valuation of option premiums, and write-downs of receivables.

Inter-segment receivables, provisions, income and expenses, and profits are eliminated in the reconciliations.

EUR k	Free-TV			Segment Diversifikation	Transitions	Total consolidated financial statement 2007
	Segment Free TV German-speaking	Segment Free TV International	Total Free-TV*			
Revenues	1,963,489	406,067	2,369,556	405,631	-72,654	2,702,533
External revenues	1,899,845	403,895	2,303,740	398,793	- / -	2,702,533
Internal revenues	63,644	2,172	65,816	6,838	-72,654	- / -
EBITDA Recuring	484,400	112,023	596,423	65,628	-118	661,933
Segment assets	1,892,807	2,447,755	4,340,562	1,438,574	-191,145	5,587,991
Segment investments	22,099	11,423	33,522	7,923	- / -	41,445
Depreciation and amortization	30,675	70,333	101,008	36,106	-106	137,008
Noncash expenses	986,954	170,391	1,157,345	54,265	-1,391	1,210,219
Income from associated companies	1,691	1,160	2,851	-937	- / -	1,914
Interests in associated companies	250	939	1,189	3,394	- / -	4,583

Geographical breakdown

	German Speaking	B/NL	Nordic	CEE	Transitions	Total consolidated financial statement 2007
Revenues	2,225,285	217,906	251,346	78,818	-70,822	2,702,533
External revenues	2,155,508	217,906	250,181	78,938	- / -	2,702,533
Internal revenues	69,777	- / -	1,165	-120	-70,822	- / -
Segment assets	2,384,406	1,739,325	1,244,153	702,407	-482,300	5,587,991

EUR k	Free-TV			Segment Diversifikation	Transitions	Total consolidated financial statement 2007
	Segment Free TV German-speaking	Segment Free TV International	Total Free-TV*			
Revenues	1,922,730	- / -	1,922,730	243,065	-70,661	2,095,134
External revenues	1,857,054	- / -	1,857,054	238,080	- / -	2,095,134
Internal revenues	65,676	- / -	65,676	4,985	-70,661	- / -
EBITDA Recuring	430,349	- / -	430,349	55,592	-344	485,597
Segment assets	1,467,642	- / -	1,467,642	369,406	-5,925	1,831,123
Segment investments	27,470	- / -	27,470	1,402	- / -	28,872
Depreciation and amortization	27,785	- / -	27,785	12,444	-186	40,043
Noncash expenses	968,738	- / -	968,738	7,967	-756	975,949
Income from associated companies	3,914	- / -	3,914	- / -	- / -	3,914
Interests in associated companies	3,324	- / -	3,324	6,000	- / -	9,324

* consolidated

With the acquisition of the SBS Broadcasting Group, the Corporation has also begun reporting for the first time by geographical segment in its secondary segment reporting. Here distinctions are made among the German-speaking region (Germany, Austria, Switzerland), "NL/B" (the Netherlands and Belgium), Nordic (Denmark, Finland, Norway, Sweden), and CEE (Bulgaria, Greece, Romania, Hungary). No comparison figures are shown from the prior year, since revenues for the 2006 comparison period were generated solely in the German-speaking region.

[39] Stock Option Plan

After receiving the consent of the shareholders' meeting of May 13, 2005, ProSiebenSat.1 Media AG introduced a Long-Term Incentive Plan. The stock options are intended exclusively for purchase by members of the Executive Board of ProSiebenSat.1 Media AG, members of upper management of dependent Group companies, and other selected executives of ProSiebenSat.1 Media AG and its dependent Group companies. The individual beneficiaries and the number of stock options to be granted to them are decided by the Executive Board of ProSiebenSat.1 Media AG or – where Executive Board members themselves are concerned – by the Supervisory Board.
The stock option plan involves issuing a total of not more than 7.5 million options carrying the right to subscribe for stock of ProSiebenSat.1 Media AG. The options will be issued in several annual segments. No further stock options were issued in fiscal 2007 (vs. 1,127,500 options the year before). A total of 1,127,500 stock options were outstanding at the end of the year. Of these, a total of 665,000 were held by active members of the Executive Board. No decision has been made yet about whether to issue stock options in fiscal 2008. The issue of stock options in fiscal 2005 and 2006 took place after the annual shareholders' meetings on May 13, 2005, and August 2, 2006, respectively.

The options are subject to a vesting period of two years for the first third of the options issued in any given segment, and three years for the remaining two-thirds. This vesting period is to commence on January 1 of the year in which the pertinent stock options are issued. Furthermore, the statutory lock-up period of two years from the issue date of the options must have expired at the time of exercise. The options may furthermore be exercised only during the 20 days of trading on the Frankfurt Stock Exchange subsequent to the publication of interim reports or the annual financial statements of ProSiebenSat.1 Media AG.
Each stock option carries the right to purchase one preferred share of ProSiebenSat.1 Media AG stock in return for payment of a "strike price." The strike price is the weighted average closing auction price of ProSiebenSat.1 preferred stock in trading on the XETRA system over the last 30 days of trading on the Frankfurt Stock Exchange prior to January 1 of the year in which the stock option is issued. In the event that the weighted average closing auction price of ProSiebenSat.1 preferred stock in trading on the XETRA system over the last 30 days of trading on the Frankfurt Stock Exchange prior to the exercise date exceeds the strike price by more than 200 percent, the strike price is to be increased by the amount in excess of 200 percent ("maximum exercise gain").

As its incentive target, the Long-Term Incentive Plan specifies that the stock's trading price at the time of exercise of the stock options must exceed the strike price by at least 30 percent ("absolute threshold"). The deciding figure for this purpose is the weighted average closing auction price of ProSiebenSat.1 preferred stock in trading on the XETRA system over the last 30 days of trading on the Frankfurt Stock Exchange prior to the exercise date of the option.

The Long-Term Incentive Plan provides for immediate vesting of all stock options previously issued in the event of a change of control at ProSiebenSat.1 Media AG. The acquisition of the ProSiebenSat.1 Group by funds advised in part by KKR and in part by Permira resulted in such a change of control within the meaning of the stock option plan, and therefore in the accelerated vesting of the stock options issued in 2005 and 2006. The options issued in 2005, which could not have been exercised until the statutory two-year lock-up expired in May 2007, were called in by the Company by paying out the cash value of the option. The active members of the Executive Board received EUR 8,999 thousand from the buyback of these stock options.

The following table provides all necessary information about the ProSiebenSat.1 Media AG stock option plan:

EUR k	SOP 2006
Granted stock options	374,667
Strike price	15,03
Absolute threshold	19,54
Maximim exercise gain	30,06
End of vesting period	8/3/2008
Outstanding stock options at the beginning of the year	1,127,500
Options exercised during the year	n.y.e.*
Options expired / forfeited	0
thereof expired during vesting period	0
thereof expired because of performance targets not met	still in vesting period
thereof expired after end of vesting period	still in vesting period
Outstanding stock options at the end of the year	1,127,500
Exercisable stock options at the end of the year	n.y.e.*

*] not yet exercisable

ProSiebenSat.1 Media AG uses the trinomial model to calculate the actuarial values of stock options. This is a further development of the binomial model of Cox, Ross and Rubenstein (1979). The expected volatility is calculated from historical volatilities over as much as 400 days. The expected volatility of 26 percent is generally consistent with the capital markets' own estimates at the time of the issue of the 2006 Long Term Incentive Plan. Those estimates are based on the implicit volatilities of traded warrants for ProSiebenSat.1 stock. Other factors taken into account in calculating the value of options are the value of the underlying instruments, the strike price, the exercise threshold, the maximum exercise gain, suboptimal premature exercise, the dividend yield, the basis interest rate, the exercise windows, the contractual time periods, the graduated vesting periods, and turnover among beneficiaries.

The expense for fiscal 2007 came to EUR 5,412 thousand (vs. EUR 4,572 thousand), and is included under personnel expenses.

[40] Executive Board and Supervisory Board

The members of the Executive Board and Supervisory Board of ProSiebenSat.1 Media AG are listed on pages 43 through 45 of this report. Details of the system of compensation for members of the Executive Board and the Supervisory Board of ProSiebenSat.1 Media AG are explained in the section on "Legal Environment" in the Management Report.

Compensation paid to active members of the Executive Board of ProSiebenSat.1 Media AG came to EUR 5,983 thousand in 2007 (vs. EUR 5,808 thousand in 2006). The Board's compensation included a variable component totaling EUR 2,765 thousand (vs. EUR 2,300 thousand). In past fiscal years, ProSiebenSat.1 Media AG set aside pension provisions totaling EUR 4,344 thousand for pension commitments to members of the Executive Board. Funds have been endowed to safeguard these pension provisions. Members of the Executive Board received EUR 8,999 thousand for buybacks of stock options.

The Company has not granted loans to members of the Executive Board, nor has it undertaken suretyships or guarantees on their behalf.

A resolution by the shareholders' meeting of August 2, 2006, released the Company from the statutory obligation to disclose the individual compensation of Executive Board members in the consolidated financial statements for a period of five years. However, this resolution of the shareholders' meeting poses no obstacle to the voluntary disclosure of individual Board members' compensation otherwise. The Executive Board and Supervisory Board have decided to exercise this option of voluntary disclosure in the compensation report for 2007, which is included in the Corporate Governance Report of the Executive Board and Supervisory Board. That report therefore states figures for the compensation paid to individual members of the Company's Executive Board for the past fiscal year.

Expenses for the Supervisory Board of ProSiebenSat.1 Media AG came to EUR 1,666 thousand in the year under review. This figure includes write-backs of provisions for the variable component of compensation. The shareholders' meeting on July 17, 2007, amended the compensation of the members of the Supervisory Board as set forth in the Company's articles of incorporation. Under the former rules, members of the Supervisory Board were paid both a fixed annual component and a variable component tied to the amount of the Company's dividend. The new rules, which are retroactive to January 1, 2007, replaced the variable component with a higher fixed component. The compensation paid individually to current and former members of the Supervisory Board is as follows:

EUR k	Fixed components
Bell-Jones, Robin	94
Döpfner, Dr. Mathias	106
Dyke, Greg	126
Freise, Philipp	94
Hollick, Lord Clive	179
Huth, Johannes	82
Krenz, Thomas	83
Mäuser, Götz	192
Neubürger, Heinz-Joachim	48
Nienhaus, Christian	108
Sloan, Harry	94
Swartjes, Adrianus Johannes	45
van Lent, Marinus Maria Petrus	45
Wehr-Seiter, Katrin	46
Wiedmann, Prof. Dr. Harald	107

EUR k	Fixed components
Chesnoff, Adam	39
Connaughton, John P.	20
Dobron jr., Albert J.	18
Gasse, Ulrich	38
Gorenflos, Reinhard	37
Healy, Patrick J.	18
Kreiz, Ynon	18
Lawry, Seth	20
Neuss, Christian	39
Pagliuca, Stephen G.	18
Powers, Brian M.	18
Saban, Arieh	18
Saban, Haim	36
Scheiber, Silke	37
Sperling, Scott	18
Steiner, Josh	18

Members of the Supervisory Board received no remuneration or other consideration for personal services, especially consulting and mediation services, during fiscal 2007. Altogether, the current members of the Executive Board and Supervisory Board held 15,500 shares of preferred stock in ProSiebenSat.1 Media AG as of December 31, 2007. This is equivalent to 0.0071 percent of the Company's share capital.

[41] Corporate Governance

On the basis of the recommendations of the Government Commission on the German Corporate Governance Code and the applicable terms of law under Sec. 161 of the Stock Corporation Act, in March 2007 the Executive Board and Supervisory Board issued a Declaration of Compliance, which has been made permanently available on the Internet at www.prosiebensat1.com.

[42] Related-party transactions

Apart from the subsidiaries included in the consolidated financial statements, in the course of its normal business operations ProSiebenSat.1 Media AG conducts transactions directly or indirectly with affiliated unconsolidated companies and associated companies. In ordinary business activities, all transactions with companies not included in the scope of consolidation were conducted on prevailing market terms and conditions, such as are also customary with third parties unrelated to the Group. All related parties under IAS 24 ("Related Party Disclosures") that are controlled by ProSiebenSat.1 Media AG, or over which the Group may exercise a significant influence, are listed among the shareholdings on pages 107 through 111, along with the percentage interest held.

By a purchase agreement dated June 27, 2007, the ProSiebenSat.1 Group acquired 100 percent of the SBS Broadcasting Group from funds advised in part by KKR and in part by Permira, and from the Telegraaf Group.

During the period under review, Buchagentur Intermedien-GmbH, a formerly consolidated, indirectly wholly-owned subsidiary of ProSiebenSat.1 Media AG, was sold to Lavena Holding 1 GmbH for approximately EUR 1 million. The proceeds from the sale of Buchagentur Intermedien-GmbH are consistent with the current market value of the company. Lavena Holding 1 GmbH is indirectly the majority shareholder of ProSiebenSat.1 Media AG, by way of several holding companies.

Effective September 1, 2007, ProSiebenSat.1 Media AG signed a services management agreement for business services with Lavena Holding 1 GmbH, Lavena Holding 2 GmbH, Lavena Holding 3 GmbH, Lavena Holding 4 GmbH and Lavena Holding 5 GmbH jointly. The agreed compensation is consistent with the prevailing market terms for comparable services. Lavena Holding 1 GmbH through Lavena Holding 4 GmbH are indirect majority shareholders of ProSiebenSat.1 Media AG, and Lavena Holding 5 GmbH is the direct majority shareholder of ProSiebenSat.1 Media AG.

During fiscal 2007, the wife of Executive Board member Peter Christmann provided services to various companies in the ProSiebenSat.1 Group for a charge of EUR 155 thousand. These were training and coaching services for on-air personalities. As of December 31, 2007, there was no amount outstanding for these services.

Harry Evans Sloan is a member of the Supervisory Board of ProSiebenSat.1 Media AG, and the Chairman of the Board of Directors and CEO of Metro-Goldwyn-Mayer Holdings, Inc. (MGM). A number of license agreements were signed between MGM Holdings Inc. and ProSiebenSat.1 Media AG during the period, in the normal course of business. The agreements are consistent with prevailing market terms.

Götz Mäuser is a member of the Supervisory Board of ProSiebenSat.1 Media AG, and among other positions is also a co-owner of ADT Telefonservice GmbH & Co. KG. A service agreement exists in the normal course of business between ProSiebenSat.1 Media AG and ADT Telefonservice GmbH & Co. KG. The contract is consistent with prevailing market terms.
There were no other reportable transactions with related parties under IAS 24 in fiscal 2007.

Employer contributions to the public pension insurance system for members of the Executive Board of ProSiebenSat.1 Media AG, top management of other Group companies, and other members of upper management, totaled EUR 96 thousand for fiscal 2007.

Under Sec. 15a of the German Securities Trading Act (WpHG) and Sec. 6.6 of the German Corporate Governance Code, the members of the Executive Board and Supervisory Board of ProSiebenSat.1 Media AG are required to report securities transactions relating to ProSiebenSat.1 stock. They are furthermore required to report securities transactions by family members. In fiscal 2007, a total of four transactions were reported to ProSiebenSat.1 Media AG, in which members of the Executive Board or Supervisory Board and their family members acquired a total of 7,500 shares of ProSiebenSat.1 Media AG and sold a total of EUR 2,450 shares of ProSiebenSat.1 Media AG. In compliance with Sec. 15a of the Securities Trading Act, ProSiebenSat.1 Media AG reported each of these transactions immediately on its Web site, www.prosiebensat1.com.

[43] Group affiliation

The immediate parent company of the Group of ProSiebenSat.1 Media AG is Lavena Holding 5 GmbH. The ultimate parent company of the ProSiebenSat.1 Group is Lavena S.à r.l., of Luxembourg.

Sections 21 ff. of the German Securities Trading Act require listed companies to provide the public with detailed information about the makeup of their shareholder structure. These disclosure requirements are intended to encourage transparency in securities trading. In accordance with the German Act Implementing the EU Transparency Directive, a notice of voting rights was issued on July 10, 2007, with the following content:

Disclosure in Compliance with Sec. 26 (1) Sentence 1 of the German Securities Trading Act, for Distribution throughout Europe

Notice of Voting Rights

Stichting Administratiekantoor van Aandelen Telegraaf Media Groep N.V., of Amsterdam/Netherlands (address: Postbus 376, 1000 EB Amsterdam, Netherlands), has notified ProSiebenSat.1 Media AG (address: Medienallee 7, 85774 Unterföhring, Germany) as follows in accordance with Section 25 (1) of the German Securities Trading Act:

"Since July 3, 2007, Stichting Administratiekantoor van Aandelen Telegraaf Media Groep N.V. has indirectly held financial instruments that give it the right to acquire already issued stock of ProSiebenSat.1 Media AG representing 12.00 percent of the voting rights in the Company. This percentage is equivalent to 13,127,832 votes. The financial instruments indirectly held by Stichting Administratiekantoor van Aandelen Telegraaf Media Groep N.V. are held through the following company controlled by Stichting Administratiekantoor van Aandelen Telegraaf Media Groep N.V.: Telegraaf Media Groep N.V., Basisweg 30, NL-1043 AP Amsterdam. Therefore as of that date, the share of voting rights that would be held by Stichting Administratiekantoor van Aandelen Telegraaf Media Groep N.V. in ProSiebenSat.1 Media AG, if instead of the financial instruments Telegraaf Media Groep N.V. held the stock that it could acquire under those financial instruments, exceeded the thresholds of 5 percent and 10 percent. The exercise period for the financial instruments runs from June 1, 2008 (inclusive), through June 15, 2008 (inclusive)."

ProSiebenSat.1 Media AG
The Executive Board

Further reports of equity holdings were published by ProSiebenSat.1 Media AG in compliance with Section 26 (1) of the German Securities Trading Act on March 14, May 29, July 3, and July 6, 2007.

[44] Professional fees of the independent auditor

The professional fees for the services of the Group's independent auditor, KPMG, totaled EUR 2,639 thousand for fiscal 2007. The figure for 2006 was EUR 1,147 thousand. Of the total, EUR 1,070 thousand was for audit fees (vs. EUR 883 thousand in 2004), EUR 373 thousand was for audit-related fees (vs. EUR 216 thousand), EUR 51 thousand was for tax consulting services (vs. EUR 24 thousand), and EUR 1,145 thousand was for other fees (vs. EUR 24 thousand).

[45] Events subsequent to the reporting date

Release date for publication
The Supervisory Board will release the consolidated financial statements for publication on March 25, 2008.

March 7, 2008
The Executive Board

ProSiebenSat.1 Group as of December 31, 2007					
No.	**Company**	**Location**	**Country**	**Interest in percent**	**via No.**
	Affiliated company				
1	ProSiebenSat.1 Media Aktiengesellschaft	Unterföhring	Germany		
2	9Live Fernsehen GmbH	Unterföhring	Germany	100	1
3	9Live International GmbH	Unterföhring	Germany	100	2
4	Agency Atlantic EOOD	Sofia	Bulgaria	100	170
5	Agency Vitosha EOOD	Sofia	Bulgaria	100	170
6	Aktuelt Nyheter AS	Oslo	Norway	100	162
7	Amerom Television Ltd. (in Liquidation)	New York	USA	100	111
8	ArtMerchandising & Media AG	Unterföhring	Germany	100	58
9	AT Fun B.V.	Amsterdam	The Netherlands	100	124
10	Balkans Media Investments EOOD	Sofia	Bulgaria	100	5
11	Broadcast Norge AS	Oslo	Norway	100	108
12	Broadcast Text Amsterdam B.V.	Amsterdam	The Netherlands	100	17
13	Broadcast Text AS	Oslo	Norway	100	17
14	Broadcast Text Budapest Szinkron és Feliratkészító Kft.	Budapest	Hungary	100	17,123
15	Broadcast Text Danmark A/S	Copenhagen	Denmark	100	17
16	Broadcast Text Helsinki Oy	Helsinki	Finland	100	17
17	Broadcast Text International AB	Stockholm	Sweden	100	117
18	Broadcast Text London Limited	Hounslow	Great Britain	100	17
19	Broadcast Text N.V.	Aalst (Erem-bodegem)	Belgium	100	17,20
20	Broadcast Text Svenska AB	Stockholm	Sweden	95	17
21	Carthage I B.V.	Amsterdam	The Netherlands	100	124
22	CBO Media B.V.	Amsterdam	The Netherlands	100	124
23	C More Entertainment AB	Stockholm	Sweden	100	25
24	C More Entertainment Finland Oy	Espoo	Finland	100	23
25	C More Group AB	Stockholm	Sweden	100	45
26	C More Television AG (in Liquidation)	Zurich	Switzerland	99.67	23,24
27	Cutting Edge Production AS	Oslo	Norway	100	129
28	E-fm Sverige AB	Stockholm	Sweden	100	30
29	EBS International N.V.	Zaventem	Belgium	100	111,171
30	Euradio i Sverige AB	Stockholm	Sweden	100	131
31	European Broadcasting System S.à r.l.	Luxembourg	Luxembourg	100	111
32	European Radio Investments Limited	London	Great Britain	100	115
33	Evroark EOOD	Sofia	Bulgaria	100	170
34	Face your Brand! GmbH	Unterföhring	Germany	100	80
35	Fria Media I Blekinge AB	Karlskrona	Sweden	100	127
36	Fria Radiobolaget i Borås AB	Borås	Sweden	100	127
37	German Free TV Holding GmbH	Unterföhring	Germany	100	1
38	I.M. Radio Contract S.R.L.	Chisinau	Moldova	85	142
39	INTERAKTÍV-FICTION Müsorkészítö és Filmgyártó Kft.	Budapest	Hungary	100	40
40	INTERAKTÍV Televíziós Müsorkészítö Kft.	Budapest	Hungary	100	111
41	Irisz Broadcasting B.V.	Amsterdam	The Netherlands	100	124
42	Kabel 1 K1 Fernsehen GmbH	Unterföhring	Germany	100	37

ProSiebenSat.1 Group as of December 31, 2007					
No.	**Company**	**Location**	**Country**	**Interest in percent**	**via No.**
43	Kanal 2 Prime Time A/S	Skovlunde	Denmark	100	110
44	Kanal 5 AB	Stockholm	Sweden	100	45
45	Kanal 5 Holding AB	Stockholm	Sweden	100	112
46	Kanal 5 Limited	London	Great Britain	100	116
47	Kanal 60 A/S	Skovlunde	Denmark	100	110
48	Kommunikationsanpartsselskabet af 2/4 1990	Århus C	Denmark	100	91
49	Lampsi Radio Company S.A.	Athen	Greece	100	115
50	MAGIC Internet Holding GmbH	Cologne	Germany	100	145
51	MAGIC Internet GmbH	Cologne	Germany	100	50
52	Meteos TV Holding GmbH	Unterföhring	Germany	100	176
53	Miracle Sound Oy	Helsinki	Finland	51	69
54	Miracle Sound Oulu Oy	Helsinki	Finland	100	53
55	Miracel Sound Tampere Oy	Helsinki	Finland	51	69,53
56	Mix Megapol.se AB	Stockholm	Sweden	100	127
57	MM MerchandisingMedia GmbH	Unterföhring	Germany	100	8
58	MM MerchandisingMedia Holding GmbH	Unterföhring	Germany	100	1
59	MTM Produkció Müsorgyártó és Filmforgalmazó Kft.	Budapest	Hungary	100	111,123
60	MTM-SBS Televízió Zrt.	Budapest	Hungary	81.51	111,208
61	MyVideo Broadband S.R.L.	Bucharest	Romania	100	50
62	N24 Gesellschaft für Nachrichten und Zeitgeschehen mbH	Unterföhring	Germany	100	37
63	Niknet EOOD	Sofia	Bulgaria	100	170
64	Online Media Beteiligungs GmbH	Vienna	Austria	100	147
65	P7S1 Broadcasting S.à r.l.	Luxembourg	Luxembourg	100	66,67
66	P7S1 Erste SBS Holding GmbH	Unterföhring	Germany	100	1
67	P7S1 Zweite SBS Holding GmbH	Unterföhring	Germany	100	1
68	Producers at work GmbH	Potsdam	Germany	100	1
69	Pro Radio Oy	Helsinki	Finland	100	108
70	ProSieben Applications GmbH	Unterföhring	Germany	100	1
71	ProSieben Austria GmbH	Vienna	Austria	100	147
72	ProSieben Digital Media GmbH	Unterföhring	Germany	100	1
73	ProSieben Television GmbH	Unterföhring	Germany	100	37
74	ProSieben (Schweiz) AG	Küsnacht	Switzerland	100	149
75	ProSiebenSat.1 Erste Verwaltungsgesellschaft mbH	Unterföhring	Germany	100	1
76	ProSiebenSat.1 Produktion GmbH	Unterföhring	Germany	100	1
77	ProSiebenSat.1 Siebte Verwaltungsgesellschaft mbH	Unterföhring	Germany	100	1
78	ProSiebenSat.1 Welt GmbH	Unterföhring	Germany	100	1
79	PS Event GmbH	Cologne	Germany	100	80
80	PSH Entertainment GmbH	Unterföhring	Germany	100	1
81	PULS CITY TV GmbH	Vienna	Austria	100	64,82,174
82	Puls City TV Holding GmbH	Vienna	Austria	100	147
83	Radio City AB	Stockholm	Sweden	100	130
84	Radio Daltid SBS AB	Stockholm	Sweden	51	127
85	Radio Express EAD	Sofia	Bulgaria	100	5
86	Radio HIT FM Melodicum AB	Växjö	Sweden	100	127

ProSiebenSat.1 Group as of December 31, 2007					
No.	**Company**	**Location**	**Country**	**Interest in percent**	**via No.**
87	Radio Match AB	Jönköping	Sweden	100	127
88	Radio Stella AB	Helsingborg	Sweden	100	127
89	Radio Veselina EAD	Plovdiv	Bulgaria	100	111
90	Radio Zita Radiohonikes Epichiriseis Anonimi Etairia	Salonika	Greece	100	98
91	Radioreklame A/S	Århus C	Denmark	95.2	128
92	Reklamradio-FMK AB	Kalmar	Sweden	100	127
93	RIS Vinyl Skane AB	Stockholm	Sweden	100	131
94	Ritmo Plovdiv EOOD	Plovdiv	Bulgaria	100	170
95	Rockklassiker Sverige AB	Stockholm	Sweden	100	93
96	Romanian Broadcasting Corporation Limited	London	Great Britain	100	115
97	Salonika Radio Investments Holding S.A.	Luxembourg	Luxembourg	100	111
98	Salonika Radio Investments S.à r.l.	Luxembourg	Luxembourg	100	97
99	Sat.1 Bayern GmbH	Unterföhring	Germany	100	163
100	Sat.1 Berlin Regional GmbH & Co. KG	Berlin	Germany	100	106
101	Sat.1 Berlin Regional Verwaltungs GmbH	Berlin	Germany	100	106
102	Sat.1 Boulevard TV GmbH	Berlin	Germany	100	106
103	Sat.1 Grundstücksverwaltungs GmbH & Co. KG	Unterföhring	Germany	100	106
104	Sat.1 Norddeutschland GmbH	Hanover	Germany	100	106
105	SAT.1 Privatrundfunk und -programmgesellschaft m.b.H	Vienna	Austria	100	106
106	Sat.1 Satelliten Fernsehen GmbH	Berlin	Germany	100	37
107	Sat.1 Schweiz AG	Zurich	Switzerland	50	106
108	SBS Belgium N.V.	Zaventem	Belgium	100	29,171
109	SBS Broadcasting B.V.	Amsterdam	The Netherlands	100	124
110	SBS Broadcast Danmark A/S	Skovlunde	Denmark	100	108
111	SBS Broadcasting Europe B.V.	Amsterdam	The Netherlands	100	114
112	SBS Broadcasting Europe B.V. the Netherlands svensk Filial	Stockholm	Sweden	100	111
113	SBS Broadcasting Holding I B.V.	Amsterdam	The Netherlands	100	65
114	SBS Broadcasting Holding II B.V.	Amsterdam	The Netherlands	100	113
115	SBS Broadcasting (UK) Limited	London	Great Britain	100	111
116	SBS Broadcasting Networks Limited	London	Great Britain	100	115
117	SBS Broadcasting (Sweden) AB	Stockholm	Sweden	100	111
118	SBS Danish Television Limited	London	Great Britain	100	116
119	SBS European Pay TV Services SARL	Luxembourg	Luxembourg	100	111
120	SBS Finance B.V.	Amsterdam	The Netherlands	100	111
121	SBS Finland Oy	Helsinki	Finland	100	69
122	SBS Interactive AB	Stockholm	Sweden	100	112
123	SBS Magyarországi Befektetési Kft.	Budapest	Hungary	98.34	111
124	SBS Nederland B.V.	Amsterdam	The Netherlands	100	111
125	SBS Productions B.V.	Amsterdam	The Netherlands	100	109
126	SBS Publishing & Licensing B.V.	Amsterdam	The Netherlands	100	109
127	SBS Radio AB	Stockholm	Sweden	100	131
128	SBS Radio A/S	Copenhagen	Denmark	80	110
129	SBS Radio Norge AS	Oslo	Norway	100	108
130	SBS Radio Sweden AB	Stockholm	Sweden	100	131

ProSiebenSat.1 Group as of December 31, 2007					
No.	**Company**	**Location**	**Country**	**Interest in percent**	**via No.**
131	SBS Radio Sweden Holding AB	Stockholm	Sweden	100	112
132	SBS Records Aps	Copenhagen	Denmark	100	128
133	SBS Services B.V.	Amsterdam	The Netherlands	100	124
134	SBS Services (UK) Limited	London	Great Britain	100	115
135	SBS Services (US) Inc. (in Liquidation)	Stamford	USA	100	111
136	SBS Text VOF	Amsterdam	The Netherlands	100	109,164
137	SBS TV A/S	Skovlunde	Denmark	100	110
138	Scandinavian Broadcasting System (Jersey) Ltd.	Jersey	Channel Islands	100	109
139	S.C. Canet Radio SRL*	Bucharest	Romania	20	142
140	S.C. Media Group Services International S.R.L.	Bucharest	Romania	100	124,142
141	S.C. Prime Time Productions S.R.L.	Bucharest	Romania	100	124,142
142	S.C. SBS Broadcasting Media S.R.L.	Bucharest	Romania	100	32,96
143	SevenOne Brands GmbH	Unterföhring	Germany	100	1
144	SevenOne Interactive GmbH	Unterföhring	Germany	100	143
145	SevenOne Intermedia GmbH	Unterföhring	Germany	100	72
146	SevenOne International GmbH	Unterföhring	Germany	100	1
147	SevenOne Media Austria GmbH	Vienna	Austria	100	143
148	SevenOne Media GmbH	Unterföhring	Germany	100	143
149	SevenOne Media (Schweiz AG)	Küsnacht	Switzerland	100	143
150	SevenPictures Film GmbH	Unterföhring	Germany	100	1
151	Seven Scores Musikverlag GmbH	Unterföhring	Germany	100	1
152	SevenSenses GmbH	Unterföhring	Germany	100	1
153	solute GmbH	Karlsruhe	Germany	74.8	145
154	Starwatch Music GmbH	Unterföhring	Germany	100	58
155	Stichting Administratiekantoor Melida (in Liquidation)	Amsterdam	The Netherlands	100	65
156	Svenska Radiopartner Radio City AB	Karlstad	Sweden	100	127
157	Teledirekt GmbH	Unterföhring	Germany	100	1
158	Tele-For Médiaszolgáltató Kft.	Budapest	Hungary	80	40
159	Turun Ensitorppa Oy	Helsinki	Finland	100	69
160	TV5 Finland Oy	Helsinki	Finland	100	69
161	TVDenmark Ostjylland 2002 Aps	Viby J	Danmark	100	110
162	Tv Norge AS	Oslo	Norway	100	11
163	tv-weiß-blau Rundfunkprogrammanbieter GmbH	Unterföhring	Germany	100	106
164	V8 Broadcasting B.V.	Amsterdam	The Netherlands	100	109
165	Veronica Broadcasting VOF	Amsterdam	The Netherlands	100	21,164
166	Veronica Digitaal B.V.	Amsterdam	The Netherlands	100	109
167	Veronica Litho B.V.	Hilversum	The Netherlands	100	109
168	Veronica Uitgeverij B.V.	Hilversum	The Netherlands	100	109
169	Vinyl AB	Stockholm	Sweden	100	131
170	Vitosha FM EOOD	Sofia	Bulgaria	100	111
171	VT4 Limited (in Liquidation)	London	Great Britain	100	111

*] S.C.Canet Radio S.R.L. is in accordance to IAS 27.13 an affiliated and fully consolidated company of the ProSiebenSat.1 Group.

ProSiebenSat.1 Group as of December 31, 2007

No.	Company	Location	Country	Interest in percent	via No.
172	VT4 Marketing & Sales N.V.	Zaventem	Belgium	100	29,171
173	VT4 Network N.V.	Zaventem	Belgium	100	29,171
174	VSV Beteiligungs- und Verwaltungs GmbH	Vienna	Austria	100	147
175	wer-weiss-was GmbH	Hamburg	Germany	74.8	145
176	wetter com AG	Singen	Germany	73	145
177	Wetter Fernsehen - Meteos GmbH	Singen	Germany	100	52
	Affiliated companies, not consolidated				
178	Anadolu Televizyon Ve Radyo Ve Ticaret Anonim SirketiYayincilik	Istanbul	Turkey	98	133
179	easy 107,5 Stockholm AB	Stockholm	Sweden	100	130
180	maxdome Verwaltungs GmbH	Unterföhring	Germany	100	152
181	maxdome GmbH & Co. KG	Unterföhring	Germany	100	152
182	Merchandising Prag spo. s r o.	Prague	Czech Republic	100	58
183	PM&S Software GmbH	Minsk	Belarus	60	76
	Associated companies - at equity -				
184	Big Brother AB	Stockholm	Sweden	50	111
185	Big Brother Kommanditbolag	Stockholm	Sweden	49	44,184
186	Cahanoves Beheer B.V. (in Liquidation)	Leiden	The Netherlands	29.63	109,196
187	Hellas Radio Service Ltd.	Athens	Greece	50	111
188	IP Multimedia (Schweiz) AG	Küsnacht	Switzerland	23	149
189	lokalisten media GmbH	Munich	Germany	29.8	145
190	LOVESEARCH DP AB	Stockholm	Sweden	95.09	44
191	Österjöns Reklamradio AB	Visby	Sweden	40	127
192	Privatfernsehen in Bayern GmbH & Co. KG	Munich	Germany	49.9	163
193	Privatfernsehen in Bayern Verwaltungs-GmbH	Munich	Germany	49.9	163
194	Radio Silkeborg af 1997 A/S	Silkeborg	Danmark	34	91
195	TV 10 B.V.	Amsterdam	The Netherlands	100	196
196	TV 10 Holdings LLC	Wilmington	USA	50	109
197	Veronica/Jetix Text VOF	Amsterdam	The Netherlands	100	164,196
198	VG Media Gesellschaft zur Verwertung der Urheber- und Leistungsschutzrechte von Medienunternehmen mbH	Berlin	Germany	50	1
	Other equity interests				
199	AFK Aus- und Fortbildungs GmbH für elektronische Medien	Munich	Germany	12	1,2
200	Berliner Pool TV Produktionsgesellschaft mbH	Berlin	Germany	63	62
201	Deutscher Fernsehpreis GmbH	Cologne	Germany	25	1
202	ZeniMax Media Inc.	Rockville	USA	12.6	111

Supervisory Board

Positions held on supervisory boards and comparable supervision authorities pursuant to Section 125 (1) paration 3 of German Stock Corporation Act.

Members of the Supervisory Board in fiscal 2007

Götz Mäuser [Chairman] (since March 7, 2007)

Partner, Permira Beteiligungsberatung GmbH

SBS Broadcasting Holding I B.V., Amsterdam/The Netherlands - Non-Executive Director, Vice Chairman
SBS Broadcasting S.a r.l., Luxembourg/Luxembourg - Non-Executive Director

Lord Clive Hollick [Vice-Chairman] (since March 7, 2007)

Partner, Kohlberg Kravis Roberts & Co. Ltd.

Honeywell International Inc., New York/NY/USA - Supervisory Board Member
Diageo plc, London/GB - Supervisory Board Member
South Bank Board Limited, London/GB - Supervisory Board Member
SBS Broadcasting Holding I B.V., Amsterdam/The Netherlands - Non-Executive Director, Chairman
SBS Broadcasting S.a r.l., Luxembourg/Luxembourg - Non-Executive Director

Robin Bell-Jones (since March 7, 2007)

Principal, Permira Advisors LLP

All3Media Holdings LTD, London/GB - Supervisory Board Member

Adam Chesnoff (from January 1, 2007, to March 6, 2007, Vice-Chairman)

President and Chief Operating Officer of KSF Corp., Los Angeles/CA/USA

KSF Corp. (dba Saban Capital Group Inc.), Los Angeles/CA/USA - Member of the Board of Directors
Bezeq-The Israeli Telecommunication Co., Tel Aviv/Israel - Member of the Board of Directors
Saban Music Group, Inc., Los Angeles/CA/USA - Board Member
German Media Partners Inc. & Univision Communications Inc., Los Angeles/CA/USA - Director

John P. Connaughton (from January 1, 2007, to March 6, 2007)

Managing Director of Bain Capital LLC, Boston/MA/USA

Epoch Senior Living, Inc., Waltham/MA/USA - Member of the Board of Directors
M/C Acquisition Corp., Boston/MA/USA - Member of the Board of Directors
The Boston Celtics, Boston Basketball Partners LLC, Boston/MA/USA - Member of the Board of Directors
Vivra, Inc., Burlingame/CA/USA - Member of the Board of Directors
WMG (Warner Music Group) Acquisition Corp., New York/NY/USA - Member of the Board of Directors
Warner Chilcott Holdings Co. Ltd., Rockaway/NJ/USA - Member of the Board of Directors
Marque Holdings, Inc., Kansas City/MO/USA - Member of the Board of Directors
Sungard Data Systems, Inc., Wayne/PA/USA - Member of the Board of Directors
Hospital Corporation of America, Nashville/TN/USA - Member of the Board of Directors
CRC Health Group, Inc., Cupertino/CA/USA - Member of the Board of Directors
Cumulus Media Partners CMP Susquehanna Holdings Corp., Atlanta/GA/USA - Member of the Board of Directors

Albert J. Dobron, Jr. (from January 1, 2007, to March 6, 2007)

Private Equity Investor Providence Equity Partners, Inc., Barrington/RI/USA

Blue Stone Television, LLC., Delaware/USA - Chairman of the Board of Manager Representatives
Bustos Media Enterprises, LLC., Delaware/USA - Member of the Board of Managers
Affinity Direct, LLC, Delaware/USA - Member of the Board of Directors
Hulu, Los Angeles/CA/USA – Board Member [as of October 2007]
Trumper Communication III, Phoenix/AZ/USA – Board Member
Univision Communications, Los Angeles/CA/USA – Board Member
Nextag, Los Angeles/CA/USA – Board Member
Dogan Yayin Holding S.A., Istanbul/Turkey - Supervisory Board Member [from March to December 2007]
Axel Springer Digital TV GmbH, Berlin/Germany – Supervisory Board Member [from January to December 2007]
B.Z. Ullstein GmbH, Berlin/Germany – Supervisory Board Member [from January to December 2007]

Dr. Mathias Döpfner (full year under review – resigned as of January 15, 2008)

Chairman of the Executive Board of Axel Springer AG, Berlin/Germany

dpa Deutsche Presse Agentur GmbH, Hamburg/Germany - Supervisory Board Member
Leipziger Verlags- und Druckereigesellschaft mbH & Co. KG, Leipzig/Germany - Supervisory Board Member
Time Warner Inc., New York/NY/USA - Member of the Board of Directors
Brilliant 310 GmbH, Berlin/Germany - Managing Director

Greg Dyke (full year under review)

Consultant, London/GB

DGCC Ltd., London/GB - Chairman of the Board of Directors
Vine Leisure Ltd., London/GB - Chairman of the Board of Directors
Vine Development Ltd., London/GB - Chairman of the Board of Directors
Brentford Football Club, Brentford/GB - Chairman of the Board of Directors
Brentford FC (Lionel Road) Limited, Brentford/GB - Board Member

Philipp Freise (since March 7, 2007)

Principal, Kohlberg Kravis Roberts & Co. Ltd.

A.T.U Autoteile Unger GmbH, Weiden in Oberpfalz/Germany - Supervisory Board Member
Der Grüne Punkt – Duales System Deutschland GmbH, Cologne/Germany – Supervisory Board Member

Ulrich Gasse (from March 7, 2007, to July 17, 2007)

Investment Professional, Permira Beteiligungsberatung GmbH

Hugo Boss AG, Metzingen/Germany - Supervisory Board Member [from October to December 2007]

Reinhard Gorenflos (from March 7, 2007, to July 17, 2007)

Partner, Kohlberg Kravis Robert & Co. Ltd.

DGMAE Cranes AG, Dusseldorf/Germany - Supervisory Board Member
DGMAE Holding, Luxembourg/Luxembourg - Supervisory Board Member
DSD GmbH, Cologne/Germany – Supervisory Board Member
A.T.U GmbH, Weiden in Oberpfalz/Germany – Supervisory Board Member
L'Tur, Frankfurt/Germany – Supervisory Board Member
Pages Jaunes SA, Paris/France – Supervisory Board Member

Patrick Healy (from January 1, 2007, to March 6, 2007)
Senior Managing Director of Hellman & Friedman Europa Ltd, London/GB
Mondrian Investment Partners Ltd., London/GB - Member of the Board of Directors
The NASDAQ Stock Market Inc., Rockland/MA/USA - Member of the Board of Directors
DoubleClick Inc., New York/NY/USA - Non-Executive Member
Gartmore Investments plc., London/GB - Member of the Board of Directors
VNU N.V., Amsterdam/The Netherlands - Member of the Board of Directors

Johannes P. Huth (since March 7, 2007)
Partner und Head of Europe, Kohlberg Kravis Roberts & Co. Ltd.
Alliance Boots Ltd., London/GB - Director [as of July 2007]
A.T.U Auto Teile Unger Holding GmbH, Weiden in Operpfalz/Germany – Chairman of the Supervisory Board
Rally Lux Holding One S.a r.l., Luxembourg/Luxembourg – Director
Rally Lux Holding Two S.a r.l., Luxembourg/Luxembourg – Director
KION Holding 1 GmbH, Wiesbaden/Germany - Chairman of the Supervisory Board, Chairman of the Personnel Committee, Chairman of the Audit Committee, Member of Mediation Committee according to Section §27.3 of German Code termination Act
KKR & Co. Limited, London/GB – Director
KKR & Co. SAS, Paris/France – President
NXP BV, Eindhoven/The Netherlands – Supervisory Board Member
Zumtobel, Dornbirn/Austria – Deputy Chairman of the Supervisory Board, Deputy Chairman of Compensation Committee, Deputy Chairman of Audit Committee
SBS Broadcasting Holding I B.V., Amsterdam/The Netherlands - Non-Executive Director
DSD Steel Group GmbH, Saarlouis/Germany - Chairman of the Supervisory Board
Selenia SpA, Turin/Italy - Chairman of the Supervisory Board
MTU Aero Engines, Munich/Germany - Chairman of the Supervisory Board
Winxor Nixdorf, Paderborn/Germany - Chairman of the Supervisory Board

Thomas Krenz (since March 7, 2007)
Partner, Permira Beteiligungsberatung GmbH

Ynon Kreiz (from January 1, 2007, to March 6, 2007)
Partner of Benchmark Capital, London/GB
Smartjog, Paris/France - Member of the Board of Directors
PlayerX, London/GB - Member of the Board of Directors
Codemasters Group Ltd., Leamington Spa/GB - Member of the Board of Directors
NASN Limited, Dublin/Ireland - Member of the Board of Directors
Drive Diagnostics Ltd., Moshav Mazor/Israel - Member of the Board of Directors
Setana Sport Holdings Ltd., Dublin/Ireland - Member of the Board of Directors
Ricall Limited, London/GB - Member of the Board of Directors

Seth W. Lawry (from January 1, 2007, to March 6, 2007)
Managing Director of Thomas H. Lee Partners LP, Boston/MA/USA
Warren Music Group Corp., New York/NY/USA – Executive Directorship

Christian Neuss (from March 7, 2007, to July 17, 2007)
Principal, Permira Beteiligungsberatung GmbH
BorsodChem Handelsges m.b.H., Vienna/Austria - Supervisory Board Member [April to December]

Heinz-Joachim Neubürger (since July 17, 2007)
Managing Director and Senior Advisor, Kohlberg Kravis Roberts & Co. Ltd.
BMW Group, Munich/Germany - Supervisory Board Member

Christian Nienhaus
(full year under review – resigned as of January 15, 2008)
Chairman of the Management Board of the Newspapergroup BILD, Eschbach/Germany
Bild.T-Online.de AG & Co. KG, Berlin/Germany - Chairman of the Supervisory Board
PIN Group AG, Cologne/Germany – Supervisory Board Member [September to December]
BZ-Ullstein GmbH, Berlin/Germany – Supervisory Board Member

Stephen G. Pagliuca (from January 1, 2007, to March 6, 2007)
Managing Director of Bain Capital Investors, LLC, Weston/MA/USA
Burger King Holding Inc., Delaware/USA - Member of the Board of Directors
Burger King Corporation, Florida/USA - Member of the Board of Directors
Epoch Senior Living Inc., Delaware/USA - Member of the Board of Directors
Gartner, Inc., Stamford/CT/USA - Member of the Board of Directors
Warner Chilcott Holdings Co. Ltd., Rockaway/NJ/USA - Member of the Board of Directors

Brian M. Powers (from January 1, 2007, to March 6, 2007)
Chief Executive Officer of Hellman & Fiedman LLC, San Francisco/CA/USA
Axel Springer AG, Berlin/Germany - Supervisory Board Member

Arieh Saban (from January 1, 2007, to March 6, 2007)
Consultant, Herzelia/srael
Keshet Broadcasting Ltd., Tel Aviv/Israel - Member of the Board of Directors
Bezeg-The Israel Telecommunication Corp. Ltd., Tel Aviv/Israel - Member of the Board of Directors

Haim Saban (from January 1, 2007, to March 6, 2007, Chairman)
Chairman and Chief Executive Officer of KSF Corp., (dba Saban Capital Inc.) Los Angeles/CA/USA
German Media Partner L.P., Tortola/British Virgin Islands - Member of the Board of Directors
Télévision Francaise 1 SA, Paris/France - Member of the Board of Directors
The DirecTV Group Inc., New York/NY/USA - Member of the Board of Directors
KSF Corp. (dba Saban Capital Group Inc.), Los Angeles/CA/USA - Member of the Board of Directors
Saban Music Group, Inc., Boulogne/France - Director, CEO
Saban Investment Holdings Corp., Los Angeles/CA/USA - Director
Direct TV Group, El Segundo/CA/USA - Board Member

Silke Scheiber (from March 7, 2007, to July 17, 2007)
Principal, Kohlberg Kravis Roberts & Co. Ltd.
A.T.U Autoteile Unger, GmbH Weiden in Oberpfalz/Germany - Supervisory Board Member
Tarkett SA, Nanterre/France – Supervisory Board Member

Harry Sloan (since March 7, 2007)

Chairman of the Board of Directors und Chief Executive Officer, MGM Holdings, Inc., Wilmington/DE/USA
MGM Holdings Inc., Wilmington/DE/USA - Board of Directors, Chairman, Executive Director; Executive Committee, Chairman, Executive Director
ZeniMax Media, Inc., Wilmington/DE/USA - Board of Directors, Non-Executive Director

Scott Sperling (from January 1, 2007, to March 6, 2007)

Co-President of Thomas H. Lee Partners, L.P., Wayland/MA/USA
Fisher Scientific International, Inc., Wilmington/DE/USA - Member of the Board of Directors
Houghton Mifflin Corp., Boston/MA/USA - Member of the Board of Directors
Vertis, Inc., Wilmington/DE/USA - Member of the Board of Directors
Warner Music Group, Inc., Wilmington/DE/USA - Member of the Board of Directors

Joshua Steiner (from January 1, 2007, to March 6, 2007)

Managing Principal of Quadrangle Group LLC., NewYork/NY/USA
Datanet Communications Group, Inc., Newburgh/NY/USA - Member of the Board of Directors
Pathfire, Inc., Roswell/GA/USA - Member of the Board of Directors
Grupo Corporativo Ono, SA, Madrid/Spain - Member of the Board of Directors

Adrianus Johannes Swartjes (since July 17, 2007)

CEO, Telegraaf Media Groep N.V., Amsterdam/The Netherlands - Member of the Supervisory Board
SBS Broadcasting S.a r.l., Luxembourg/Luxembourg - Non-Executive Director

Marinus Maria van Lent (since July 17, 2007)

President International, Telegraaf Media Groep N.V., Amsterdam/The Netherlands

Katrin Wehr-Seiter (since July 17, 2007)

Principal, Permira Beteiligungsberatung GmbH
Hugo Boss AG, Metzingen/Germany - Supervisory Board Member
SBS Broadcasting Holding I B.V., Amsterdam/The Netherlands - Non-Executive Director
SBS Broadcasting S.a r.l., Luxembourg/Luxembourg - Non-Executive Director

Prof. Dr. Harald Wiedmann (since March 7, 2007)

Of Counsel, Gleiss Lutz Hootz Hirsch Partnerschaftsgesellschaft von Rechtsanwälten, Steuerberatern, Berlin/Germany
Berenberg Bank KG, Hamburg/Germany - Member of the Supervisory Board
Converium AG, Zurich/Switzerland - Supervisory Board Member [until August 2007]
Wincor Nixdorf AG, Paderborn/Germany - Supervisory Board Member
Praktiker Baumärkte AG, Saarbrücken/Germany - Supervisory Board Member
Merz GmbH & Co. KG, Frankfurt/Germany - Supervisory Board Member
Prime Office AG, Munich/Germany - Supervisory Board Member [since September 2007]

Executive Board

Guillaume de Posch

CEO, Management Segments: Group Content, German TV, Corporate
FilmFernsehFondsBayern GmbH, Munich/Germany - Member of the Advisory Board

Lothar Lanz

CFO, Management Segments: Group Controlling, Finance/Investor Relations, Legal Affairs, Human Resources, Regulatory Affairs, Administration
Siltronic AG, Munich/Germany - Member of the Supervisory Board

Peter Christmann

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Sat.1 Privatrundfunk und -programmgesellschaft m.b.H., Vienna/Austria - Member of the Advisory Board
SevenOne Media [Switzerland] AG, Küsnacht/Switzerland - Chairman of the Board of Directors

Dr. Marcus Englert

New Media, Management Segments: New Media and Diversification, Transaction TV, Business Development
wetter.com AG, Singen/Germany - Supervisory Board Member

Patrick Tilleux (since July 2007)

COO, Management Segments: Group Operations, International Free TV, International Pay TV, Radio, Print
SBS Broadcasting Group, Amsterdam/The Netherlands - acting CEO

ProSiebenSat.1 Media AG
the Executive Board

Unterföhring, March 7, 2008

Responsibility Statement of the Executive Board

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Unterföhring, March 7, 2008

Guillaume de Posch
CEO

Patrick Tillieux
COO

Lothar Lanz
CFO

Peter Christmann
Sales & Marketing

Dr. Marcus Englert
New Media

Auditor's Report

We have audited the consolidated financial statements prepared by ProSiebenSat.1 Media Aktiengesellschaft, Unterföhring, comprising the balance sheet, the income statement, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report for the business year from January 1 to December 31, 2007. The preparation of the consolidated financial statements and the group management report in accordance with IFRS, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB are the responsibility of the parent company`s management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB [Handelsgesetzbuch „German Commercial Code"] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRS, as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Munich, March 10, 2008

KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Kozikowski
(Wirtschaftsprüfer)

Richardt
(Wirtschaftsprüfer)

Additional Information

Financial Calendar

2007 Annual Report	March 28, 2008
Quarterly Report for Q1 2008	May 8, 2008
2008 Annual General Meeting	June 10, 2008
Quarterly Report for Q2 2008	August 6, 2008
Quarterly Report for Q3 2008	November 6, 2008

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Katrin Schneider
Julia Sauerland
Steffen Schiefer
Michael Benn

The ProSiebenSat.1 Group on the Internet

You can find additional information on the ProSIebenSat.1 Group on our homepage http://en.prosiebensat1.com/. An updated version of the financial calendar is also available.

Forward-looking statements in this Annual Report

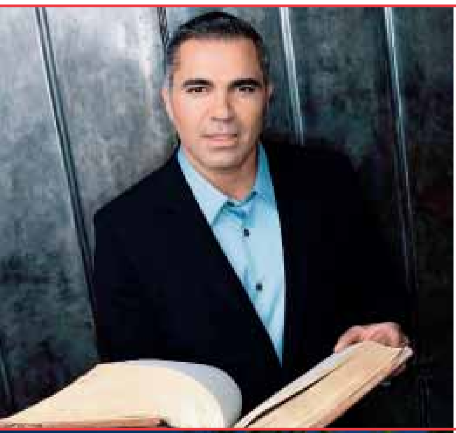
The report contains forward-looking statements about expected developments. These statements are based on current estimations and involve natural risks and uncertainties. Real events may differ from statements published in this report.

It's a long, hard road if you want to be "Germany's next Top Model", as a candidates of ProSieben's weekly hit show will agree. The third season with Heidi Klum was successful across the board: as a TV show, online, and in the areas of mobile TV, merchandising and licensing. With this show, the ProSiebenSat.1 Group succeeded in extending a strong format into new areas. By tapping new markets, the Company gained additional revenue sources outside the traditional TV advertising business.

ProSiebenSat.1 Group
The power of television

Growing together – making synergies happen

Table of contents



Dr. Marcus Englert, Lothar Lanz, Guillaume de Posch, Patrick Tillieux, Peter Christmann

Editorial

Dear readers,

The merger between ProSiebenSat.1 and the SBS Broadcasting Group in the summer of 2007 resulted in one of the largest TV providers in Europe. Over 200 million people in 13 European countries now receive TV programming made by ProSiebenSat.1.

We want to create a unique company – a Group which co-operates closely across borders. This won't happen overnight. But it is happening faster than we thought. Our employees and colleagues far exceeded our expectations. They have proved their initiative, creativity and flexibility. Since last summer they have realized a number of international projects which showed that pan-European cooperation work.

Already this year we can show synergies in the production and acquisition of programs, in the New Media sector or in advertising sales. At the beginning of 2008, we produced a big TV show, "The next Uri Geller," from one studio for several countries. "The Successor" was a huge success in Germany and the Netherlands. So-called back-to-back productions will become more common on our channels in the future.

To make good programs is our main goal. But good stories are not only told on the screen at ProSieben-Sat.1, they also happen off the air. We invite you to take a look at our new European world in these pages.

The Management Board

News

ProSiebenSat.1 increases sales and profits, thanks to strong operating performance

The ProSiebenSat.1 Group reported vigorous growth in 2007. Based on preliminary figures, the corporation's sales revenues rose 29 percent to € 2.7 billion. This development was the result of initial consolidation within the SBS Broadcasting Group as well as the merger of international business and organic growth in the German-speaking region. In addition, all segments increased their sales over the previous year's figures. For the current year, the ProSiebenSat.1 Group anticipates synergies in the 40 million euros range as well as continuing excellent prospects for growth. The integration process is on schedule and will move ahead rapidly this year.

Europe's most cutting-edge news station: N24

In the heart of Berlin, ProSiebenSat 1 is expanding its N24 news channel to become Europe's most cutting-edge news station, housed in a 7,400-square-meter studio. The TV corporation's investment runs to eight figures and places editorial and production operations on a future-oriented technical platform. In the fall of 2008, N24 will move from its current location on Gendarmenplatz to its new digs on Potsdamer Platz. The new studios are located behind glass on the ground floor so that passers-by can follow the news production in real time, just like in a display window.

Free TV programs on the Internet

Did you miss Heidi Klum? On the websites of Sat.1, ProSieben and kabel eins, you can now find selected TV programs in video-on-demand format. Shows like "Germany's next Topmodel – by Heidi Klum" from ProSieben or the Sat.1 program "K 11" are posted there after being broadcast on TV. You can view the video stream as often as you like for the next seven days. The service is free of charge for the viewer, financed by full video advertising. After one week the TV programs are available for a charge on the video-on-demand platform maxdome.de.

Puls 4: New full-service channel for Austria

Viewers in this alpine nation have reason to rejoice. In February 2008, Austria's fourth full-service channel went on the air: Puls 4. In August 2007, the ProSiebenSat.1 Group took over Vienna's former metropolitan station and has been consistently expanding it ever since. The result is 24-hour programming that is broadcast into over one million TV households nationwide. The station relies on four main content categories: TV magazine shows and news, talk shows, live events as well as Hollywood movies and series.

Scoring goals in sexy lingerie

Twelve international women's soccer teams clad in the latest lingerie fashion. This idea sent the ratings through the roof for Dutch TV station SBS 6 during the last World Cup. SBS 6 had the ladies come out onto the field for penalty kicks during half time. Nine hundred thousand viewers watched the finale between Sweden and the United States, and an average of 650,000 viewers tuned in for "Hotshots: World Lingerie Championship". The scantily clad ladies took their best shots under the guidance of a relentless coach, while an even tougher referee marked the ball's rush to the goal with a sharp blast of his whistle. The show is now returning to the screen for the European Soccer Championship. This time it will be a pan-European version, for the program will be aired in Germany, Switzerland, Austria and Belgium. Holland won't be the only country with a shot at two European titles!

SevenGames TV is now in English

SevenOne Intermedia operates SevenGames TV, a free Web TV program in English. The new program has been available for downloading from the international game platform www.SevenGames.com since March. SevenGames TV is moderated by Juli Schön, a 26-year-old actress who presents the most important news and events from the world of computer and console games. The program runs once a week and is five to ten minutes long. The German original was downloaded over 150,000 times in January 2008 alone, making it one of the leading Web TV programs in Germany.


the
GELLER

Germany and Holland share the stage

ProSieben and SBS 6 jointly produced "The next Uri Geller" TV show in Cologne. This back-to-back production for Germany and Holland proves how synergy effects work within the ProSiebenSat.1 Group. The show is about to start in Hungary.

"We could never have afforded such expensive sets on our own."

ProSieben producer Oliver Brendel and Uri Geller.

"De nieuwe Uri Geller" producer Pascal van Meerten and SBS 6 station manager Tina Nijkamp.

January 8, 2008. In four and a half hours, ProSieben will air the first installment of "The Next Uri Geller – Unglaubliche Phänomene live." Moderator Stefan Gödde is on the set, still wearing jeans and a polo shirt. For the last time before the big live show, everyone is rehearsing the moderation, camera movements and transfers to the call center. The studio is still empty, with only a couple of production crew members scattered throughout the seating rows. Among them is Oliver Brendel, Executive Producer of "The Next Uri Geller – Unglaubliche Phänomene live" at ProSieben. He has been helping to prepare the show for months, and only minutes are left before it goes on the air for the first time. But Brendel is a professional and shows no signs of nervousness – not outwardly, at least. "My work is finished. The concept and content are all there. Now it's time for others to take over."

Orange for Holland, blue for Germany

Tina Nijkamp, SBS 6 station manager, has come from Amsterdam for the rehearsals in Cologne. "The Next Uri Geller," or "De nieuwe Uri Geller," is the first major show that the two stations within the new ProSiebenSat.1 Group have produced jointly in the same studio. "We won't be on the air for another three weeks, and we already have the opportunity to view the full production and get a clear idea of the studio and the program sequencing." Station Manager Nijkamp also needs to decide whether she will take over the ProSieben show as is for the Dutch market or whether she wants to change a thing or two. In fact, three weeks later, ProSieben's white lounge chairs have disappeared from the set, replaced by a desk where Geller will sit. Greater focus will be placed on the mentor and judge, emphasizing their authority. The two TV nations also differ in their lighting preferences. The Dutch immerse their family show in a soft red-orange light, while blue and green dominate on the ProSieben set. But these are just details. Most of the set design and technology is identical for both shows.

ProSieben moderator Stefan Gödde is on the set during rehearsals, still wearing jeans and a polo shirt.
Soon he will exchange his casual attire for a business suit.

“If possible, I bend the spoons back into shape.“

Welcome to “De nieuwe Uri Geller”:
Toske Ragas Breugen moderates the Dutch show.

Higher quality, better ratings

One thing the two neighboring countries do agree on is that “The Next Uri Geller“ and “De nieuwe Uri Geller“ are some of the most entertaining programs on television today. On ProSieben, the show has captured around 20 percent of the market; in Holland, the search for Geller’s successor is even more successful. The German-Dutch pairing is proof that working together pays off. The advantages of international TV cooperation are clear: “ProSieben has booked the studio, including equipment, for eight weeks,” says Stefan Thul, who heads the Group Content Production unit at ProSiebenSat.1 and keeps his eye on the money. “If ProSieben were to produce the show on its own, the studio would stand empty for four out of seven days a week. Because of the cooperation with SBS 6 we’re fully booked.” In addition, the crew has to build the stage and design the set only once, and since the same people handle the technical part of both shows, the camera and lighting crew get into the routine the second time around. “The crew knows exactly what to do and doesn’t have to start all over for each show,” says Thul. Yet cost is not the only advantage. The shows also gains in quality. “By themselves, our stations could never afford such expensive sets,” says Eric van Stade, Managing Director of SBS 6.

One production, multiple countries

Last summer’s merger between ProSiebenSat.1 and the SBS Broadcasting Group resulted in the second-largest TV broadcasting corporation in Europe. As a result, ProSiebenSat.1 now owns 26 free TV stations and 24 pay TV stations in 13 countries. Joint productions like “The Next Uri Geller” play a key role within the new Group. In the future, the company will produce between five and ten new shows a year that can be shown in several different countries. TV2 in Hungary will air “The Next Uri Geller” as early as the spring of 2008. “We reap enormous benefits from the shared experience of SBS 6 and ProSieben,” says Managing Director Zoltán Várdy. Large-scale, groundbreaking ideas are not the only ones in the pipeline. For example, TV2 uses promotional photos of Geller that were taken during a ProSieben shoot. And “The Next Uri Geller” will be advertised on air in both Holland and Hungary with an animation produced in Munich.

Important collaboration behind the scenes can also be found elsewhere. ProSiebenSat.1 subsidiary SevenOne International holds the worldwide distribution rights for “The Next Uri Geller,” which was originally an Israeli show. In addition to its own shows, the company also markets third-party programming. “The content of independent producers enables us to very quickly offer our own stations successful programming from around the world,” says Managing Director Jens Richter. This was the only way to put three shows on the air at nearly the same time.

The basis for the show’s success lies in the kitchen. Uri Geller’s most important tool can be found in the cutlery drawer, as Jürgen Sommerfeld quickly found out. He is in charge of crew catering and every evening he makes the rounds of the set, collecting spoons that went missing over the course of the day. No matter whether Holland or Germany is in the producer’s chair, everyone wants to see Geller melt a spoon. Over 40 of them disappeared during the first three ProSieben shows alone. Sommerfeld is a pragmatic man at takes it all in stride. “If possible, I bend the spoons back into shape. If that doesn’t work, I keep them as souvenirs.” Uri Geller’s lunch has just arrived: fish and salad. After the meal, the dishes and cutlery returned to the kitchen unharmed.

1 Alexander Hartmann knows what actress Christine Neubauer is thinking

2 A desk for Holland

3 A chair for Germany

4 Taking the show's pulse: ProSieben moderator Sonya Kraus, right

5 A secret language: Vincent Raven and Cora look into the future

Jens Richter is the managing director of SevenOne International.
The ProSiebenSat.1 subsidiary markets the programs of its own stations and third-party suppliers throughout the world.

Exporting TV

ProSiebenSat.1 programs generate ratings that go beyond the company's own channels. Stations from all over the world buy content from the European TV Group. Jens Richter is responsible for the international marketing of shows, series and movies.

Why is it so much more difficult to sell a show than a film or series?

When a customer buys a series or movie, he gets a finished product: a tape that he can dub and broadcast right away. When a station buys an entertainment show like "Schlag den Raab," it gets an idea that then needs to be produced in-house. Of course, we want our customers to be as successful as possible, so we provide them with support and consultation, usually right up to the broadcast date.

What does this involve?

Many TV shows are so complex that it would cost customers a whole lot more money if they didn't have access to the knowledge of the station that developed the idea and has successfully broadcast the show. Support ranges from the studio architecture to detailed market analyses for shows like "Schlag den Raab." You can find it all in what we call our program bible, which also provides cost estimates for the show, so that customers know how much money they must spend on production. We are then happy to answer any further questions the customer may have. This saves them a great deal of development work – and ultimately money as well. After all, two things are paramount in our industry: time and quality.

How much do foreign stations change the shows for their local markets?

Our customers stick to the original as closely as possible. After all, they are buying an idea because it already worked so well in the original market and enjoyed high ratings. This is an advantage for us as well, since we want to reinforce brand recognition. If you happen to be in Italy or the Czech Republic and click through the channels, then come upon "Clever" or "Schillerstraße," you will have no trouble recognizing the Sat.1 shows. In the U.K., on the other hand, ITV will broadcast a British adaptation of "Schlag den Raab," which differs quite a lot from the German original.

Is it because the British audience didn't like the German show?

On the contrary. In Germany, after all, Stefan Raab manages to keep millions of people glued to their TV sets for four or five hours at a time. This has to do with more than just his talent as an entertainer. It is also a cultural phenomenon. It just doesn't work in TV markets like Italy or the U.K. Therefore, ITV has produced a 75-minute version that runs in prime time.

›

An unbeatable concept: "Schlag den Raab" ("Beat your host") marks the first time in the history of television that the host of a show competes against a contestant from the audience.

ProSieben's two-part miniseries "Tornado — der Zorn des Himmels" is on the air in over 120 countries.

Another difference is that there is only one challenger. In the ITV show, a different celebrity from the world of sports, the movies and TV competes against a single contestant every week. We didn't find a Stefan Raab in the U.K. But everywhere else "Beat the Star" is just like the German original. ITV uses the same games, logo and music and even films the show in the same studio.

SevenOne International enjoys a lot of success in the non-reality segment. Many buyers choose movies and series entirely on the basis of the script. Is it common to sell movies that have not yet even been made?

It is customary with the major Hollywood studios. For a relative newcomer to the market, like us, it is certainly remarkable and shows how much faith people have in our portfolio. For example, the ProSieben movie "Die Schatzinsel" ("Treasure Island") ran in over 50 countries. Our industry is highly competitive, which means that our customers have to act more quickly than the competition. Advance sales enable us to help finance movies.

What does it take for a movie to become an international box office success?

We need gripping stories and actors with international appeal. Even our customers broadcast "CSI," "Lost" and "Desperate Housewives." You have to do something similar to be successful. Fortunately, we have closed the gap enormously here in all areas in recent years, particularly in Germany. One reason is that the technology has become affordable. Five years ago, we could not have produced expensive special effects for TV in action movies like "Tornado — Der Zorn des Himmels." Today, on the other hand, we can compete with American post-production companies.

Does SevenOne International also sell programs from the new ProSiebenSat.1 stations?

Last fall, we presented programs by our new stations for the first time at MIPCOM, the TV and film trade show in Cannes. "Santas in the Barns," for example, was a show from Norway. We are close to signing contracts with a number of countries. With the new channels there is a hugh pool of additional programs and ideas. It is also becoming increasingly more important to represent third-party programs, such as "The Next Uri Geller," so that we can offer them quickly to our own stations.

Adventures in Germany: ProSieben's two-part miniseries "Die Schatzinsel" ("Treasure Island") sold in over 60 countries.

The program lab

Every day, 6,000 staff members in 13 European countries are hard at work developing entertaining, informative and surprising new ideas and broadcasting them to the TV audience. Following are four examples of how they generate and produce program ideas.

Galileo Mystery

A novel gave the impetus for "Galileo Mystery," one of ProSieben's highly rated shows in Germany

Potential for more: Aiman Abdallah moderates "Galileo Mystery," the prime time offshoot of ProSieben's science magazine "Galileo."

Spring 2005. Dan Brown's novel "The Da Vinci Code" has topped the bestseller list for weeks. A controversial subject, a fast-paced story, an enormously successful novel. Tom Zwiessler, producer of "Galileo," now executive producer with ProSieben, had good instincts. He aired a "Galileo" special on the topic in prime time, which attracted a sensational share of the viewer market: 26.6 percent. Other special editions of ProSieben's daily science magazine "Galileo" also aired on various occasions. Zwiessler saw potential for more, so he presented Managing Director Andreas Bartl with a concept for a regular prime-time offshoot of the early-prime-time show, and got the go-ahead.

Karl König and Christoph Steinkamp, who head ProSieben's "Knowledge & Service" department, subsequently put together a development team for "Galileo Mystery." "The new show was designed as a science crime show in which moderator Aiman Abdallah and his investigators work their way from one solution to the next," says König. There had never been a show quite like this before, and the developers were pioneering the format. In the future, there would be 40 episodes per year, instead of the current seven. To manage this volume, ProSieben brought the Berlin production company Storyhouse on board.

During the first meeting, the producers defined four subject areas: history, science, nature and disasters. ProSieben was targeting a young audience and wanted the show to have a visual appeal that set it apart from the classic documentary. "We were going for a cinematic look, something that would speak to a movie-loving audience," says König. There was a very good reason behind this decision. "American blockbusters occupy the time slot right before the show, and we needed to attract these viewers."

"Galileo Mystery" premiered on Friday evening, January 19, 2007, when Aiman Abdallah set out on the trail of the historical King Arthur. The first episode was an opulent feast for the eyes with a lot of special effects and reenactments. Reality set in the next day. The show had garnered only 11.4 percent of the market. "We knew we had to think this through again."

Historical subjects didn't work. "We needed subjects that were real mysteries," says König. Questions like "Do UFOs really exist?" or "Do werewolves really exist?" The first episode had recurring, animated key visuals. "The viewers found this to be too much." Thereafter, Aiman Abdallah remained in the studio and directed the investigations from "headquarters." "This provides structure." Reenactments were greatly reduced, and Aiman Abdallah interviewed more experts instead.

The team worked quickly to incorporate all changes into the episodes, some of which had already been produced. The new format caught on. As early as the next episode, the show's market share had risen to 14.2 percent and grew to as much as 20.3 percent over the course of the year. ProSieben is planning 40 new episodes for the 2008 season. According to König: "People always want to learn something new. And our viewers love thrilling stories."

Missing

The first episode of VT4's TV series "Missing" earned record ratings in Belgium. At the movies.

Shooting a pilot for a TV series is nothing out of the ordinary. Releasing it as a feature film, however, is unusual. That's exactly what Belgian TV station VT4 did last fall. The first season of "Missing" ("Vermist" in Flemish) attracted 200,000 viewers and in doing so earned record ratings. No Flemish movie in the past ten years has enjoyed so much success on its opening weekend. One man at VT4 is happier than the rest: Klaas Cockx, who is in charge of local productions. "American series like 'Lost' and '24' always do very well here," says Cockx. "And so two years ago we decided to commission our own series." Cockx and his team developed a few ideas and placed them on the market, along with visual concepts. The Eyeworks production company came up with the best treatment: "Missing." "We wanted something in the vein of '24.'" Since U.S. productions have much bugger budgets, this was a real challenge. "We needed to deliver a product that would work as both a TV series and a feature film."

Now that the film has made a splash in its cinematic debut, VT4 is getting ready for the TV series. "'Missing' is younger and more action-packed than any series ever produced before in Belgium," says Klaas Cockx. He attributes the program's success to its subject. "Belgium was in a state of shock when it was revealed that Marc Dutroux had been kidnapping young women for years, abusing them and ultimately starving them to death." At the time, the police set up a special unit, which VT4 consulted for its series. Cockx is convinced that "This is what makes 'Missing' so realistic."

The fact that the movie was a Flemish-language production may have contributed to its success. Belgium is bilingual, but for many years Flanders had few local productions. Language is therefore a distinct means of identification in the movies and on TV. VT4 has always devoted a lot of attention to both in-house and contract productions. Ever since the station was established in 1999, its share of the market has grown steadily. VT4 spends just under 50 percent of program investments on shows, films and series produced in-house.

"Missing" will air on Belgium's VT4 in the fall of 2008.

Wir sind das Volk – Liebe kennt keine Grenzen

Contemporary history on TV. Sat.1 has made the genre a fixture of German television. Coming in the fall: East Germany's final days.

They turn major historical events into gripping fiction. Moving stories that everyone knows. Prize-winning Sat.1 productions like "Der Tunnel" and "Das Wunder von Lengede." Programs like Sat.1's new two-part miniseries "Wir sind das Volk – Liebe kennt keine Grenzen," a movie set in East Germany's final months.

Drawn from real life

When basing a film on this kind of subject, the producers have to find the right balance between fiction and reality. "We begin with historical events, but we are not shooting a documentary," says Joachim Kosack, head of Sat.1 Fiction. History is important, but so is good storytelling. "In telling the story, we want to treat the subject seriously, while also making it as entertaining as possible." This approach requires meticulous research. Screenwriter Silke Zertz perused documents in libraries as well as newspaper and national archives for weeks on end. She based a number of characters on real people, including some who had gone through the same experiences as the movie's female lead, Katja Schell (Anja Kling). With her young son in tow, Katja tries to flee across the Austro-Hungarian border. But instead of reaching freedom, she lands in an East German prison and can't find out what happened to her child.

Unsettling East German atmosphere on the set

In the fall of 2007, Sat.1 rebuilt the border crossing at Bornholm Bridge in Berlin. For five days, passersby, film extras, crew and actors found themselves in a deceptively realistic past. The set created an unsettling atmosphere with original border fences and old East German guardhouses. However, most of the scenes involving the Wall were shot in Prague, since Berlin's urban landscape has changed too rapidly over the last 20 years. Production designer Silke Buhr, who won the 2006 German Film Award in Production Design for the Academy Award-winning "The Lives of Others," was responsible for much more than accurately "rebuilding" the Wall. She wanted everything to be authentic, from the orange lampshades to the gray East German telephone sets. The result will be coming to television in the Fall of 2008 – a fascinating portrayal of contemporary history, a stirring drama for a mass audience with a star-studded cast. Along with Anja Kling, well-known actors such as Hans-Werner Meyer, Matthias Koeberlin, Heiner Lauterbach and Felicitas Woll also appear in the film.

Like the character she portrays in the movie, Anja Kling (center) tried to flee East Germany just days before the Wall came down.

100 höjdare

In their search for eccentric people, Filip and Frederik generate ratings for Sweden's Kanal 5.

TV programs have the ability to grow. "100 höjdare" ("100 Highlights") started out as a video clip show on a short production schedule. Today, the program is one of the top-rated comedy shows broadcast by Sweden's Kanal 5 TV station. But to reach that point, the Kanal 5 team had a lot of hard work to do. "The first season's ratings were lower than expected," says Lars Beckung, Kanal 5's head of programming. "Still, my instincts told me that we were on to something." While the show kept on broadcasting specials such as "Sweden's Funniest Moments," the producers worked behind the scenes on a change of course. Canned video clips became yesterday's news.

Instead of prerecorded videos, the comedy team of Filip and Frederik went on tour, looking for Sweden's most eccentric characters. "The pair turned out to have a special talent for handling live situations, which gave the show just the right amount of verve." It also quickly captured its own share of the market. Filip and Frederik had only one criterion: the stranger, the better. Like the man living a Peter Pan existence or the 89-year-old woman who distributes free condoms in her retirement home. One thing is clear: "This is not a freak show. We don't put these people on parade."

Filip and Frederik have now gone international. Last season, in fact, Filip and Frederik expanded their scope to encompass all of Scandinavia. For the current season, which airs mondays in prime time starting in March 2008, the comedy stars even went on a U.S. tour, looking for "The 100 Most Extraordinary People."

Filip and Frederik have long since gained cult status in Sweden with their comedy show. "Sometimes, you just have to stay on the ball," says Lars Beckung. "We gave the show a chance to grow." Their patience paid off. The show is about to go on the air at another ProSiebenSat.1 station. TVNORGE is looking for "Norges Herligaste."

To the delight of Swedish viewers, Filip and Frederik are provocative and candid.

A keen nose for programming: When it comes to viewer tastes, acquisitions head Rüdiger Böss almost always gets it right.

An only child in Hollywood

Rüdiger Böss calls it "Indy IV." He knows that behind the simple nickname lies the hottest property in town. And Rüdiger Böss wants to have Indy: "I am an only child. I always want everything."

On January 2, 2007, when George Lucas and Steven Spielberg announced that they would continue the most successful movie series in history, a buzz ran through the film and TV world. Earnings of 1.2 billion dollars at the box office, 14 Oscar nominations, seven Oscars, one hero. Harrison Ford, also known as Indiana Jones, is back.

Böss, who is in charge of film acquisitions, knows that this is the moment when his 15 years in Hollywood are about to pay off. "Sure, we need the big blockbusters. Potter, Bond, Spider-Man, Indiana Jones. But other people want them too. Sometimes it can help to have personal connections." Personality still matters in Hollywood. Studio bosses like Sumner Redstone or Rupert Murdoch may no longer close deals over a glass of scotch at Chateau Marmont, "but if a studio head goes to a Lakers game during the L.A. screenings, I'm right there beside him, even though I don't know anything about basketball."

However, to get your hands on Indy, you need more than good contacts. Other people have them too. You need to have an idea. And Böss had a good one. "We were able to offer Paramount an all-inclusive, worry-free package for multiple countries." Four weeks before the theater premiere on May 22, ProSiebenSat.1 stations will air the first three installments of the Indiana Jones trilogy in Norway, Sweden, Denmark, Belgium, the Netherlands, Germany and Hungary. There will also be a pan-European premiere of the theater trailer. "We can therefore offer a marketing platform for the new Indy film that none of our competitors can match," says Böss, who then adds, "of course, I found it irritating when people kept saying that buying movies on the European level doesn't work. It absolutely can work—if you do everything right, and you do it fast." The new Indy sequel will air on the Group's stations at Christmas 2010.

Böss is down-to-earth, a quality that serves him well when negotiating with the heavy hitters of the movie business. "I come from the Upper Palatinate. Celebrity doesn't impress me much after a while." The ability to keep your cool is an advantage in a business that is increasingly driven by attorneys, bankers and financial managers. Even more important is a sensibility for the winners of tomorrow. "We don't wait to see how a movie does at the box office before we buy it." His department receives over 200 screenplays each month. Who is producing? Who are the writers? Who will be in it? These are the questions that Böss must ask years before a show or film is broadcast. When it comes to international productions, he even has a say in choosing the crew. "This is how we create a relationship for the film in key national markets."

Today, Böss is in charge of negotiating licenses with all major and independent studios in the United States and Europe on behalf of the ProSiebenSat.1 Group. Occasionally he escapes the confines of the trade show circuit and sets his own schedule. "When I arrive, most people find time for me."

Yet he remains humble, especially where the product is concerned. "My personal preferences take a back seat, but I do have a good feel for mainstream tastes." And sometimes he really gets lucky. That's when an inner voice tells him: 'Forget what everyone else is saying. This one is pure gold.' "One time, we were sitting in a tiny theater in Hollywood after three days of screenings, and we watched a series that absolutely no one wanted. My team and I knew immediately that we would buy this one. We had our work cut out for ourselves to convince people back home that a concept like this could work. But we stood our ground." The rest is TV history. And the show was "Sex and the City."

Rüdiger Böss negotiates the broadcasting rights to blockbusters, American feature films and licensed series for all TV stations in the ProSiebenSat.1 Group. The ProSiebenSat.1 Group has long-standing contracts with nearly all the major Hollywood studios, producers and film distributors, such as Sony Pictures Television International, Paramount Pictures Global, CBS International Television, Disney-ABC International Television, Warner Bros. International, MGM International, Lucasfilm, Dreamworks, Constantin Filmverleih, Tobisfilm, Kinowelt and Telepool.

Coming to the theaters in the spring of 2008 — and to ProSiebenSat.1's TV stations for Christmas 2010:
"Indiana Jones und das Königreich des Kristallschädels" ("Indiana Jones and the Kingdom of the Crystal Skull").

Hans Fink has launched artists like wie Roger Cicero under the Starwatch Music label.
Now he is exporting the successful German model to the rest of Europe.

On the lookout for stars

The key players in the music industry got together recently at Hamburg's classiest hotel, the Atlantic. Udo Lindenberg wanted to find a label for his new album. In the end, a newcomer triumphed over strong competitors. The ProSiebenSat.1 label Starwatch Music, with managing director Hans Fink at the helm, had one word that won Lindenberg over: television.

It all started with the first season of ProSieben's casting show "POPSTARS." That's when the company began thinking about entering the music business itself and using the Group's stations as marketing tools. "'POPSTARS' was a success and we earned a lot of money, but only while the program was on the air," says Hans Fink. "Afterwards, it was mainly other companies that gained from the record sales of bands we had put together." He wanted to change that.

Fink went looking for a partner in the record business and brought Warner Music on board. The result was Germany's very first music/TV label. Fink immediately saw the potential of the "POPSTARS" concept as a two-way street. Instead of marketing only those bands that came from television, he also promoted young artists by putting them on the air.

The alliance between the TV and music markets has paid off, for the label is now one of the best. In 2007, the ProSiebenSat.1 subsidiary was the most successful independent label in Germany. Starwatch artist Roger Cicero sold more albums than any other musician, with the exception of Herbert Grönemeyer. The success won over rock legend Udo Lindenberg, who set up a meeting for the negotiations at the Atlantic Hotel in Hamburg, where he has lived for years. "It was a tough pitch," says Fink. Lindenberg had offers from all the major labels on the table. His new album, "Wenn Du durchhängst," is set for release in March under the Starwatch Music label. "The fact that he ultimately signed with us is thanks entirely to the package." Which contained not only a record deal, but also promotion on the stations of the ProSiebenSat.1 Group.

This concept also gave Roger Cicero his big break. Artist & Repertoire Manager Markus Hartmann brought him to Starwatch Music three years ago. "Although German swing enjoyed a definite fan base at the time, Cicero was not well known, and he could have faded away in a niche market," says Hans Fink. The record producer expected to sell between 40,000 and 50,000 albums and sent Cicero to the Sat.1 show "Nur die Liebe zählt." This got the ball rolling. His album, "Männersachen," has since sold more than 400,000 times over and is still one among the top 100. The record has now gone double platinum. Fink is confident. "We will crack half a million. Roger is more than a musician. He is also an entertainer, which makes him the ideal candidate for TV marketing. After his enormously successful debut in 2005, his second album, "beziehungsweise," appeared last October.

The ProSiebenSat.1 Group is now exporting its German success story and will also engineer the deal between TV and music in ten new countries. "We plan to work together with other record companies outside Germany," says Hans Fink. Some success has already been achieved. Starwatch band Marquess released a top-ten hit in Sweden last summer. "We will definitely release the song in more countries as well." He also has international plans for Monrose, the girl band from "POPSTARS." "The trio will be the next Sugababes." Once again, Fink is taking a bidirectional approach. "If we discover talent in other countries, we will sign them for the German market."

But first Lindenberg's new album will appear in Germany. He recorded songs with young artists like Jan Delay, Silbermond and Ich & Ich. "This is a crossover between his early music and modern pop." As a record producer, Fink has always been willing to listen to artists like Lindenberg. "Schoenberg's 12-tone music, free jazz or terrible German hits might make me reach for the OFF button." In any case, he turns off his personal taste in music while on the job. " I am open for everything from Mozart to Rammstein. You can't get bogged down with too much specialization in order to objectively assess artistic concepts."

Monrose

In 2006, Bahar, Mandy and Senna triumphed over 5,000 other competitors in the most successful season of "POPSTARS" to date at ProSieben. Their first song, "Shame," rose straight to the top of the singles charts. The band's debut (triple gold) album, "Temptation," also landed at the top of the charts and sold over 400,000 copies. The club hit "Hot Summer" went double platinum in 2007.

Marquess

When Marquess released "Vayamos Compañeros" in the summer of 2007, the song became a big hit in Germany. The album "Frenetica" had already gone gold, earning Marquess an Echo nomination as "Group of the Year" in 2008. In the spring, the band will enter the German preliminaries for the 2008 Eurovision Song Contest. The artists with the Spanish/Latin American sound got their first big break on TV. In May 2007, the musicians debuted their single, "Vayamos Compañeros," during the finale of the ProSieben show "Germany's next Topmodel – by Heidi Klum."

Roger Cicero

Roger Cicero and his eleven-member orchestra present hip and elegant swing with German lyrics and a powerful big-band sound. This mix not only earned him gold and platinum albums, but also an Echo award in the category "Artist of the Year." In October 2007, Cicero released his second album, "beziehungsweise," which went gold. His arrangements are jazzy, rhythmical, surprising. Cicero and his orchestra are currently touring Germany, Austria, Luxemburg and Switzerland.

A real dream pair: WE LOVE and the new Fiat 500.

Taking brands seriously

The Diversification segment is where the ProSiebenSat.1 Group pools its activities that do not depend on the advertising market. MM MerchandisingMedia has the job of turning well-known TV brands into successful licensing and merchandising products. The results can range all the way from board games to prefabricated homes. This ProSiebenSat.1 subsidiary is one of Europe's leading agencies, and has been working at positioning brands for more than 30 years. WE LOVE is a perfect example: it combines trendiness and style, and has become successfully established in the market with special events like the WE LOVE ACTIVE WINTER and WE LOVE ACTIVE SUMMER.

WE LOVE: From T-shirt to licensed European brand

It was just a couple of moderator T-shirts designed for a promotional campaign that got the whole ball rolling back in 2003. At the time, nobody would have expected the plain slogan on an even plainer T-shirt would turn out to be a success story as an independent licensed brand.

They wanted to make the viewers curious – that was the whole point of the teaser campaign for the launch of the station's new claim WE LOVE TO ENTERTAIN YOU. WE LOVE appeared in ads, on posters and on T-shirts worn by moderators. At first, only 20 plain white shirts with red lettering were produced. Just a few shows later, the phone lines at the viewer's hotline began to buzz, and employee orders overwhelmed ProSieben's marketing department.

The station immediately produced 20,000 more shirts for its online shop, and these also sold like hotcakes. Fans and viewers were delighted. ProSieben added more and decided to turn WE LOVE into a separate brand.

The idea was a resounding success. The company soon expanded its product line: jackets, bags, towels, scarves, hats, flip-flops were added – resulting in a full collection. Lines formed in front of company shops. At WE LOVE events, such as beach volleyball tournaments, the sales booth turned out to be one of the main attractions, even though many products were not exactly a bargain, such as 35-euro bikini swimsuits and 120-euro winter jackets.

Hip, classy, youthful: WE LOVE is a perfect reflection of the ProSieben brand. The station promoted its lifestyle brand wherever it could. Finalists of "Germany's next Topmodel – by Heidi Klum" displayed WE LOVE on the runway while „POPSTARS" hopefulls were the brand on and off stage. Driven by the station's marketing power, WE LOVE gained momentum. The next phase began in 2005. Together with affiliate MM MerchandisingMedia, ProSieben turned WE LOVE into a license brand.

WE LOVE attracts new audiences

The ProSiebenSat.1 Group's licensing and merchandising subsidiary took advantage of the label's enormous appeal and turned WE LOVE into a successful brand that is much more than just a fashion statement. "A brand's capital is its ability to inspire people with enthusiasm. WE LOVE has that ability. So we made the most of that potential right from the start," recalls Sabine Eckhardt, the agency's managing director. The company specializes in developing merchandising ideas relating to all aspects of successful TV concepts like "Germany's next Topmodel – by Heidi Klum" and "POPSTARS." The principle is to create coherent groups of products that appeal to as many viewers as possible.

As ProSieben marketing head Malte Hildebrandt can tell you: "The stronger the brand, the more ways there are to work with it. An annual winter and summer collection was just the start." By now more than 100 products spark enthusiasm among the label's fans. The range extends from books to teddy bears to a prefabricated house to a complete set of fitness equipment. WE LOVE has even conquered the roads, with its own special edition Fiat 500.

WE LOVE covers Europe

The WE LOVE collection has been available from the Otto chain throughout Germany since spring. With Otto, the label has found the right retailing partner to advance the collection further – and will soon do so internationally. Says Sabine Eckhardt: "WE LOVE is a strong enough brand to set up long-term cooperative relationship – that's the lever that will help us expand our licensing business throughout Europe. Our partnership with Otto is a first major step in that direction."

Getting WE LOVE ready for further growth: ProSieben marketing head Malte Hildebrandt and MM managing director Sabine Eckhardt.

Big hits with the fans: Game adaptations of "Germany's next Topmodel," "Clever," "POPSTARS" and "danceFEVER." Users can choose from among more than 1,000 games.

Marc Wardenga, Head of Games at SevenOne Intermedia:
"We have the experience and – thanks to our TV stations and websites – also the promotional power to publicize game titles in many different countries. We aim to make our programs the starting point for gamers throughout Europe."

A passion for games

From games of chance to action games, Marc Wardenga has to know what's hot. The 44-year-old is head of the Games unit at SevenOne Intermedia.

Marc Wardenga and his team search the German and international games markets, always on the lookout for suitable content for ProSiebenSat.1's game platforms. The first of these was Sat1Spiele.de, which went online in 2006 and targets primarily female users. "Women go for casual games," says Wardenga. "We have a particularly broad range of these on Sat1Spiele.de." Although his team has an entirely male demographic, they nevertheless take a close look at games for a female audience. "My team tests every game in order to determine whether it would appeal to our target groups."

A second game platform went online in 2007: SevenGames.de targets a male audience and core gamers, people who play games regularly. To find content for these users, Wardenga and his team go out on the game trade show circuit. "We constantly take a look at whatever the industry has to offer." Increasingly, the broadcasting Group releases games based on its own TV shows, such as "Germany's next Topmodel." "This is where we often have the most success," says Marc Wardenga. SevenOne Intermedia even launched its own console and computer game adaptations of the Sat.1 show "CLEVER – Die Show, die Wissen schafft."

Marc Wardenga is a 20-year veteran of the industry. His colleagues also view online games with more than just professional interest. "While it's important to have fun, none of us is a hard-core gamer." The team's passion for games was not the reason for entering the game business. "It was a strategic decision. We realized that games are a future market with enormous potential for growth, and as a media company we have every reason to be successful in this business." For example, the company can use the websites of Sat.1 and ProSieben stations, which were successful even before the games portals were launched. "The new portals have emerged from the game areas of station websites, which were already familiar to the users."

The plan worked. Month after month, around two million unique users and over 250,000 newly registered users have a go at SevenOne Intermedia's games content. Last summer saw the launch of SevenGamesTV, a Web TV program that is one of the most popular German TV sites on the Internet, with roughly 150,000 downloads per month. SevenOne Intermedia is now going international with its games business. In late 2007, the company launched an English version of the portal: SevenGames.com. A number of stations broadcast trailers and online specials throughout Europe to support the launch. The portals are scheduled to start up in a number of new ProSiebenSat.1 countries in 2008. SevenGames is already online in Norway.

Web TV: Jochen Dominicus moderates SevenGames TV.

The most popular games on Sat1Spiele.de

1. Das weiß doch jedes Kind
2. Deal or No Deal
3. Luxor3

The most successful games on SevenGames.de

1. Blockbuster Poker
2. Germany's next Topmodel – The Game
3. Seafight

Marcus Englert, Director of New Media and Diversification at the ProSiebenSat.1 Group:
"The merger with the former SBS Group gave us the opportunity to position successful business models like MyVideo in new markets. Not only do we benefit from our experience in the German market, but we can also utilize excellent local infrastructure. As a European supplier of TV content, we can fill video portals with national content and thereby establish particularly strong ties to young audiences. I am certain that MyVideo will repeat its success in other European countries."

Suddenly famous …

Some people are an overnight success. Mina could tell us a thing or two about that. The 14-year-old high school student posted a song she wrote on MyVideo and took the Web by storm. Today she is Germany's number one online star.

A succes story goes international: MyVideo now also exists in the Netherlands.

Over the summer vacation last year, Mina fulfilled a long-cherished dream when she recorded her song "How the Angels Fly" in a small music studio. She filmed the recording with a camcorder and then posted the result on MyVideo. That's when everything took off. The teenager's ballad has enjoyed over five million hits, and the clip topped the playlist for weeks on end. Mina became famous overnight.

This kind of success happens only on the Internet—no manager, no producer, no record contract. MyVideo is the ProSiebenSat.1 Group's portal for user-generated content. Anyone can post video clips there. The site already has 2.2 million of them, and over 8,000 new ones are posted every day. The clips run the gamut from short home movies and vacation videos to programs of ProSiebenSat.1 stations. The mix has met with quite a response. The website has an enormous audience – 24 hours a day, seven days a week. On average, 6.6 million people use MyVideo every month. The portal reports up to 700 million page hits for the same period, and the number is growing.

Since January 2008, people in other countries can now view and listen to Mina and her song. www.MyVideo.nl and www.MyVideo.be are the sister portals in the Netherlands and Belgium. The Munich native hopes to benefit from globalization at the ProSiebenSat.1 Group, which has been operating throughout Europe since last summer and is exporting its programs to other countries. After all, the German recipe for success works in other places as well—albeit with the right local flavor.

For Mina, MyVideo was only the start. She is now working to build a career that can take her to venues beyond the Internet. She has already taken the first few steps with TV appearances on ProSiebenSat.1 stations and the release of her hit song as a single by the company's own label Starwatch. We can only wait and see whether Mina starts a new chapter in her success story.

Networking has many perspectives: Dr. Christian Wegner, Integration Manager and Chairman of the Management Board of ProSiebenSat.1 Production.

A European media family comes together

In the role of integration manager, Christian Wegner coordinates the merger between ProSiebenSat.1 and SBS. With help from Chloe Ethelontis.

How do two different corporations become a single Group?

Christian Wegner: You have to bring people together and get them talking to each other. You have to keep everyone up to date and remain part of the process. Most importantly, you have to share the same goals.

How do you organize an integration process?

Chloe Ethelontis: Right after SBS and ProSiebenSat.1 merged, managing directors from all 13 countries came to Munich to meet with the Management Board and get to know each other. It was also important for our 6,000 employees to learn more about the leadership. So we set up a pan-European video conference in which the Management Board and the managing directors answered employee questions in real time.

What happened next?

Christian Wegner: We analyzed the areas where collaborative efforts would produce synergies, defined goals and set up working groups in which around 200 colleagues from all countries now work together. In forming the teams, we made sure that people from both former corporations were represented. Both sides work together as equal partners in order to move the company forward.

Before merging with ProSiebenSat.1, SBS has a decentralized form of organization. What about today?

Christian Wegner: Our new Group Content unit, for example, develops TV content for the entire Group. We set up central business units wherever it makes sense, but we stay out of the stations' daily business, just like before. However, we do constantly challenge people to look beyond their own markets. If a TV show, campaign or website is working particularly well, people try to determine whether it would work just as well in another country.

How has your work with the Integration Office changed over time?

Chloe Ethelontis: In the beginning, we were initiating all the processes. But now the teams can work directly with each other and they don't need us as much for daily operations. Nevertheless, we are always available to answer questions. Sometimes you have to be careful to make sure that everyday concerns don't overshadow the big picture. After all, everyone on the integration team has taken on new tasks in addition to their present jobs. Our main focus in the Integration Office at the moment is to evaluate the extent to which we have achieved the stated goals.

What kind of personailty traits do you need to work in the Integration Office.

Chloe Ethelontis: You definitely have to be open to other cultures and be able to accept differences between people. I grew up in England, where people tend to be overly polite. The Dutch and Germans, on the other hand, are much more direct. You also need plenty of patience, for an international corporate culture does not grow overnight.

In addition to her professional expertise, she also has a keen sense of cultural differences: Project manager Chloe Ethelontis.

Dr. Andrea Malgara, Managing Director of Marketing with SevenOne Media, heads the Sales and Marketing integration team. Along with 60 colleagues, his job includes exporting special ad formats from Germany to other European countries.

International ad marketing – it really does work

Most people think of advertising as a national business. The Sales and Marketing team of the ProSiebenSat.1 Group is proving them wrong. Team leader Andrea Malgara discusses the joys and trials of building a European sales network.

TV advertising is by far the greatest source of income for the ProSiebenSat.1 Group. The company generates a good 80 percent of its € 2.7 billion in revenues from TV spots. Yet advertising is mainly a national business and follows different rules in each market. So how does the Group plan to benefit from its new international structure? Is it even possible to sell airtime simultaneously for multiple countries?

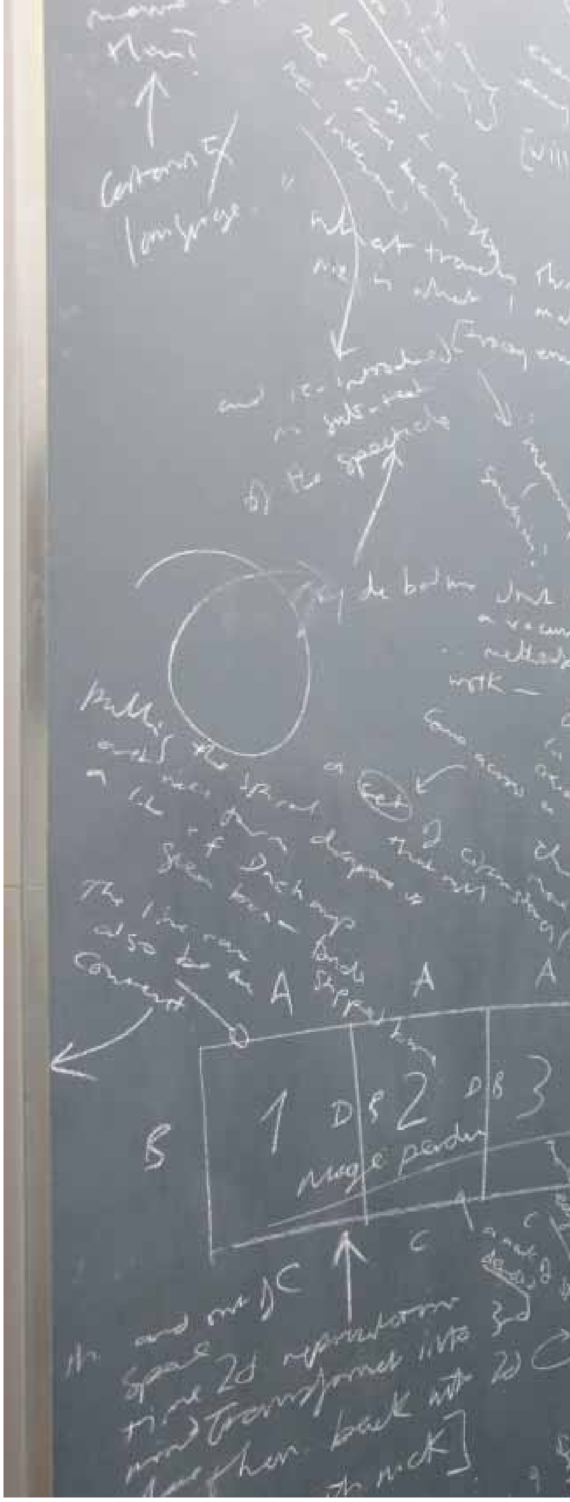
The Sales and Marketing team thinks so. The 60-member team came together in the fall of 2007 to "Europe-ize" the airtime marketing practices of the ProSiebenSat.1 Group as much as possible. The globalization trend is providing new momentum: International corporations increasingly project their marketing efforts onto the international stage.

Andrea Malgara, Managing Director of Marketing for German marketing subsidiary SevenOne Media and head of the integration team, shares a goal with Thomas de Buhr, Senior Sales Director International: to build a European sales network and establish a standard range of ad formats in all of the Group's 13 countries. To do this, the team took a close look at existing promotional offers, sales structures, procedures and processes and optimized them. They are already building relationships with customers throughout Europe and are negotiating international advertising contracts with a number of multinational companies. The Group also expects to benefit from the exchange of know-how. German stations, for example, are particularly good at special ad formats. Exporting these formats is working well. With ten new special ad formats in seven countries, the integration team has already achieved certain sales synergies.

"The major players expect common standards"

The integration of SBS Broadcasting Group in July 2007 was aimed primarily at developing synergies and positive economies of scale. TV marketing played a large role in this process. Do you already see initial results?

Andrea Malgara: We invested a lot of time in this. In 2007 alone, our team devoted 120 meetings, 340 presentations and 1,100 PowerPoint charts to the "Europe-ization" of our airtime marketing efforts. The marathon paid off: ten new special ad formats in seven countries– and a long list of action items for generating additional ad revenues. To do this, we waded through stacks of information on ad space, combed through booking procedures, took a close look at pricing tables and reviewed research projects for international viability.



› **Offering standard ad formats for the entire Group does not appear to be an especially easy task. You must now know European media laws like the back of your hand?**

I am at least very familiar with them. Media law is extremely complex and varies enormously from one country to the next. This is, of course, a challenge for us, if we want to harmonize our product portfolio throughout Europe. To do this, my colleagues are engaged in intensive talks with the various media authorities. But the new EU directive on audiovisual media services is giving us additional momentum.

An old marketing rule is "think globally – act locally." Does that also apply to international advertising packages?

It's true that many advertising markets operate on the national level. However, global marketing strategies are driving the business more and more. Our conversations with customers and agencies demonstrate one main trend: The major players on the market increasingly expect common standards and international packages. We are therefore optimistic where the opportunities for international airtime marketing are concerned.

During your European tour, what impressed you the most about your colleagues?

No matter what city or country we were in, everyone always welcomed the integration team with open arms. I was most impressed by the level of enthusiasm and dedication we encountered. People are ready for action and recognize the enormous potential in joint development of national TV ad markets. In the end, it is all about creativity, imagination and know-how—every country is a leader in one specific area. This is helpful as we set up a European sales network.

Julian Neuburger, MediaCom
Executive Director: Europe, Middle East & Africa
"By setting up a pan-European sales team, the ProSiebenSat.1 Group not only responds to rapidly changing trends in the advertising market, but also serves the growing expectations of multinational advertisers."

Setting their sights on international business: Thomas de Buhr and Uwe Kastens

English, French, Dutch and Spanish: Thomas de Buhr's language skills serve him well in his new job. Since January 2008, the 39-year-old Senior Sales Director International is in charge of international ad marketing for the ProSiebenSat.1 Group, with his deputy Uwe Kastens at his side. Their mission is to attract multinational advertising customers and support them in making the move to all ad markets within the ProSiebenSat.1 Group. De Buhr and Kastens focus on customers who make their media decisions in international headquarters. The ProSiebenSat.1 Group is the only European TV network that has full ownership of all its stations in all countries. The Group provides the opportunity to conclude multinational agreements in all media disciplines, from classic advertising and products outside of commercial breaks to marketing alliances. The International Sales team of German subsidiary SevenOne Media works side by side with sales representatives in the individual countries to develop custom communication solutions for each customer. ProSiebenSat.1's sales team also receives global support from its marketing partners Publieurope and Axel Springer.

TV made in Europe is her passion.
Daniela Matei, Senior Vice President of Group Formats & Productions.

From the Black Sea to the Isar: European careers at the ProSiebenSat.1 Group

Romania, the Netherlands, the U.K., and now Germany. Daniela Matei has already worked in many different countries of Europe.

Daniela Matei knows the international TV market better than anyone. She tracks down new TV concepts and takes care of international TV productions for the ProSiebenSat.1 Group. For six years the multilingual 41-year-old native of Romania worked at SBS. Then in the summer of 2007 the ProSiebenSat.1 Group called her in to work at headquarters in Munich. Daniela Matei is one of about 3,000 new employees at the ProSiebenSat.1 Group. The takeover of the former SBS Broadcasting Group did more than double the company's workforce. The media group gained culturally, as well – because along with a large number of European locations, European careers like Daniela Matei's are becoming routine at the new media corporation.

Integration at its best: Daniela Matei wearing a Bavarian Dirndl.

Television for Europe

Could a Belgian idea for a show, or an German documentary concept, work on other ProSiebenSat.1 Group stations? That's where Daniela Matei's expertise comes in. She works with the heads of the Group's European stations to develop multinational TV productions. "There's already a lot of exchange among stations. We want to do even more," she explains. That wasn't always the case. "When I came to SBS, the Scandinavian stations in particular didn't work together at all. Now we have pan-Scandinavian productions like 'So You Think You Can Dance' and 'Hitmakers,'" she says. When she joined the ProSiebenSat.1 Group, her duties expanded to include three additional TV markets – Germany, Austria and Switzerland. This connoisseur of the European TV landscape finds the German-language market a challenge, but hardly a mystery. "Certainly there are national differences in TV watching, and thus in scheduling. But one thing is clear – everybody likes watching a great film or an entertaining series. A good story sells in any country."

Reunion with old acquaintances

The new Munich resident had no trouble with moving to the city on the Isar. "I've already lived in Bucharest, Amsterdam and London, and I get oriented in new places fast." The merger between ProSiebenSat.1 and SBS was a lucky break. "I thought from the start that ProSiebenSat.1 and SBS would make a fantastic team." And there was a direct personal benefit for her as well. She already knew the people she would be working with at the ProSiebenSat.1 Group. She had been seeing them for years at international industry get-togethers like the MIPCOM television trade show in Cannes. Today, she sees her German colleagues more often – daily, in fact. She enjoys her new job in the Munich suburb of Unterföhring. "At SBS headquarters in Amsterdam, there were always just a few people around, because everybody was on the road all the time," she recalls. "But in Munich I have the feeling – for the first time – that I have someplace with permanent contacts." Culturally, too, Daniela is enthusiastic about a number of particularly German characteristics. "Everything's so organized here – and the Germans are crazy about their BlackBerries! It's unbelievable how fast you get an answer to e-mails here. That was really different in Romania and Holland."

Communication made easy: The ProSiebenSat.1 Group's new intranet

It wasn't at all long ago that the intranet led a wallflower existence at many European corporations. Today, office life is almost inconceivable without it. As a centralized communications platform, each day it provides employees with the most important raw material for their jobs: information – across national boundaries.

This is especially true for the ProSiebenSat.1 Group, which gave its intranet a thorough overhaul last fall. The aim was to establish a shared working platform following the acquisition of the SBS Group – in other words, a bilingual portal that could link up the entire staff, all across Europe. Despite the challenge, the content editors, technicians and programmers took only 14 weeks to develop a pan-European intranet that meets the latest standards.

No integration without communication

Experience shows that internal information structures in particular are often a make-or-break factor in the operations of large corporations. And no wonder. Without a knowledge of the organization – its Who's who – a successful coalescence is out of the question. That's why the core of the new intranet is pan-European access for all the Group's units. More precisely, for about 220 subsidiaries in 13 countries. Among the most important services on the German-English platform – and some of the most important contributors to a successful integration – are a Company-wide phone book with detailed contact information for all the Group's staff.

Search engines are essential

As the Group has increasingly internationalized and been networked together, information has been flooding onto the intranet. Questions about the advertising markets, information on ratings, the new vacation leave request form – with more than 10,000 active pages, even heavy users have a hard time finding their way around. That's why the new intranet comes equipped with a full text search function that significantly eases the daily work of finding things in your own company. There's also an extensive index of key words that supports thematic inquiries – from A for Authorizations to L for Licensing to W for Work Environment.

Maintaining in-house expertise

Of course, the latest knowledge management means more than using search engines. Large corporations in particular have been wondering more than ever how they can organize their own know-how better and pass it on more efficiently. Corporate wikis help arrange knowledge in a permanent, interactively based structure. That's why the intranet at ProSiebenSat.1 relies on a companywide online encyclopedia that invites all employees to share their personal knowledge with the rest of the staff – whether by authoring their own articles or adding to existing ones.

The idea has met with quite a response. Only a few weeks after the launch, the summary lists already contained large numbers of articles on everything from mobile TV, online marketing and merchandising to details of regional programming window regulations or the company's current ownership structure. This was no surprise to those in charge – because wikis are easy to work with and available anytime, as a glance at the original shows: Wikipedia is currently being maintained by 75,000 authors, and offers more than nine million entries. Just for comparison, the famed Encyclopaedia Britannica manages with only 4,000 authors and 65,000 entries.

More knowledge doesn't mean more information.

It means getting the right information. Which means that an intranet that's doing its job properly doesn't just keep users up to date, quickly and comprehensively – it also keeps them informed about what they need to know. That's why the ProSiebenSat.1 portal offers every employee a personalized starting page with selected content about the Group and the individual's own company and department. Users can customize their settings, get notified about new postings, and comment directly on existing reports. Every page on the intranet identifies its author and latest update. Reports of special interest can be forwarded to others with a click of the mouse. This allows every user to personalize the information, and to get exactly the content he or she needs for the job.

The new intranet receives as many as 570,000 visitors each month.

Intranet users will find international information on the English home page.

Katja Pichler, Corporate Spokesperson, ProSiebenSat.1 Group:
"Without communication we wouldn't have a Group. Our company grew overnight from from a staff of 3,000 to a staff of 6,000. Our new intranet enabled us to swap important information with our new colleagues only a short time after the merger between ProSiebenSat.1 and SBS. Having a shared platform has especially helped to improve Group-wide workflows. It's also simply fun to go to the Web every day and read what everyone is doing in other countries."

Kristof Demasure, Spokesman, VT4 und vijfTV:
"Anyone who wants to do a job well has to look beyond their own desktop. But to do that you need a platform that explains complicated things simply, and that promotes communication with your colleagues. The new ProSiebenSat.1 intranet is an important step in that direction."

Zoltán Várdy, CEO at TV2 in Hungary:
"Internal communication is also communication about change. The new intranet makes it possible to present important corporate processes in a timely, easily understandable way – that's real added value. It's the only way that the staff will gain confidence in the Group's new structures and objectives."

Jonas Sjögren, Managing Director, Kanal 5 in Sweden:
"Merging two corporations is always a bit of a tense process. Success isn't a matter of one big step, but lots of small ones. The intranet's job is to help this development really get moving. The new platform has done a fine job of it, too – especially thanks to its many channels for communication and searches"

Project portals on the Web: More sharing, less time and money

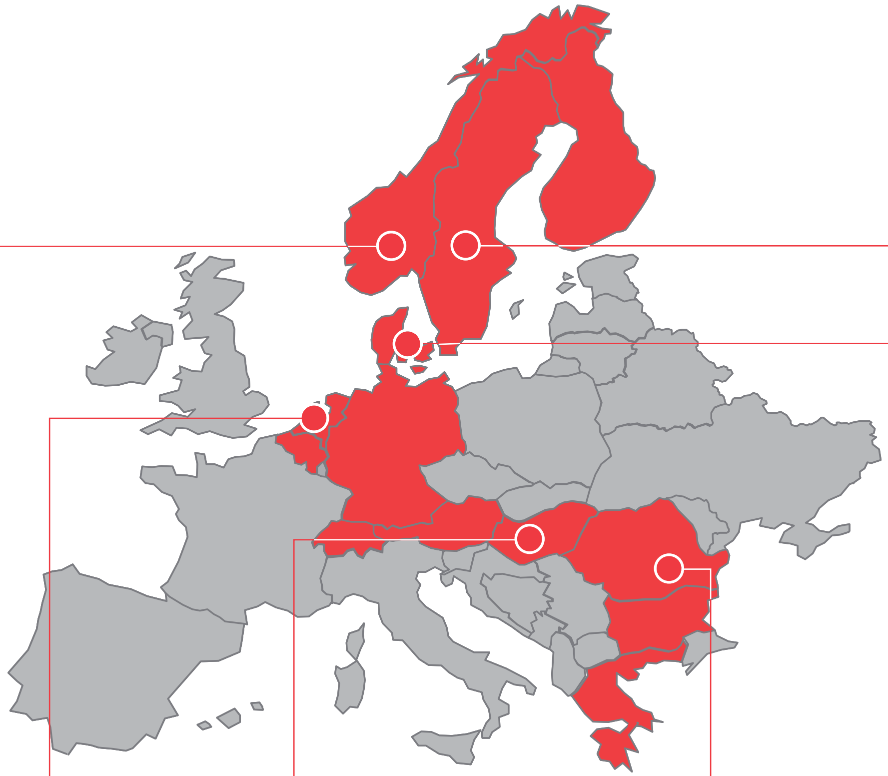
As the number of countries has grown, so has the number of international working groups at ProSiebenSat.1. Pan-European collaboration has its own international project portal. The Group's schedule planners are a case in point.

With the new intranet, each working group has its own protected area available on the portal, where projects from every part of the Group can be coordinated and carried through. To take one example, in December more than 20 schedule planners from eight different countries got together for a Creative Scheduling Exchange. The aim was to exchange experiences with successful scheduling strategies, both for Company products, like "Desperate Housewives" and "Grey's Anatomy," and for dealing with strong programming from competitors, like "Wer wird Millionär." The portal especially supports communication and organization within a project group. For example, it's a central repository for minutes of meetings or presentations, or for setting deadlines together using a project calendar.

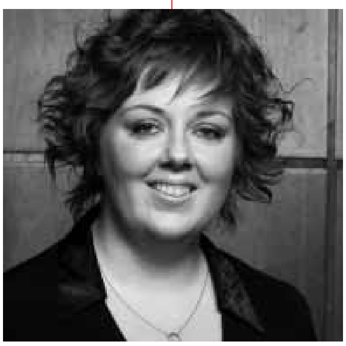
The project group is coordinated by Stefano Semeria, Head of International Format Research: "When we started off last year, we were really in pioneer mode. There was no user's manual for a Web-based European working group. But we quickly noticed that we shared not just the same questions, but also the same professional attitudes and curiosity. Since then, everybody has been benefiting from everybody else's experience, no matter whether we can copy them or just learn from their example. It's best practice at its best – there's nowhere else we could have gotten the information so easily and conveniently."

Kjersti Kongtorp, Head of Scheduling at TVNorge in Norway: "In Norway, we just recently started up a second TV station, FEM. We're interested most of all in how other countries organize their scheduling for multiple stations. The project portal lets me ask questions anytime, and I get feedback from my colleagues in other countries right away."

Eric van Stade, CEO of SBS Broadcasting B.V. in the Netherlands: "The new project portal will become an important information portal within the Group. Even now, it makes our international cooperation easier, because now we can access the entire schedule of all ProSiebenSat.1 Group TV stations, around the clock. Our markets may be different, but we can all benefit from everyone's different experiences with scheduling."



Fredrik Ljungberg, Head of Program Planning at Kanal 5 and Kanal 9 in Sweden: "These new capabilities have brought us a giant step closer to Group-wide scheduling. Now at last we have a suitable communications platform where every station can talk together."



Eva Vass, Program Chief Editor at TV2 in Hungary: "Knowledge management is more and more important. Today, no company can afford to let its own knowledge go unused. Our new platform makes exchanging information child's play – and the ProSiebenSat.1 Group will benefit, because this way we can make even the difficult decisions on our own, and more and more quickly."

Veronica Sorescu, Program Director at Prima TV in Romania: "The Group has immense know-how, and now we can make the most of it. The platform supports not just communication but creativity. We can learn a lot from other stations' experience – and they can learn from us, too."

Allan Ostbjerg, Head of Scheduling at SBS TV in Denmark: "The platform has already helped us improve the scheduling for our three Danish channels. And on top of that, now we get a continuous flow of information and are all getting to know each other better. That's important, so we can work together successfully."

"I want to work in TV"

If you ask young job-seekers about their favorite industry, media companies like the ProSiebenSat.1 Group are at the top of the list. But not all of them want to change places with ProSieben star Stefan Raab under the spotlights. Many consider working behind the scenes just as exciting, and still "TV total."

Svea puts Take That on the air

Svea Krell has made it. After two years at the ProSiebenSat.1 Group, last July the 21-year-old completed her course of training as a saleswoman in audiovisual media. And the story has a sequel. After passing her test, Svea was hired by Group subsidiary MM MerchandisingMedia, where she now works as a junior campaign manager. It's an exciting environment for the young novice. "When music groups like Take That or Monrose want to advertise their new albums on our stations, the inquiry lands on my desk. Then I see that the spots or trailers get to the right place on TV." The former trainee finds the SBS takeover especially intriguing. "The merger means that now my department also has exciting possibilities for international campaigns. I really got here at the right time."

Marlen has a look behind the scenes

Away from the North German lowlands and off to Bavarian mountain meadows: Marlen Neuenschwander left her hometown, Hanover, to train at the ProSiebenSat.1 Group. "I knew from the start that I didn't want to work just anywhere. I wanted to work in the media industry – specifically in TV." The 21-year-old hasn't regretted moving to a new city. From human resources to accounting to marketing and production – for a year and a half, Marlen has acquired more than mere sales knowledge. As a budding saleswoman in audiovisual media, she also gets a look behind the scenes at a TV corporation. She learns the theoretical background at formal lessons in vocational school. Her opinion: "By now, working at a company like ProSiebenSat.1 almost seems like something to be taken for granted. When I think about it, I'm proud I passed the screening process, and I'm glad to be here."

Media experts of tomorrow:
Svea Krell and Marlen Neuenschwander.

Johnny was eager to return to SBS 6

You might call Johnny Wiegel a repeat offender. And he did it for love. The 21-year-old student from Utrecht is already doing his second mandatory internship at SBS in the Netherlands. “I had no choice for my first semester of internship. But now my graphics school has a cooperative arrangement with SBS, so I landed in Amsterdam.” Now Johnny is working again in the On-Air Design department at SBS 6, Net 5 and Veronica – and it’s his own choice. He unquestionably wanted to return to the Dutch broadcasting chain for his follow-up internship. “It’s just all such a good fit here – exciting work, nice people to work with, and an inspiring environment.” Whether it’s advertising bands and strips or the logo for the new SBS 6 show “De Nieuwe Uri Geller” – Johnny gets to put his academic knowledge into practice for half a year. Cooperation programs with such university-level schools as the Grafisch Lyceum in Utrecht have long been standard training at ProSiebenSat.1’s Dutch offshoot.

Christine is on the set with Heidi Klum

“You can find more information at www.ProSieben.de” – the Munich station’s website is one of the most heavily visited online portals in Germany. But Christine Greiner is a permanent resident. Because the 25-year-old is in charge of all the site’s sports, show and comedy content. The Darmstadt native has been a multimedia volunteer at SevenOne Intermedia for a year now. “Some of my fellow students told me about an internship at the multimedia department of ProSieben. And I knew right away that was the place for me.” Then a volunteer position opened up, and it was Christine’s turn. She has a varied work routine. “On major shows like ‘POPSTARS’ or ‘Germany’s next Topmodel – by Heidi Klum,’ I’m on the set, I film segments for the website, I interview contestants and take a look behind the scenes.” Other stopping points in her training program include selective stints with companies in related industries or in other parts of the Group as well as monthly seminars with other Group volunteers.

ProSiebenSat.1 Group in Europe

Deutschland

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