ProSiebenSat.1 Group
The power of television

Q3 08

NINE-MONTH REPORT 2008

January 1, 2008 to September 30, 2008

KEY FIGURES

Key figures Q3 and Q1-Q3 (SBS consolidated as of July 2007)

in Eur m	Q3		Q1-Q3	
	2008	**2007**	**2008**	**2007**
Revenues	646.5	668.4	2,177.4	1,721.2
Recurring EBITDA *	103.1	124.8	395.3	366.0
EBITDA	92.5	0.4	366.6	241.2
EBIT	58.6	-57.2	260.1	163.2
Net financial result	-78.9	-46.5	-201.6	-55.9
Pre-tax loss/profit	-20.0	-103.7	59.6	107.3
Consolidated net loss/profit	-10.7	-77.9	40.9	49.9
Underlying net income **	0.6	68.4	80.4	197.5
Earnings per preferred share (EUR)	-0.04	-0.35	0.20	0.24
Adjusted earnings per preferred share (EUR)	0.013	0.32	0.38	0.91
Cash flow from operating activities	283.6	319.8	918.1	950.5
Cash flow from investing activities	-410.5	-2,359.5	-1,124.8	-2,839.8
Free cash flow	-126.9	-2,039.6	-206.7	-1,889.3
	09/30/2008	09/30/2007	**09/30/2008**	09/30/2007
Employees ***	6,057	6,063	6,012	4,062

Pro forma key figures Q1-Q3 (SBS consolidation as of January 2007)

in Eur m	Q1-Q3	
	2008	2007
Group revenues	2,177.4	2,248.0
Recurring EBITDA *	395.3	487.2
EBITDA	366.6	347.1

* Recurring EBITDA: EBITDA before non-recurring items.
** Underlying net income: Consolidated net profit before effects of purchase price allocation and (2007 only) FCO fine.
*** Average full-time equivalent jobs.

CONTENT

Q3 MILESTONES

Ongoing difficulties in German TV ad sales affect quarterly results: After a satisfactory start into the second half of the year, September revenues came in below expectations.

New Chief Sales & Marketing Officer: Klaus-Peter Schulz succeeds Peter Christmann.

ProSiebenSat.1 has new shareholder: TMG acquires 12.0 percent of voting common stock from Lavena Holding 5 GmbH.

German free TV stations increase audience share significantly despite Olympics: September share of 31.1 percent is stations' best monthly performance since April 2005.

ProSiebenSat.1 sells BTI: Sale of Scandinavian subtitling service closed in August.

OVERALL ASSESSMENT OF THE THIRD QUARTER 2008

In the third quarter we saw a substantial decrease in both revenues and recurring EBITDA. This was mainly due to the revenue performance in the German Free TV business, which did not meet our expectations, in spite of satisfactory figures at the beginning of the quarter. Difficulties following the implementation of our ad sales model continued to affect bookings. The problem was further exacerbated by the growing awareness of an economic slowdown at the end of the quarter.

- **Segments at a glance:**
  Revenues in the international TV business rose by about 10 percent, making up somewhat for the revenue decline in the German market. In spite of the Olympics, the German stations' audience shares increased substantially; in September, the free TV stations earned their best share of the key demographic since April 2005. Our task now is to capitalize on our good audience share in Germany, and to increase our revenues in the TV advertising market.

- **Outlook:**
  It is not clear yet how severely the crisis in the financial markets will affect the real economy, and thus our Company's future business performance. Doing business responsibly, with an eye to the future, means moving proactively. We will do what is necessary to counteract intensified competition, and concentrate on the "must haves" – i.e., the areas that are really important for our Company. Although our cost management is already rigorous, we will pay even closer attention to the profitability of our processes and adapt our 2009 budget to the changing conditions.

CONSOLIDATED INTERIM MANAGEMENT REPORT

The Group and Its Environment

Major changes in the portfolio and in scope of consolidation during the third quarter of 2008

- **Sale of BTI**
  As part of its concentration on core competencies, the ProSiebenSat.1 Group has sold Broadcast Text International AB (BTI), of Stockholm, Sweden, together with BTI's subsidiaries. The sale was closed in August. BTI, an international provider of TV subtitling, has hitherto been reported as part of the Free TV International segment.

Free TV International segment

- **ProSiebenSat.1 Networld expands with stake in autoplenum.de**
  The Group expanded its online network with a further equity holding in the third quarter. In September it acquired 25.1 percent of autoplenum.de, of Munich, Germany, the automotive portal of the Georg von Holtzbrinck publishing group. The contract includes an option to increase the stake to a majority interest of 50.1 percent at a later date. The Group's online activities are consolidated in the Diversification segment.

See the notes to the financial statements for more information about changes in the scope of consolidation.

Notes to the Financial Statements

Changes in the Executive Board

New Chief Sales and Marketing Officer

Klaus-Peter Schulz was appointed to the Executive Board of ProSiebenSat.1 Media AG as of September 1, 2008. He is in charge of sales, marketing and research in German-speaking Europe, and is also responsible for the Group's international sales activities. Klaus-Peter Schulz succeeds Peter Christmann, who resigned from the Executive Board in June.

Economic and industry environment

Overall economic environment

In spite of the difficult U.S business climate, the economy in many parts of the world proved remarkably robust at the beginning of 2008. But the subsequent course of the year quashed emerging hopes that the **world economy** would at least partially be able to detrade itself from the USA. There were clear signs of a slowdown as early as spring. After years of strong expansion, production growth slowed substantially. Leaps in commodity prices caused inflation to surge. As the crisis in real estate and in the financial markets continued to smolder, the sentiment of the market darkened. By the second quarter, world economic climate, as measured by the ifo institute, was already down to its lowest level since the beginning of 2002. In the third quarter, the index lost another eight points to close at 73.4.

The **Euro Zone** countries showed the same development. For the third quarter, ifo projects a decline of 0.1 percent in real gross domestic product against the previous quarter, on the heels of a 0.2 percent decline in the second quarter. The development outlook for both capital spending and consumer spending is muted, because of the slack economy and modest gains in nominal wages.

Expectations in **Germany** are lacklustre because of the world economic situation. The ifo business sentiment index has shown a downward trend over the entire reporting period, and by September had reached its lowest level since May 2005. Business conditions in particular were seen as significantly less favorable. The GfK consumer sentiment index took a similar course. August figures for new orders and the production index were surprisingly good. But according to the Federal Ministry of the Economy, these figures were significantly influenced by exceptional effects, such as large orders and holidays. Foreign trade figures, which are crucial to Germany as an exporter nation, declined sharply in August. As a best case, both the Handelsblatt-Barclays indicator and the DIW economic barometer currently place real economic growth for the third quarter around zero (0.0 and –0.1 percent, respectively).

The industry environment

Advertising investments on TV in the ProSiebenSat.1 Group's markets in Northern, Eastern and Central Europe varied in the third quarter of 2008, but the overall picture was still positive. However, it should be borne in mind that some of the figures below are partly based on gross figures, and therefore give only a limited indication of what the associated net figures will prove to be:

Figures for international markets ranged from a decline in the Netherlands (–7.6 percent net) and Sweden (–0.7 percent net), through a slight gain in Switzerland (+0.4 percent net) and Finland (+1.9 percent net), to substantial growth in Norway (+5.8 percent net), Denmark (+6.5 percent net) and Belgium (+11.2 percent gross), all the way to explosive and even accelerating growth in the markets in Hungary (+14.9 percent gross) and Romania (+31.8 percent net). No September data are available for Austria yet, but the trend for the quarter there is very positive so far (+6.0 percent gross). The year as a whole also looks good for Austria (Q1-Q3 2008: +7.1 percent gross).

According to Nielsen Media Research gross TV advertising investments in **Germany** in the third quarter of 2008 were up 7.5 percent against the same quarter last year, to EUR 1.9 billion. SevenOne Media, the ProSiebenSat.1 Group's TV sales company in Germany, recorded gross revenues of EUR 818.1 million, compared to EUR 788.9 million for the third quarter of 2007. Thus the Group maintained its lead in the German TV advertising market, but at 42.3 percent the figure was down from last year (Q3 2007: 43.9 percent; Q1-Q3 2008: 40.7 percent; Q1-Q3 2007: 43.2 percent). On a net basis, however, the Group´s market share has declined significantly.

Changes in audience shares

The German family of stations – Sat.1, ProSieben, kabel eins and N24 – significantly expanded its audience share in the third quarter, attracting 29.7 percent of the key demographic (Q3 2007: 29.1 percent). The figure for the first three quarters was up 0.2 percentage points against last year, to 29.2 percent, in spite of the European Soccer Championships in June and the Summer Olympics in August. The Group scored especially well with German audiences between the ages of 14 and 49 in September: at 31.1 percent, the family of stations showed its best monthly performance since April 2005.

ProSiebenSat.1 free TV stations' audience shares by country
in percent

	Q3 2008	Q3 2007	Q1-Q3 2008	Q1-Q3 2007
Germany (1)	29.7	29.1	29.2	29.0
Austria (2)	16.1	13.0	15.6	11.7
Switzerland (3)	18.5	16.2	17.6	16.8
Netherlands (4)	23.9	22.7	23.2	21.6
Belgium (5)	16.2	14.5	16.0	15.2
Norway (6)	14.0	14.4	13.7	14.1
Sweden (5)	13.9	14.4	14.7	15.0
Denmark (7)	9.6	8.1	8.7	7.5
Finland (8)	2.6	3.6	2.9	2.6
Hungary (7)	20.8	23.1	21.5	23.4
Romania (5)	5.6	6.3	5.9	7.0

All data refere to 24-hour market shares. (1) ProSieben, Sat.1, kabel eins and N24. All German households using TV (Germany + EU), Monday-Sunday, 3:00 a.m. – 3:00 a.m., audience age 14-49. (2) Target demographic 12-49. ProSieben Austria, Sat.1 Austria, kabel eins Austria and Puls 4 (since 01/28/2008). (3) ProSieben, Sat.1, kabel eins, Monday-Sunday, 2:00 a.m – 2:00 a.m., audience age 15-49. (4) Rating among target demographic 20-49. (5) Rating among target demographic 15-44. Romania's quarterly figures are based on the urban population. Belgium's figures refer to the region of Flanders. (6) Rating among target demographic 12-44. (7) Ratings among target demographic 15-50, except data for Hungary, which is based on demographic 18-49. (8) Ratings among target demographic 12-24.

Assets and Liabilities, Financial Position, and Profit or Loss

Group revenue and earnings performance

Business developments in the third quarter of 2008

Consolidated revenues decreased EUR 21.9 million, or 3.3 percent, in the third quarter of 2008, to reach EUR 646.5 million. The decline resulted from ongoing difficulties in our German TV advertising unit, which represents the Group's single most important market.

Revenues by region in the third quarter of 2008

in percent

Figures for prior year in parantheses.

- After a satisfactory start into the second half, TV advertising revenues in Germany were down again in September. Advertising-financed Free TV in German-speaking Europe contributed EUR 344.2 million to revenues, a reduction of EUR 34.1 million. But revenues from the Free TV International segment grew a substantial EUR 17.1 million in the third quarter, to EUR 174.4 million. The principal reason for the continued revenue decreases in the German Free TV business were repercussions of the introduction of the new ad sales model in Germany. Last year's proceedings were part of an industry-wide investigation of ad-sales companies and media agencies in Germany. The new sales model conforms to the regulatory rules for discount systems, but a variety of agency partners did not accept it. The model has been revised over the course of the year, so that we are now able to contract again with all major media agencies in Germany. However, a major portion of the advertising budgets available on a full year basis had already been allocated during the first half of the year.

Income and expenses

Other operating income increased by EUR 3.0 million, to EUR 7.6 million, mainly due to disposal gains from the sale of BTI in August.

Changes in the portfolio

Overall costs, consisting of **cost of sales**, selling expenses and administrative expenses, were down EUR 135.0 million in the third quarter, or 18.5 percent, to EUR 595.2 million. Cost of sales was EUR 415.8 million and thus slightly lower than the EUR 418.8 million last year (down 0.7 percent). Selling expenses, and to an even greater degree administrative expenses, decreased substantially. **Selling expenses** were down EUR 18.6 million, to EUR 106.9 million, while **administrative expenses** decreased EUR 113.4 million, to EUR 72.6 million.

- Consumption of programming assets, included cost of sales, decreased EUR 24.1 million, to EUR 247.3 million. As planned, programming expenses were lowered by a cost optimized use of the existing programming assets.

- Selling expenses decreased primarily because of smaller amortizations resulting from the SBS purchase price allocation. That allocation led to amortizations of EUR 13.0 million for the third quarter of this year, compared to EUR 38.4 million for the same quarter last year. Total amortizations for purchase price allocations came to EUR 14.9 million (Q3 2007: EUR 40.2 million).

- The substantial decrease in administrative expenses from the third quarter 2007 came from large one-time expenses. These are shown below.

Distribution of amortizations resulting from purchase price allocations

in EUR m	Q1-Q3 2008	Q1-Q3 2007
Cost of sales	1.3	3.1
Selling expenses	13.6	37.1

Non-recurring items shown in expenses

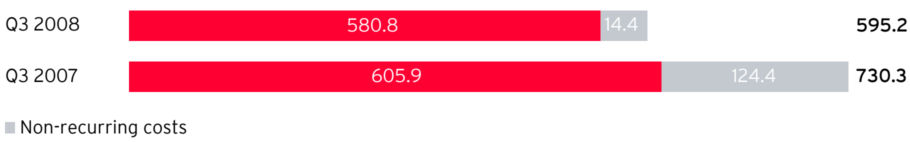
- Portfolio changes caused one-time expenses of EUR 4.9 million for the third quarter of 2008. These effects, which impact earnings, are included for the most part in administrative expenses. Administrative expenses also include write-offs of EUR 4.1 million resulting from the termination of Lehman Brothers' interest-rate swaps. Lehman Brothers International (Europe) applied for protection from creditors on September 15. The terminated hedge was replaced mostly by new hedges, which resulted in an only immaterial change of the hedge ratio ↗. Non-recurring expenses for the third quarter totaled EUR 14.4 million.

↗ Borrowings

- One-time expenses of EUR 124.4 million were incurred in the third quarter of 2007, primarily for an antitrust fine of EUR 120.0 million. In the third quarter of 2007 the Group formed a provision in administrative expenses for this non-deductible penalty that resulted from the proceedings conducted by the German Federal Cartel Office.

Total costs

in EUR m



Earnings

The **recurring EBITDA** (EBITDA adjusted for non-recurring items) decreased EUR 21.7 million, or 17.4 percent, to EUR 103.1 million. The contribution to recurring EBITDA from the Free TV in German-speaking Europe segment declined EUR 17.9 million, to EUR 41.8 million. The recurring EBITDA margin was down from 18.7 percent to 15.9 percent. **EBITDA** was EUR 92.5 million, compared to EUR 0.4 million in the same period of 2007.

Reconciliation of recurring EBITDA

in EUR m	Q3 2008	Q3 2007
Pre-tax loss	-20.0	-103.7
Net financial expense	78.9	46.5
Operating profit/loss	58.9	-57.2
Depreciation and amortization	33.6	57.6
(including: from purchase price allocations)	14.9	40.2
EBITDA	92.5	0.4
Non-recurring items (net)*	10.6	124.4
Recurring EBITDA	103.1	124.8

* Differential of one-time expenses and non-recurring income.

The **net financial result** was EUR -78.9 million in the third quarter, following EUR -46.5 million for the same quarter last year. This year's figure includes a net interest expense of EUR -67.7 million, compared to EUR -44.7 million in the third quarter of 2007. The larger interest expense resulted in part from the increase in net financial debt caused by larger draw downs on the revolving credit facility ↗. Additionally, the previous year's financial result included an interest income from the derecognition of interest rate swaps under the old SBS financing structure. Furthermore the net financial result in the third quarter 2008 included higher foreign currency translation losses.

↗ Net financial debt

The **pre-tax loss** improved from EUR -103.7 million, to EUR -20.0 million. Last year's figure reflects the impact of the EUR 120.0 million fine from the Cartel Office proceedings.

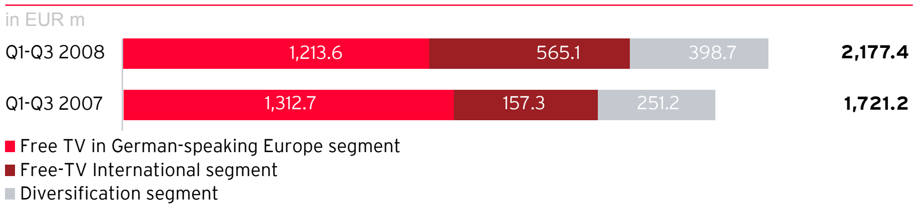
After deduction of tax expenses and minority interests, the **consolidated loss for the period** in the third quarter of 2008 was EUR -10.7 million, compared to EUR -77.9 million for the third quarter of 2007. The adjusted consolidated profit after minority interests (**underlying net income**) was EUR 0.6 million, compared to EUR 68.4 million a year ago. This value is adjusted for amortizations of capitalized intangible assets as a consequence of purchase price allocations and for the Federal Cartel Office fine in 2007.

Business developments in the first three quarters of 2008

For the nine-month comparison it should be noted that the SBS Broadcasting Group, acquired in June 2007, is included in last year's figures only from July 3, 2007 onward. For the first three quarters of 2008, consolidated revenues were up EUR 456.3 million, or 26.5 percent, to EUR 2.177 billion. SBS's contribution to **consolidated revenues** in January through September 2008 was EUR 792.9 million. Its contribution to revenues in the prior year figures, from July 2007 onward, was EUR 228.3 million.

The positive impact of the first-time consolidation of SBS was more than offset by revenue setbacks in the German free TV business, as is evident from the breakdown of revenues by business unit and segment.

External revenues by segment



*Consolidation of SBS since July 2007

- External revenues in the Free TV unit, which combines Free TV in German-speaking Europe and Free TV International segments, were up EUR 308.8 million, to EUR 1.779 billion. The revenue increase resulted from the inclusion of SBS's international free TV activities, which contributed revenues of EUR 565.1 million (July-September 2007: EUR 157.3 million). Since the consolidation of SBS in July 2007, the advertising-financed television unit has included both the Free TV in German-speaking Europe segment (with the stations Sat.1, ProSieben, kabel eins, N24 and PULS 4), and the Free TV International segment (with stations in Belgium, Denmark, Finland, the Netherlands, Norway, Romania, Sweden and Hungary). Revenues in Free TV in German-speaking Europe segment decreased by EUR 99.0 million, to EUR 1.214 billion.

- The Diversification unit accounted for EUR 398.7 million in revenues (Q1-Q3 2007: EUR 251.2 million), or 18.3 percent (Q1-Q3 2007: 14.6 percent). SBS's diversification activities contributed EUR 227.8 million to revenues (July-September 2007: EUR 71.0 million).

The consolidation of SBS also had a positive impact on **recurring EBITDA**, which increased EUR 29.2 million, or 8.0 percent, to EUR 395.3 million. The recurring EBITDA of the former SBS Broadcasting Group amounted EUR 159.0 million (July-September 2007: EUR 52.2 million). The recurring EBITDA margin declined to 18.2 percent (Q1-Q3 2007: 21.3 percent).

EBITDA, at EUR 366.6 million, was up EUR 125.4 million from the previous year's equivalent (+52,0 percent). The prior-year figure reflected the impact of one-time expenses resulting from the Federal Cartel Office proceedings (EUR 120.0 million). In all, net one-time effects for the first nine months of 2007 came to EUR 124.8 million, compared to EUR 28.6 million for the same period of 2008.

One-time expenses for the current year particularly resulted from portfolio changes (EUR 9.9 million) and reorganisation measures to outsource IT processes and technical services (EUR 22.9 million). On the other hand positive one-time effects of EUR 9.7 million resulted especially from the formation of a joint venture for maxdome (EUR 4.2 million) and the sale of BTI (EUR 3.8 million).

Reconciliation of recurring EBITDA

in EUR m	Q1-Q3 2008	Q1-Q3 2007
Pre-tax profit	59.6	107.3
Net financial expense	201.6	55.9
Operating profit	261.2	163.2
Depreciation and amortization	105.4	78.0
(including: from purchase price allocations)	51.9	43.6
EBITDA	366.6	241.2
Non-recurring items (net)*	28.6	124.8
Recurring EBITDA	395.3	366.0

* Differential of one-time expenses and non-recurring income.

Other important items in the income statement:

Total costs – consisting of cost of sales, selling expenses and administrative expenses – grew EUR 365.6 million, or 23.3 percent, in the first three quarters of 2008, to total EUR 1.935 billion. The rise in costs resulted from the consolidation of SBS and the associated higher amortizations from purchase price allocations.

- The full consolidation of SBS generated costs of EUR 700.5 million in the first nine months of 2008. The prior-year figure includes the SBS costs prorated over three months, at EUR 224.0 million.
- The SBS purchase price allocation led to amortizations of EUR 46.1 million in the first three quarters of 2008 (Q3 2007: EUR 38.4 million). Total amortizations for purchase price allocations came to EUR 51.9 million, compared to EUR 43.6 million a year earlier.

Distribution of amortizations resulting from purchase price allocations

in EUR m	Q1-Q3 2008	Q1-Q3 2007
Cost of sales	7.7	3.2
Selling expenses	44.2	40.4

Interest expenses increased EUR 128.0 million, to EUR 203.2 million, as a result of financing for the acquisition of SBS for the full nine months of 2008. The **financial result** was down EUR 145.8 million, to EUR –201.6 million.

Pre-tax profit decreased 44.5 percent, to EUR 59.6 million (Q1-Q3 2007: EUR 107.3 million).

The changes described above caused the **consolidated profit** (after minority interests) to decline EUR 9.1 million, or 18.1 percent, to EUR 40.9 million. The net profit for the period after adjustment for amortizations from the purchase price allocation (underlying net income) came to EUR 80.4 million, compared to EUR 197.5 million for the same period last year.

Pro forma comparison for Q1-Q3: SBS consolidated as of January 2007

SBS was consolidated for the first time as of July 3, 2007, so that the SBS Broadcasting Group is represented on a pro forma basis in the nine-month figures for 2007. But to make period-on-period comparisons for the first three quarters possible, the discussion below shows the main revenue and earnings figures for the first nine months of 2007 as though the new corporate structure had already existed (pro forma figures). Thus the pro forma figures for 2007 include SBS's business as of January 2007.

On the basis of a pro forma comparison, **consolidated revenues** for the first nine months of 2008 were down 3.1 percent, to EUR 2.177 billion – a decrease of EUR 70.6 million caused by the revenue setbacks in the German Free TV business. **Recurring EBITDA** (adjusted for one-time effects) decreased EUR 92.0 million, or 18.9 percent, against the first three quarters of 2007, to EUR 395.3 million. **EBITDA** increased EUR 19.5 million, or 5.6 percent, to EUR 366.6 million. **Total costs** decreased EUR 96.3 million, to EUR 1.935 billion. This figure includes EUR 28.6 million in net one-time effects, compared to EUR 140.1 million last year.

One-time effects

in EUR m	ProSiebenSat.1 (not including SBS)		SBS Broadcasting Group		**ProSiebenSat.1 Group (after consolidation)**	
	Q1-Q3 08	Q1-Q3 07	Q1-Q3 08	Q1-Q3 07**	**Q1-Q3 08**	Q1-Q3 07**
Group revenues	1,384.5	1,492.8	792.9	755.2	2,177.4	2,248.0
Recurring EBITDA*	236.3	313.8	159.0	173.5	395.3	487.2
EBITDA	206.6	190.1	160.0	157.0	366.6	347.1

* Recurring EBITDA= EBITDA before non-recurring items.
** Pro forma figures for the first three quarters of 2007.

Financial Position

Cash flow statement: 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, cash flows from investing activities and cash flows from financing activities. The cash flow from operating activities is derived indirectly from the Group's profit/loss for the period. The cash and cash equivalents indicated in the cash flow statement are the same as the cash and cash equivalents shown in the balance sheet as of the reporting date. To explain the financial position, we have summarized the main components of the cash flow statement below:

in EUR m	**Q3 2008**	Q3 2007	**Q1-Q3 2008**	Q1-Q3 2007
Consolidated loss/profit (after minority interests)	-10.7	-77.9	40.9	49.9
Cash flow	271.5	240.5	1,038.3	931.5
Inventories	0.3	- / -	-0.5	-0.6
Change in non-interest-bearing receivables and other assets	30.4	62.7	-61.8	4.8
Change in non-interest-bearing liabilities	-18.6	16.7	-57.9	14.8
Change in working capital	12.1	79.3	-120.2	19.0
Cash flow from operating activities	283.6	319.8	918.1	950.5
Cash flow from investing activities	-410.5	-2,359.5	-1,124.8	-2,839.8
Free cash flow	-126.9	-2,039.6	-206.7	-1,889.3
Cash flow from financing activities	227.8	1,989.4	206.4	1,989.5
Change in cash and cash equivalents	100.9	-50.2	-0.3	100.2
Cash and cash equivalents at beginning of reporting period	149.6	213.9	250.8	63.5
Cash and cash equivalents	250.5	163.7	250.5	163.7
thereof assets and liabilities held for sale	-29.0	- / -	-29.0	- / -
Cash and cash equivalents of continued operations at end of period	221.5	163.7	221.5	163.7

The figures for the first three quarters 2007 do not include SBS.

From January through September 2008, the **cash flow from operating activities** decreased EUR 32.4 million against the first nine months of 2007, to EUR 918.1 million. The payment of the Federal Cartel Office fine in the amount of EUR 120.0 million is included in the position of changes in non-interest-bearing liabilities.

A total of EUR 1.125 billion was used in **investing activities** during the period, compared to EUR 2.840 billion a year earlier.

Most of the ProSiebenSat.1 Group's investing activity is in capital expenditures for programming assets. In the first nine months of 2008, the Company invested a total of EUR 1.068 billion in purchases of programming rights, compared to EUR 809.8 million a year ago. Of this figure, EUR 714.3 million was for German-speaking Europe (Q1-Q3 2007: EUR 689.6 million).

In the context of acquisitions the cash flow from investing activities was impacted by additions to the scope of consolidation in the amount of EUR 45.5 million, compared to EUR 2.028 billion for January through September of 2007. In the current year, cash was used for such acquisitions as a full ownership interest in the Fem.com internet platform and interests in lokalisten.de and autoplenum.de, among others. Changes in the scope of consolidations due to divestmens, primarily the sale of BTI, impacted the cash flow by EUR 5.7 million.

- The large figure of EUR 2.359 billion for cash used in the **third quarter of 2007** was dominated by payments relating to the SBS acquisition, including the net purchase price of some EUR 2.1 billion.

The ProSiebenSat.1 Group invested EUR 53.1 million for the period in property, plant and equipment and in intangible assets, compared to EUR 22.2 million for January-September 2007.

The above changes yielded a **free cash flow** of EUR –206.7 million, compared to EUR –1.889 billion for the same period last year.

The **cash generated from financing activities** amounted to EUR 206.4 million for the first nine months of 2008 (Q1-Q3 2007: EUR 1.990 billion), most of which came from a draw on the revolving credit facility.

- Cash generated in this category in the **third quarter of 2008** came primarily from draws of EUR 237.2 million on the revolving credit facility. At September 30, 2008, the Group's total draw on the line of credit came to EUR 497.2 million.

- Financing activities generated EUR 3.7 billion in cash in the **third quarter of 2007**. The inflow came primarily from the new credit agreement signed in connection with financing the SBS transaction.

The above changes caused cash to increase by EUR 57.8 million for January-September 2008 against the same period of 2007. Thus as of September 30 of this year, the Group **had cash and cash equivalents (from continuing activities)** of EUR 221.5 million. Including cash of discontinued operations **cash and cash equivalents** amounted EUR 250.5 million.

Borrowings

Financing measures for the SBS acquisition

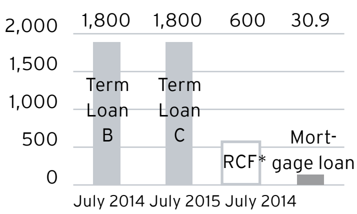
Last year, the ProSiebenSat.1 Group entered into a senior secured syndicated credit facility of EUR 3.6 billion to acquire SBS. The loan agreement is composed of various variable-interest-rate term loans for a total of EUR 3.6 billion, with maturities in July 2014 **(Term Loan B)** and July 2015 **(Term Loan C)**. The loans covered not only the purchase price and transaction costs, but the refinancing of financial liabilities. The Group has hedged some 80 percent of its variable-interest financial liabilities by way of a variety of interest-rate swaps.

Additionally, the loan agreement includes a **revolving credit facility** with a facility amount of EUR 600 million and a term to July 2014.

The international financial crisis has also affected the ProSiebenSat.1 Group's financing. Two lenders are either currently unable to meet their obligations under the loan agreement:

- Through its subsidiary Lehman Commercial Paper Inc., Lehman Brothers Inc. held 0.9 percent (equates to EUR 30.9 million) of the secured term loans and 3.8 percent (equates to EUR 22.7 million) of the revolving credit facility (RCF) as a lender. The Lehman Brothers holding company applied for protection from creditors on September 15, and Lehman Commercial Paper filed its own application for protection on October 5. As of that time, Lehman Commercial Paper Inc. will no longer provide funds for new draw downs under the RCF. However, existing RCF draw downs can be rolled-over for the same amount without any early repayment of the Lehman component. A repay-

Credit facilities
In EUR m



* Revolving credit facility

ment of drawn Lehman facilities under RCF would lead to a loss of the commitments. The term loans already furnished by Lehman Commercial Paper Inc. under the term loan facilities are likewise unaffected by the insolvency. Moreover, Lehman has no right to demand, and the ProSiebenSat.1 Group has no obligation to perform, any early redemption of Lehman's share of the secured term loans.

- The Icelandic bank Glitnir banki hf. holds 1.7 percent (equates EUR 10.0 million) of the revolving credit facility as a lender. Glitnir has been nationalized as a consequence of the financial crisis in October, and will not participate in future drawings. This change has no effect on outstanding drawings. However, a repayment of drawn facilities would lead to a loss of the comittments.

In consideration of Lehman and Glitnir, EUR 5.6 million of revolving credit facility were no longer available for drawing as of September 30, 2008. Thus the revolving credit facility's availability comes to EUR 594.4 million. The ProSiebenSat.1 Group can draw variably on the revolving credit facility for general corporate purposes. In consideration of bank guarantees as of September 30, 2008, the Group still had EUR 66.9 million remaining unused in its revolving credit facility. Furthermore the group has cash and cash equivalents (including from discontinued operations) of EUR 250.5 million.

Net financial debt

Financial debt increased against both December 31 and September 30 of 2007. Most of the increase came from higher short-term liabilities to banks resulting from the draw down of EUR 497.2 million on the revolving credit facility, as discussed above.

- Compared to December 31 of last year, short-term borrowings with a remaining term of less than one year had increased EUR 514.9 million, to EUR 517.1 million. Long-term loans and borrowings came to EUR 3.550 billion, compared to EUR 3.577 billion on December 31, 2007. Thus the ProSiebenSat.1 Group's total financial debt has increased EUR 487.9 million against December 31, 2007, to EUR 4.067 billion.

- Total financial debt was up EUR 361.9 million against September 30, 2007.

Net financial debt is the total of loans and borrowings, less cash and cash equivalents and current securities, plus the cash and cash equivalents from the assets held for sale. As of September 30, 2008, net financial debt amounted to EUR 3.846 billion, compared to EUR 3.328 billion on December 31, 2007, and EUR 3.541 billion on September 30, 2007. The cash and cash equivalents in this figure (including from discontinued operations) came to EUR 250.5 million. Cash and cash equivalents from continuing operations came to EUR 221.5 million (December 31, 2007: EUR 250.8 million; September 30, 2007: EUR 163.7 million).

Assets and Liabilities

Assets and liabilities held for sale

Because of the planned sale of C More, the balance sheet of the ProSiebenSat.1 Group recognizes the business of this subsidiary as current assets held for sale. This value was measured at EUR 348.7 million as of September 30, 2008. On the equities and liabilities side, the item appears as current liabilities held for sale, in the amount of EUR 72.8 million.

Consolidated balance sheet compared to December 31, 2007

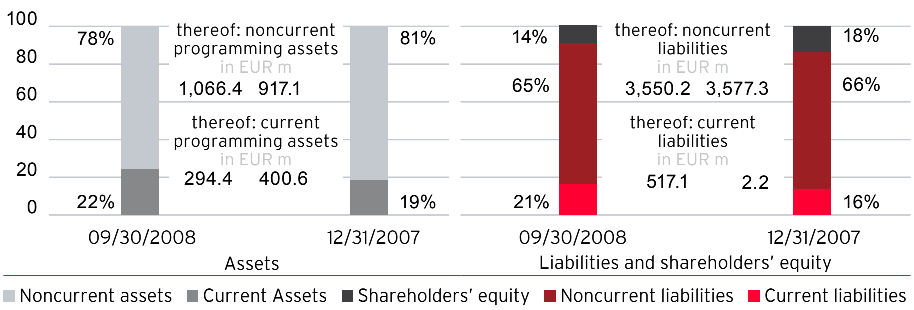
The Group's **total assets** at September 30, 2008, came to EUR 6.131 billion, and thus were up EUR 132.3 million against December 31, 2007.

Among the increasing items **on the assets side** were noncurrent programming assets, which rose EUR 149.3 million, to EUR 1.066 billion. Capitalized programming assets totaled EUR 1.361 billion, compared to EUR 1.318 billion at December 31, 2007. This is equivalent to 22.2 percent of the total assets (December 31, 2007: 22.0 percent).

On the equity and liabilities side, **shareholders' equity** decreased EUR 218.3 million, to EUR 844.0 million. The equity ratio was 13.8 percent, compared to 17.7 percent at December 31, 2007. Among other things, the - compared to last year - higher dividend as well as the buyback of own shares in the amount of EUR 15.1 million reduced the equity capital base. A total of EUR 269.9 million was paid for dividends in June 2008 (Q3 2007: EUR 192.5 million).

Total **noncurrent and current liabilities** increased EUR 350.7 million, to EUR 5.287 billion. The primary reason was draws of EUR 497.2 million on the revolving credit facility. Short-term loans and borrowings consequently increased EUR 514.9 million, to EUR 517.1 million. By contrast, other current liabilities decreased EUR 140.2 million, to EUR 227.8 million. Other short-term liabilities as of December 31, 2007, reflected payment obligations of EUR 120.0 million resulting from the Federal Cartel Office proceedings. The fine was paid in two installments of EUR 60.0 million each, in January and July of this year.

Balance-sheet ratios
in percent



Consolidated balance sheet compared to September 30, 2007

The Group's **total assets** rose against September 30, 2007, by EUR 235.0 million, to EUR 6.131 billion. The increase resulted in part from increased draw downs on the revolving credit facility. As of September 30, 2008, EUR 497.2 million had been drawn from this credit facility, compared to EUR 120.0 million at September 30, 2007. Consequently short-term loans and borrowings were up EUR 394.4 million against the same date last year, to EUR 517.1 million.

- Representing 22.2 percent of total assets, noncurrent and current **programming assets** are among the Group's most important asset items (September 30, 2007: 22.4 percent). This figure includes noncurrent programming assets for an amount of EUR 1.066 billion (September 30, 2007: EUR 894.7 million). Current programming assets came to EUR 294.4 million, compared to EUR 424.3 million for the same period last year.

- The **equity ratio** decreased 4.5 percentage points, to 13.8 percent.

Employees

As of September 30, 2008, the ProSiebenSat.1 Group had 6,075 employees throughout Europe, compared to 5,996 on the same date last year.

- The average number of full-time-equivalent positions rose by 1,950 in the first nine months of 2008, to 6,012. Approximately 3,119 of these employees worked in Germany, Austria and Switzerland (Q1-Q3 2007: 3,095). The personnel figures for the first nine months of 2007 include employees of the SBS Broadcasting Group on a prorated basis for only three months. Thus most of the increase in employees on an average full-time equivalent basis derives from the effects of the first consolidation of SBS as of July 3, 2007. The staff size increased further through the consolidation of free TV station PULS 4 in Austria and various online portals, especially Magic Internet Holding GmbH (MyVideo.de), Fem Media GmbH, and lokalisten Media GmbH.

Another factor that increased the number of employees were hires that 9Live International took on to handle that company's expanded business operations.

By contrast, efficiency enhancement programs and portfolio changes reduced the number of employees at ProSiebenSat.1 Produktion and the Sat.1 regional companies.

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 consolidated management report.

Business Segments

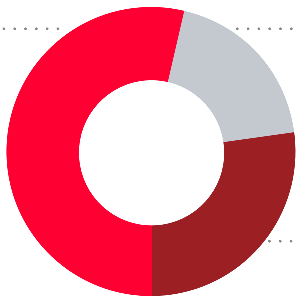
As part of the first consolidation of SBS (July 3, 2007), the segment structure of the ProSiebenSat.1 Group was revised to better reflect the Group's expanded international business operations.

- The four German stations (Sat.1, ProSieben, kabel eins and N24) were consolidated into the **Free TV in German-speaking Europe** segment. This segment also includes ProSiebenSat.1 Produktion, the Sat.1 regional companies, the marketing company SevenOne Media, and the Group's subsidiaries in Austria (including PULS 4) and Switzerland.
- The advertising-financed TV stations of the former SBS Broadcasting Group in the Benelux countries (Netherlands, Belgium), Northern Europe (Denmark, Finland, Norway, Sweden) and the CEE area (Bulgaria, Hungary, Romania) are combined in the **Free TV International** segment.
- The diversification activities brought in with SBS (radio, print, premium pay TV) are pooled together with previous diversification operations in the **Diversification segment.**

Business Conditions

External revenues by segments in Q3 2008

In Percent



Figures for prior year in parantheses.

Free TV in German-speaking Europe

Business developments in the third quarter of 2008

External revenues of the Free TV segment in Germany, Austria and Switzerland for the third quarter of 2008 were EUR 344.2 million, down EUR 34.1 million from the prior-year figure. This is equivalent to a revenue decrease of 9.0 percent and the consequence of lower advertising revenues in Germany, the Group's single most important region.

- Despite a satisfactory start to the third quarter and a very good audience share, advertising revenues in Germany were again below expectations. Ongoing difficulties resulting from the implementation of the Group's ad sales model in Germany were the main cause of the decrease. Additionally, general economic conditions deteriorated towards the end of the period.

Economic Conditions

- Advertising revenues in Switzerland were down slightly. The main reason was the June broadcast of the 2008 UEFA European Soccer Championship in Austria and Switzerland, which caused a delayed decline in bookings for TV spots at the beginning of the quarter.

- But in Austria, TV advertising revenues continued to grow. The revenue increase mainly resulted from an expansion of the technical reach of the Group's Austrian TV stations, which helped increase audience shares.

Part of the decline in revenues in the German market was compensated by savings on operating costs. The segment's **recurring EBITDA** was down EUR 17.9 million against the third quarter of 2007, to EUR 41.8 million (-30.0 percent).

EBITDA, by contrast, grew against last year, by EUR 91.2 million, to reach EUR 27.9 million (+144.1 percent). Last year's figure of EUR -63.3 million was the consequence of one-time expenses of EUR 123.0 million primarily resulting from the proceedings by the Federal Cartel Office. This corresponds to one-time expenses of EUR 13.9 million for the third quarter of 2008, mainly resulting from portfolio changes.

One-time effects in third quarter

Business developments in the first three quarters of 2008

External revenues for the first nine months of 2008 were down EUR 99.0 million, or 7.5 percent, to EUR 1.214 billion. Apart from difficulties in the German TV advertising market, the public broadcasters' coverage of the European Soccer Championship affected TV advertising revenues.

The substantial revenue decreases also affected **recurring EBITDA**, which was down EUR 64.4 million or 23.0 percent, to EUR 215.2 million. EBITDA was EUR 181.6 million. Considering the large one-time expenses in the third quarter of 2007, EBITDA was thus EUR 26.5 million higher, or 17.1 percent, than last year.

Free TV in German-speaking Europe

THE THIRD QUARTER AT A GLANCE:

- Difficulties in the German TV advertising market also affected quarterly results
- German stations increased audience share substantially, scoring 29.7 percent among key demographic

Revenues
Q3
-9.0%

Recurring EBITDA
Q3
-30.1%

Free TV International

Business developments in the third quarter of 2008

The Free TV International segment continued to prosper. **External revenues** were EUR 174.4 million, up EUR 17.1 million or 10.9 percent from a year ago (Q3 2007: EUR 157.3 million). The countries with the fastest growth were Denmark (+25 percent), Romania (+20 percent), Hungary (+13 percent) and Norway (+12 percent). Most of the increase came from higher advertising revenues, as well as distribution revenues and the good performance of new stations launched in 2007. Free TV station Kanal 9 was launched in Sweden in February of last year, and FEM in Norway went on the air in September 2007.

Recurring EBITDA grew EUR 5.5 million, or 15.6 percent, to EUR 40.8 million. **EBITDA** gained EUR 11.5 million, or 33.5 percent, to reach EUR 45.6 million. The third-quarter EBITDA for 2008 includes one-time effects of EUR 4.8 million, most of which result from the sale of BTI.

Key figures for the Free TV International segment (Consolidation of SBS since July 2007)

in EUR m

	Q3 2008	Q3 2007	Q1-Q3 2008	Q1-Q3 2007
External revenues	174.4	157.3	565.1	157.3
Recurring EBITDA*	40.8	35.3	122.7	35.3
EBITDA	45.6	34.2	126.5	34.2

* Recurring EBITDA = EBITDA before non-recurring items.

Business developments in the first three quarters of 2008

The Free TV International segment has been included in the ProSiebenSat.1 consolidated financial statements since July 2007. To allow a period-on-period comparison for the full nine months, pro forma figures were used for 2007 that include international free TV operations since January 2007. Based on a pro forma calculation, the segment's external revenues rose 4.7 percent in the first nine months of 2008, to EUR 565.1 million (Q1-Q3 2007 pro forma: EUR 539.9 million). In addition to higher advertising revenues, which grew despite comparatively lower bookings caused by the European Soccer Championship in June and the generally deteriorating economic environment toward the end of the third quarter, revenue growth also came from higher distribution revenues and the launches of new stations.

Startup costs for new stations and higher programming costs caused **recurring EBITDA** to decrease 9.2 percent against the pro forma nine-month figures, to EUR 122.7 million (Q1-Q3 2007 pro forma: EUR 135.2 million). **EBITDA**, at EUR 126.5 million, was 7.4 percent above the previous year's equivalent (Q1-Q3 2007: EUR 117.8 million). The prior-year figure includes one-time expenses for the integration of ProSiebenSat.1 and SBS.

Free TV International

THE THIRD QUARTER AT A GLANCE:

- Free TV International was on a growth track in the third quarter
- Higher TV advertising revenues contributed here
- Sale of Scandinavian subtitling service BTI closed in August

Revenues
Q3
+10.9%

Recurring EBITDA
Q3
+15.6%

Diversification

Business developments in the third quarter of 2008

The Diversification segment's **external revenues** for the third quarter 2008 came to EUR 127.9 million, down EUR 4.9 million, or 3.7 percent, against the prior-year equivalent. Most of the revenue decrease resulted from lower revenues in 9Live's core business in call TV in Germany. International radio activities remained robust, with revenues above last year's figures. The growth drivers included Radio Norge, which the Group acquired at the beginning of the year. Revenues were also up for premium pay TV activities in Northern Europe (C More). The revenue driver in the German-speaking market was the online business. Revenue growth here came in part from organic growth, and in part from the positive impact of first consolidations.

Changes in the portfolio

The segment's **recurring EBITDA** was down EUR 10.6 million, to EUR 19.3 million (-35.4 percent). **EBITDA** decreased EUR 10.8 million, to EUR 18.9 million (-36.5 percent). Apart from revenue decreases, higher costs also contributed to reducing earnings. One cause for higher costs was the expansion of business activities in radio and online operations. Another was the higher startup costs for expanding 9Live's international programming, especially for the launch of call TV windows in Russia and India in the fall of 2008.

Business developments in the first three quarters of 2008

In the nine-month comparison for the Diversification segment, it should be noted that SBS's diversification activities have been consolidated only since July 2007, and thus the comparable figures for last year show them only on a prorated basis for three months. The nine-month figures for 2008 include SBS as of January. For the first nine months of 2008, external revenues in the Diversification segment were up EUR 147.5 million, or 58.7 percent, to reach EUR 398.7 million. Most of this substantial revenue growth came from the full consolidation of SBS, which contributed EUR 227.8 million to revenues for January-September 2008. In all, acquisitions contributed EUR 229.8 million to the increase in the segment's external revenues. The consolidation of SBS also had positive effects on profitability. **Recurring EBITDA** increased EUR 4.5 million, to EUR 55.9 million (+8.8 percent). **EBITDA** improved EUR 5.9 million, to EUR 58.0 million (+11.2 percent). SBS's contribution to recurring EBITDA was EUR 34.9 million.

Using a pro forma calculation for the first three quarters of 2007 as a basis, the following table fully consolidates SBS's diversification activities in radio, print and premium pay TV as of January 2007:

Key figures for the diversification segment

in EUR m	Diversification segment (not including SBS)		SBS diversification		Diversification segment	
	Q1-Q3 2008	Q1-Q3 2007	Q1-Q3 2008	Q1-Q3 2007	Q1-Q3 2008	Q1-Q3 2007
External revenues	170.9	180.2	227.8	215.3	398.7	395.5
Recurring EBITDA*	21.0	34.4	34.9	38.2	55.9	72.6
EBITDA	24.9	35.2	33.1	39.2	58.0	74.4

* Recurring EBITDA = EBITDA before non-recurring items.

Diversification

THE THIRD QUARTER AT A GLANCE:

- Revenue and earnings performance affected by decline in call TV revenues in Germany
- Major growth drivers are international radio and pay TV operations and online portals in Germany
- Sale of premium pay TV operations in Northern Europe (C More) to be completed by end of fourth quarter, process of selling print operations in the Netherlands (Veronica) stopped because of difficult market environment

Revenues
Q3
-3.7%

Recurring EBITDA
Q3
-35.4%

The ProSiebenSat.1 Share

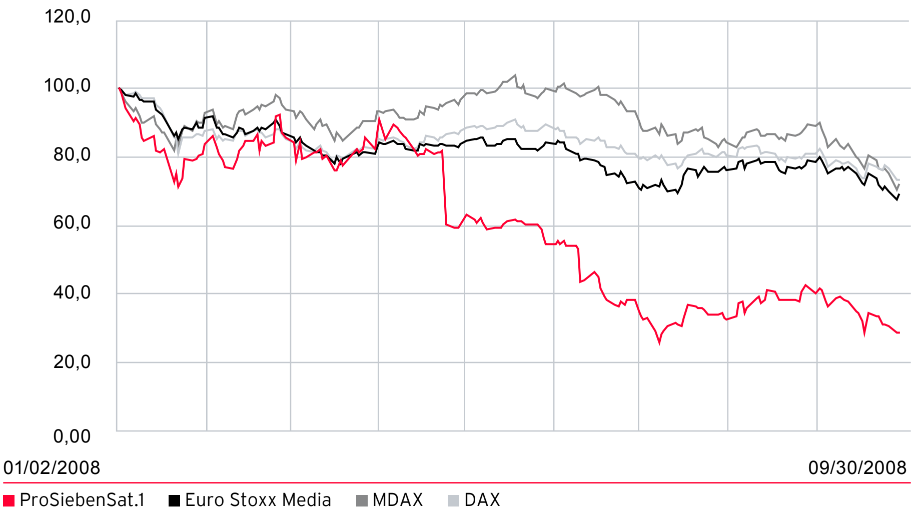
ProSiebenSat.1 stock on the stock exchange

The international crisis in the financial markets dominated events in the third quarter. The collapse of the Lehman Brothers investment bank and the initial rejection of the U.S. government's USD 700 billion rescue package caused markets worldwide to plunge to an unprecedented degree. In Germany, on September 29 the real estate financier Hypo Real Estate was rescued only with the aid of the federal government and a group of private banks. The response of central banks worldwide also showed how tight the situation in the money market had become: they injected billions in liquidity. On September 29, the DAX fell to 5,667 for a time, its lowest point since August 2006. The MDAX, where ProSiebenSat.1 stock is traded, lost more than 6 percent at the same time.

In a market dominated by falling share prices, ProSiebenSat.1 stock proved to be extremely volatile. Share prices sometimes fluctuated in a double-digit range of percentages. Because of revenue declines in the third quarter, on September 24 the ProSiebenSat.1 Group made a downward correction in its earnings projection for the current year ↗. The ad hoc announcement put additional pressure on the stock of ProSiebenSat.1 Media AG. On September 30, the last trading day of the period, the Company's stock closed at EUR 4.76, down 71.4 percent against the beginning of the year. During the first three quarters of 2008 a total of 234,485,774 shares of ProSiebenSat.1 stock were traded over the Xetra trading system, equivalent to an average daily trading volume of about 1,221,280 shares (Q1-Q3 2007: 702,741 shares). After the end of the reporting period the ProSiebenSat.1 share lost further in value. On November 3 the share closed at EUR 2.47.

↗ en.prosiebensat1.com/investor_relations/meldungen/index_en.php

The ProSiebenSat.1 share: Price performance



Basis: Xetra closing quotes. An index of 100 = January 2, 2008. Source: Reuters

The ProSiebenSat.1 share: Price performance

	01/02 – 09/30/2008
XETRA high close (EUR)	16.62
XETRA low close (EUR)	4.33
XETRA close (EUR)	4.76
XETRA trading volume (average per day) (units)	1,221,280

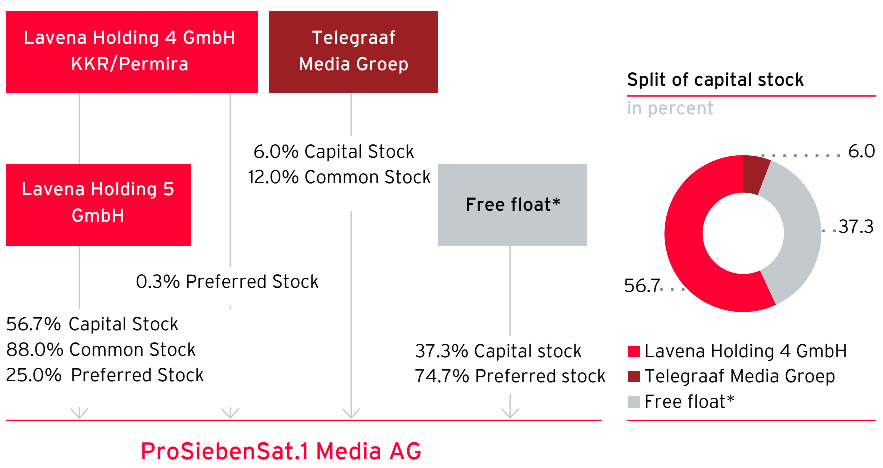
TMG is new shareholder

Changes in ownership structure

At the end of September, acting through a wholly owned subsidiary, the Dutch media group Telegraaf Media Groep N.V. (TMG) acquired 12.0 percent of the voting common stock of ProSiebenSat.1 Media AG from Lavena Holding 5 GmbH. This is equivalent to 6.0 percent of the Company's share capital.

The Lavena Holding companies, which are controlled by funds advised by Kohlberg Kravis Roberts & Co. L.P. (KKR) and Permira Beteiligungsberatung GmbH (Permira), remain the majority shareholders of ProSiebenSat.1 Media AG, with 88.0 percent of the Company's voting common stock and 25.3 percent of the nonvoting 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.

Shareholder structure of the ProSiebenSat.1 Media AG



*thereof treasury stock: 1.0 percent of preferred shares; respectively 0.5 percent of capital stock.

Share buy-back

From March 7 to April 3, 2008, ProSiebenSat.1 Media AG bought back 1,127,500 shares of its own preferred stock, equivalent to about 1.0 percent of the preferred shares, or 0.5 percent of the Company's share capital. The stock was purchased at an average price of EUR 13.36 per share. The repurchased stock is intended primarily to service stock options under the Long Term Incentive Plan. Ownership of this stock brings ProSiebenSat.1 Media AG no entitlements. Under Sec. 71b of the German Stock Corporations Act, treasury stock held directly or indirectly by the Company is not entitled to collect dividends.

Period	Shares purchased	Total value in EUR m
7/3-31/3/08	934,003	12.3
1/4-3/4/08	93,497	2.8
Total	**1 ,127,500**	**15.1**

Shareholders' meeting for fiscal 2007

The annual meeting of the shareholders of ProSiebenSat.1 Media AG for fiscal 2007 was held in Munich on June 10, 2008. About 200 shareholders attended, representing 64 percent of the share capital. All motions by management for decisions requiring shareholder consent were carried unanimously. Among other resolutions, the meeting approved management's dividend proposal and ratified the supplemental elections to the Supervisory Board. The meeting elected Silke Scheiber, a director at Kohlberg Kravis Roberts Co. Ltd., and Stefan Dziarski, an investment professional at Permira Beteiligungsberatung GmbH, to the Supervisory Board of ProSiebenSat.1 Media AG. The meeting unanimously ratified the actions of the members of the Supervisory Board already in office.

http://en.prosiebensat1.com/investor_relations/hauptversammlung/1/

The dividend was paid out on June 11, 2008, the day after the annual shareholders' meeting. For fiscal 2007, the shareholders received a dividend of EUR 1.23 per share of common stock and EUR 1.25 per share of preferred stock.

Changes in the Supervisory Board

Reinhard Gorenflos, a partner in Kohlberg Kravis Roberts & Co. Ltd., has joined the Supervisory Board of ProSiebenSat.1 Media AG. He was appointed to the Board by a decision of Munich Local Court on September 5, succeeding Heinz-Joachim Neubürger, who resigned as of August 4. Effective from November 3 Christoph Röttele, Operations Director at Permira Beteiligungsberatung GmbH, was appointed to the Supervisory Board of ProSiebenSat.1 Media AG. He replaces Katrin Wehr-Seiter, who resigned from the Board on November 2, 2008.

Subsequent Events

From the end of the third quarter of 2008 to November 4, 2008, the date when this report was cleared for publication, no events occurred that are or might be of particular significance for the assets, liabilities, financial position and profit or loss of the ProSiebenSat.1 Group.

Risk Report

In the course of our business activities, we are exposed to risks that are inseparably associated with those activities. Our risk management system enables us to identify, analyze and assess current and future potential risks at an early stage, and supports efficient management of those risks. It includes monitoring and reporting of the terms of financing agreements ("financial covenants"), such as various restrictive undertakings and financial covenants which need to be complied with. 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.

The 2007 Annual Report of the ProSiebenSat.1 Group contains a detailed discussion of risk categories, as well as a description of the Group's risk management system, starting on page 50.

http://en.prosiebensat1.com/investor_relations/finanzberichte/

Overall risk for the Company

We currently view the deterioration of the general economic situation in Europe as our greatest risk. It is not clear how long the financial crisis will last, or how severely it will affect the economy as a whole or our industry in particular. Another important issue is the market's acceptance of the ad sales model for our core market in Germany. We will take into account changes in economic conditions in the 2009 budgeting process, and deal with them systematically. The international financial crisis has also lent greater importance to monitoring counterparty risks. It is unprecedented that leading financial institutions like Lehman Brothers Inc. failed for administrative protection from creditors, or that banks needed so much state support globally. The ProSiebenSat.1 Group, as a media corporation that operates throughout Europe in multiple relationships with international partners in the financial industry, must rely on fully functioning markets for money, capital, foreign exchange and derivatives.

Outlook Report

In addition to these external risks and sales risks, the regulatory and legal environment also poses risks for our business operations. In this regard, the following matters are relevant to the risk management system at present:

- ProSiebenSat.1 Group may be exposed to an abstract income tax risk in conjunction with a pending investigation by the Munich State Prosecutor's Office I against certain private individuals. Depending on the outcome of that investigation, certain past operating expenses might be reclassified retroactively as non-deductible.

- The ProSiebenSat.1 Group is currently in negotiations with various copyright holders concerning the use of their rights on the Group's platforms, especially in new media (online). The negotiations primarily concern the rights of (online) use for music held by various companies, especially rights exploitation companies. The diversity of owners has made it increasingly difficult to arrive at a convenient, quick solution to these matters, and there may be adverse consequences for the development of the new media business.

Outlook Report

Opportunities

Opportunities in corporate strategy

Our opportunities and risks correlate closely with the performance of the economy at large. Although our European presence gives us a broader base, significantly diversifying our risk exposure to economic cycles in individual markets, nevertheless a general weakening of the advertising market in Germany could have a major impact on our future business performance.

The strengthening of our core business free TV takes center stage in our strategic alignment. Since a well-balanced revenue mix is of major importance to the Group's competitiveness, we will continue to diversify our operations, while maintaining a clear focus on our core business. The acquisition of the SBS Broadcasting Group has opened up interesting new opportunities for growth in this regard. Our presence in 13 European countries gives us specific expertise that offers additional opportunities for the international roll-out of our services, on top of the cross-media use of content.

Strategic goals of the ProSiebenSat.1 Group

1. Concentration on core business in free TV/Content development
Expanding the core business in free TV is the most important strategic objective. Attractive content is the foundation of this strategy.

2. Diversification/Expansion in new media
By distributing our programming on all available media platforms, we will strengthen our presence in the world of digital media, and at the same time tap additional sources of revenue that do not depend on the TV advertising market.

3. Creating a leading operations platform
The change to a technology infrastructure that is tapeless, and thus for the first time fully digital, will enable us to exploit TV content throughout Europe across all distribution channels.

Future business conditions

Economic conditions

The strain created by the crisis in real estate and the financial markets will slow down the **global economy** further in the foreseeable future. Countries whose output depends heavily on the financial or building sectors will be particularly at risk of recession. These include the United States, the United Kingdom, and Spain. But exporting economies like Germany's will also feel the impact of slackening demand. The German economic institutes that participate in the joint Fall Assessment are forecasting worldwide economic growth of 2.5 percent in real terms for 2008, compared to 3.5 percent last year. No recovery is expected before mid-2009. However, their projection presupposes that the international financial system will stabilize by then.

The economy within the **Euro Zone** has cooled significantly over the course of the year, after a strong start. The ifo institute estimates that the second and third quarters will end with negative growth in real terms. A modest plus is not expected until the third quarter (+0.1 percent against the previous quarter). The leading economic research institutes estimate that real gross domestic product will expand a total of 1.1 percent in 2008, compared to 2.6 percent last year. As in the case of the global economy, a more sustainable recovery cannot be expected before the second half of 2009. At that point, such favorable factors as declining prices for commodities and energy and the ongoing vigorous demand from emerging economies could gradually come to the fore. For 2009 as a whole, however, the outlook remains very lacklustre, with expected real growth of 0.2 percent.

In the autumn of 2008, the **German economy** stands on the brink of a recession. For some time now, the cooling global economy has sapped the forces driving expansion in this country's economy. New orders have declined month-on-month between December 2007 and July 2008. The currently even more acute situation in the financial markets has made the outlook deteriorate still further. According to the institutes, gross domestic product will decline at a current annualized rate of 0.7 percent in the second half. However, because of the strong first quarter, real economic growth for 2008 as a whole is projected at 1.8 percent. There will be no such growth cushion next year. Since both capital spending and exports are not likely to recover before the middle of 2009 at the earliest, consumer spending must step in as the main prop of the economy. The institutes participating in the Fall Assessment assume that in spite of the crisis, employment will decline only slowly at first. At the same time, wages are expected to rise. In principle, these should be good conditions for consumer spending, which the researchers expect to gain 0.4 percent in real terms in 2009. Yet in light of consumer uncertainty and the experiences of the past few years, this projection must be viewed with a certain degree of caution. The economy as a whole is expected to gain only 0.2 percent in 2009.

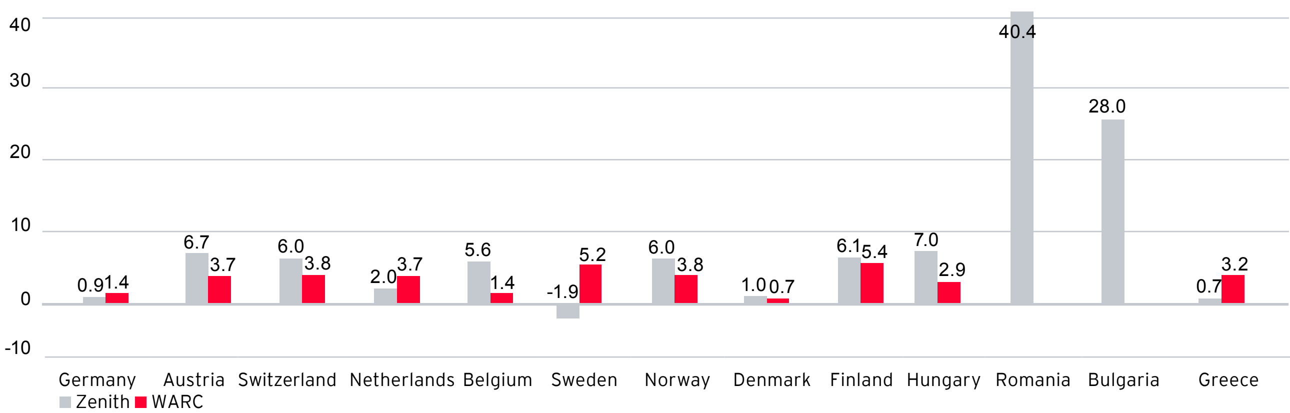
Development of the advertising market in ProSiebenSat.1's main regions

Under the influence of the cooling global economy and the crisis in the financial markets, the European economy will probably stagnate in 2009. Though conditions will vary from region to region, this situation is also likely to affect the development of TV advertising spending.

ZenithOptimedia expects TV advertising investments in Germany to grow 0.9 percent in 2008. In July, the same institute was still expecting growth of 1.2 percent in the German market. ZenithOptimedia has also lowered its projections for some other markets where the ProSiebenSat.1 Group operates. However, because of the current situation in the financial market, these projections must be considered quite uncertain. Nevertheless, most markets should perform positively, and better than the German market. ZenithOptimedia expects a small minus only for Sweden. On the other hand, projections for Belgium and Hungary have been raised slightly.

The following chart summarizes the expected development of the advertising market in the ProSiebenSat.1 Group's main countries:

Development of TV advertising market in countries central for the ProSiebenSat.1 Group
TV-ad spendings (net) in percent (Changes 08 vs. 07 at current prices)



Source: World Advertising Research Center (09/08) / ZenithOptimedia (10/08), figures extensively harmonized on a net base, but still several methodical differences between countries and sources.

Because clients' budgeting approach is very short-term, and also because the advertising market is extraordinarily vulnerable to cyclical fluctuations, any projection for the TV advertising market is inherently uncertain. The still unforeseeable consequences of the crisis in the financial markets reduce the visibility more than usual.

Company Outlook

The negative effects of the adoption of the ad sales model will influence the development of the fourth quarter. Because of the ongoing difficulties in the German TV business, the ProSiebenSat.1 Group had lowered in an ad-hoc announcement on September 24, 2008 its earnings projection for fiscal 2008. The guidance for the recurring EBITDA had been adjusted downwards between EUR 670 million and 700 million (2007 pro forma: EUR 784.3 million). Consolidated revenues for 2008 are also expected to be below the pro forma figures reported for last year (2007 pro forma: EUR 3.2 billion). However, prospects for the German advertising market have further deteriorated. On the international level, it cannot be predicted as yet how severely the crisis in the financial markets will affect the advertising industry, and thus this year's further business performance of the ProSiebenSat.1 Group. In such a context it is difficult to present a precise, reliable projection on key figures for 2008 and 2009.

To regain our position in the German TV advertising market in the next months, we have to convert our strength in the audience market into a higher ad market share. Furthermore, we need to respond to the new overall conditions. Though cost management is already rigorous, we will pay even closer attention to the profitability of current processes. The ProSiebenSat.1 Group will adapt its 2009 budget to the changing environment and take the necessary steps to counteract the difficult market situation. The ProSiebenSat.1 Group's future can be safeguarded only through proactive cost management, and by concentrating on "must haves" - tasks which are really important for our Company.

2009 budget to be revised to fit difficult market environment

Future financing and portfolio changes

Following the acquisition of SBS, the reduction of financial debt will be a high priority in the years to come. The ProSiebenSat.1 Group's long-term financial planning will focus on the ratio of net debt to recurring EBITDA (leverage). By year's end we are aiming for net financial debt of EUR 3.7 billion (net debt without allowing for cash generated from divestments). In the long term, we plan to reduce our leverage first of all through higher profits. Additionally, funds from disinvestments will contribute to the reduction of the net financial debt. The sale of BTI has already completed one portfolio change. Another project, the sale of C More, is about to reach completion. The regulatory authorities are expected to give their consent by the end of the fourth quarter of this year. C More is Northern Europe's leading brand in premium pay TV. However, it offers only limited potential for synergy through international productions and programming use. The enterprise value on which the transaction is based comes to about EUR 320 million. The planned sale of Veronica's print operations has been suspended because of today's difficult market environment.

Divestments are a part of our strategy of rationalising our portfolio by selectively expanding high-margin operations and concentrating on core competencies. In other words, we will invest to strengthen lines of business with high potential for growth and innovation. At the same time, we will divest operations that our Group cannot continue to build sustainably and profitably.

Our investments will continue to focus on programming purchases, which are expected to be in the same range in 2008 as in 2007. In the Diversification unit, the Group will specifically invest in the online business and in internationalizing services in the new media business. Additionally, we will invest in building a new playout center and establishing a fully digital infrastructure for the entire Group. The ProSiebenSat.1 Group's financing options are adequate finance projects essential for its business operations and strategies.

SBS integration to advance further

Regardless of current developments in the TV advertising market, we still maintain a positive assessment of the process of integrating SBS and ProSiebenSat.1 to date. We assume that the most important phases of the integration of SBS will be completed by the end of 2008, and that we will still be able to realize extensive synergies before the year-end. As a pan-European corporation, we can benefit from economies of scale in the production and exploitation of content, since we have a greater geographical reach. We are working on coordinating our business processes even better, pooling additional processes and more closely dovetailing them internationally. One part of this strategy is to build a new technological infrastructure that will harmonize broadcasting procedures on a digital basis.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Consolidated income statement for ProSiebenSat.1 Media AG

EUR k		Q3 2008	Q3 2007	Q1-Q3 2008	Q1-Q3 2007
1.	Revenues	646,490	668,376	2,177,421	1,721,170
2.	Cost of sales	-415,783	-418,805	-1,375,648	-1,073,416
3.	**Gross profit**	**230,707**	**249,571**	**801,773**	**647,754**
4.	Selling expenses	-106,866	-125,480	-332,003	-233,996
5.	Administrative expenses	-72,580	-185,972	-227,531	-262,219
6.	Other operating income	7,625	4,663	18,951	11,684
7.	**Operating profit/loss**	**58,886**	**-57,218**	**261,190**	**163,223**
8.	Income from equity interests in associated companies	-470	303	1,080	1,931
9.	Other financial result	-259	-236	-1,106	137
10.	Net interest and similar income	8,037	20,368	15,335	23,268
11.	Net interest and other expenses	-75,704	-65,040	-203,162	-75,200
12.	Net interest result	-67,667	-44,672	-187,827	-51,932
13.	Other financial expenses	-10,473	-1,923	-13,775	-6,010
14.	**Financial income**	**-78,869**	**-46,528**	**-201,628**	**-55,874**
15.	**Loss/profit before taxes**	**-19,983**	**-103,746**	**59,562**	**107,349**
16.	Income taxes	5,895	26,662	-17,571	-53,555
17.	**Consolidated loss/profit (before minorities)**	**-14,088**	**-77,084**	**41,991**	**53,794**
	attributable to				
	Shareholders of ProSiebenSat.1 Media AG	-10,728	-77,856	40,878	49,939
	Minorities	-3,360	772	1,113	3,855
EUR					
	Basic and diluted earnings per share of common stock according to IAS 33 *	-0.06	-0.36	0.18	0.22
	Basic and diluted earnings per share of preferred stock according to IAS 33 *	-0.04	-0.35	0.20	0.24

* thereby accounted for consolidated net profit: Q3 2008: -10,7 EUR m [Q3 2007: -77,9 EUR m]; Q1-Q3 2008: 40,9 EUR m [Q1-Q3 2007: 49,9 EUR m]
thereby accounted for number of common and preferred shares: Q3 2008: 217,670 thousand [Q3 2007: 218,797 thousand]; Q1-Q3 2008: 217,999 thousand [Q1-Q3 2007: 218,797 thousand]

Consolidated balance sheet of ProSiebenSat.1 Media AG

ASSETS EUR k		09/30/2008	09/30/2007	12/31/2007
A.	**Noncurrent assets**			
I.	Intangible assets	3,318,049	3,614,471	3,540,371
II.	Property, plant and equipment	272,924	270,790	267,869
III.	Investments accounted for using the equity method	8,247	4,506	4,583
IV.	Other financial assets	58,737	55,923	70,508
V.	Programming assets	1,066,391	894,749	917,110
VI.	Accounts receivable and other long-term assets	7,889	8,356	14,091
VII.	Deferred taxes	23,401	9,057	50,708
		4,755,638	**4,857,852**	**4,865,240**
B.	**Current assets**			
I.	Programming assets	294,355	424,298	400,575
II.	Inventories	5,351	4,939	4,849
III.	Current financial assets	195	245	264
IV.	Assets for current tax	97,722	29,454	34,109
V.	Accounts receivable and other short-term assets	407,660	415,619	442,962
VI.	Cash and cash equivalents	221,526	163,730	250,847
VII.	Assets classified as held for sale	348,735	- / -	- / -
		1,375,544	**1,038,285**	**1,133,606**
Total assets		**6,131,182**	**5,896,137**	**5,998,846**

LIABILITIES AND SHAREHOLDERS' EQUITY EUR k		09/30/2008	09/30/2007	12/31/2007
A.	**Shareholders' equity**			
I.	Subscribed capital	218,797	218,797	218,797
II.	Capital reserves	547,047	574,758	546,987
III.	Group equity generated	113,625	303,140	342,646
IV.	Treasury stock	-15,105	- / -	- / -
V.	Accumulated other Group equity	-35,163	-30,216	-56,539
VI.	Total equity attributable to shareholders of ProSiebenSat.1 Media AG	829,201	1,066,479	1,051,891
VII.	Minority interests	14,774	7,525	10,435
		843,975	**1,074,004**	**1,062,326**
B.	**Noncurrent liabilities**			
I.	Long-term loans and borrowings	3,550,243	3,582,753	3,577,297
II.	Provisions	9,880	7,700	11,308
III.	Noncurrent financial liabilities	239,423	151,194	201,420
IV.	Deferred taxes	186,600	151,873	207,272
		3,986,146	**3,893,520**	**3,997,297**
C.	**Current liabilities**			
I.	Short-term loans and borrowings	517,113	122,696	2,196
II.	Provisions	121,920	212,950	177,819
III.	Current financial liabilities	458,601	474,098	532,706
IV.	Liabilities for current tax	1,025	792	1,706
V.	Other liabilities	129,629	118,077	224,796
VI.	Liabilities classified as held for sale	72,773	- / -	- / -
		1,301,061	**928,613**	**939,223**
Total liabilities and shareholders' equity		**6,131,182**	**5,896,137**	**5,998,846**

ProSiebenSat.1 Group cash flow statement

EUR k	Q3 2008	Q3 2007	Q1-Q3 2008	Q1-Q3 2007
Consolidated loss/profit (after minorities)	**-10,727**	**-77,856**	**40,878**	**49,939**
Depreciation, amortization and impairment/write-ups of noncurrent and current assets	33,869	57,608	106,548	77,995
Consumption/write-ups of programming assets	247,338	283,767	919,769	762,548
Change in tax provisions [incl. change in deferred taxes]	-22,856	-139,579	-38,989	-64,483
Change in other provisions	12,444	121,097	1,626	119,604
Result from equity accounting and other noncash relevant changes within financial assets	231	877	731	867
Result from sale of fixed assets	-481	88	-362	324
Other noncash income / expenses	11,667	-5,491	8,140	-15,270
Cash flow	**271,485**	**240,511**	**1,038,341**	**931,524**
Change in inventories	311	-32	-502	-632
Change in non-interest-bearing receivables and other assets	30,373	62,688	-61,845	4,818
Change in non-interest-bearing liabilities	-18,567	16,667	-57,895	14,785
Cash flow from operating activities	**283,602**	**319,834**	**918,099**	**950,495**
Proceeds from disposal of noncurrent assets	9,647	1,446	23,450	3,862
Expenditures for intangible assets and property, plant and equipment	-5,286	-11,977	-53,077	-22,181
Expenditures for purchase of financial assets	-141	-1,162	-2,063	-4,627
Proceeds from disposal of programming assets	5,939	-1,978	25,500	9,876
Expenditures for programming assets	-388,857	-328,043	-1,067,676	-809,766
Effects of changes in scope of consolidation (acquisition)	-13,263	-2,023,770	-45,459	-2,027,669
Effects of changes in scope of consolidation (divestiture)	2,218	2,453	5,655	4,264
Other changes in equity and other changes from foreign currency valuation	-20,723	3,550	-11,154	6,421
Cash flow from investing activities	**-410,466**	**-2,359,481**	**-1,124,824**	**-2,839,820**
Free Cash flow	**-126,864**	**-2,039,647**	**-206,725**	**-1,889,325**
Dividend	- / -	-192,542	-269,899	-192,542
Reduction of interest-bearing liabilities	-5,681	-1,485,053	-9,490	-1,486,699
Allocation of interest-bearing liabilities	233,490	3,667,044	500,872	3,668,756
Repurchase of treasury stock	- / -	- / -	-15,105	- / -
Cash flow from financing activities	**227,809**	**1,989,449**	**206,378**	**1,989,515**
Change in cash and cash equivalents	**100,945**	**-50,198**	**-347**	**100,190**
Cash and cash equivalents at beginning of reporting period	149,555	213,928	250,847	63,540
Cash and cash equivalents at end of period	**250,500**	**163,730**	**250,500**	**163,730**
Cash and cash equivalents of discontinued operations at end of period	-28,974	- / -	-28,974	- / -
Cash and cash equivalents of continuing operations at end of period	**221,526**	**163,730**	**221,526**	**163,730**
The cash flow from operating activities includes the following receipts and payments according to IAS 7:				
Cash flow from income taxes	-32,490	-41,660	-123,828	-112,704
Cash flow from interest expenses	-67,624	-36,227	-192,427	-42,403
Cash flow from interest income	3,545	2,222	8,223	4,180

Statement of changes in shareholders‘ equity of the ProSiebenSat.1 Group for Q1-Q3 2007

EUR k					Accumulated other Group equity			
	Sub-scribed capital	Capital reserves	Group equity generated	Treasury stock	Foreign currency translation adjustment	Valuation from cash flow hedges and interest rate swaps	Minority interests	Shareholders‘ equity
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	- / -	- / -	- / -	- / -	- / -	- / -	2,650	2,650
Stock option plan	- / -	-9,779	- / -	- / -	- / -	- / -	- / -	-9,779
Statement of recognised income and expenses	- / -	- / -	- / -	- / -	2,345	-22,959	-29	-20,643
Consolidated profit	- / -	- / -	49,939	- / -	- / -	- / -	3,855	53,794
September 30, 2007	**218,797**	**574,758**	**303,140**	- / -	**1,887**	**-32,103**	**7,525**	**1,074,004**

Statement of changes in shareholders‘ equity of the ProSiebenSat.1 Group for Q1-Q3 2008

EUR k					Accumulated other Group equity			
	Sub-scribed capital	Capital reserves	Group equity generated	Treasury stock	Foreign currency translation adjustment	Valuation from cash flow hedges and interest rate swaps	Minority interests	Shareholders‘ equity
December 31, 2007	218,797	546,987	342,646	- / -	-16,073	-40,466	10,435	1,062,326
Dividends paid	- / -	- / -	-269,899	- / -	- / -	- / -	-5,583	-275,482
Changes in scope of consolidation	- / -	- / -	- / -	- / -	- / -	- / -	8,754	8,754
Stock option plan	- / -	60	- / -	- / -	- / -	- / -	- / -	60
Repurchase of treasury stock	- / -	- / -	- / -	-15,105	- / -	- / -	- / -	-15,105
Statement of recognised income and expenses	- / -	- / -	- / -	- / -	111	21,265	55	21,431
Consolidated profit	- / -	- / -	40,878	- / -	- / -	- / -	1,113	41,991
September 30, 2008	**218,797**	**547,047**	**113,625**	**-15,105**	**-15,962**	**-19,201**	**14,774**	**843,975**

Notes to the Financial Statements

Basis and methodology

As a listed company, ProSiebenSat.1 Media AG has prepared its condensed consolidated interim financial statements as of September 30, 2008, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The consolidated interim financial statements at September 30, 2008, were prepared on the basis of IAS 34, "Interim Financial Reporting." Both the accounting principles applied and the explanations and information for the consolidated interim financial statements under IFRS for the first three quarters of fiscal 2008 are generally based on the same accounting policies as the consolidated financial statements for fiscal 2007.

For further information about the accounting policies applied, please refer to the consolidated financial statements as of December 31, 2007, which form the basis for the present quarterly financial statements.

Scope of consolidation

The number of subsidiaries included in the consolidated financial statements changed as follows in the first three quarters of fiscal 2008:

	In Germany	Outside Germany	Total
Included at 12/31/2007	46	130	176
Newly founded or newly consolidated companies	5	6	11
Merged/deconsolidated companies	-3	-22	-25
Included at 9/30/2008	**48**	**114**	**162**

ProSiebenSat.1 Media AG directly or indirectly holds a majority of voting rights in these companies. Fifteen (December 31, 2007: 15) associated companies and one joint venture, in terms of IAS 31, are reported using the equity method.

Acquisition of Radiostasionen Radio Norge AS (formerly TV2 Saturn AS)

Effective March 1, 2008, SBS Radio Norge AS acquired 100 percent of Radiostasionen Radio Norge AS (formerly TV2 Saturn AS), headquartered in Oslo, Norway. The total purchase price for the acquired ownership interest was EUR 10,004 thousand. For the same amount, in return, SBS Belgium N.V. sold 23 percent of its stake in SBS Radio Norge AS to the former owner of Radiostasionen Radio Norge AS. Thus the ProSiebenSat.1 Group now owns 77 percent of SBS Radio Norge AS. The selling agreement includes put and call options for the 23 percent of the shares sold exercisable from 2010 onwards.

Radiostasionen Radio Norge AS was fully consolidated into the consolidated financial statements of ProSiebenSat.1 Media AG for the first time as of March 1, 2008. Radiostasionen Radio AS operates a radio station in Norway. The company had revenues of EUR 3,618 thousand during the period for which it has been consolidated; the net loss for the same period was EUR 2,964 thousand.

The assets and liabilities of the ProSiebenSat.1 Group reflect the acquisition of Radiostasionen Radio Norge AS at the following values (as of the date of first-time consolidation):

EUR k		Step-up	Fair value
Goodwill	- / -	2,059	2,059
Intangible assets	9,814	- / -	9,814
Other non-current assets	615	- / -	615
Current assets	396	- / -	396
Liabilities, including deferred tax liabilities	-2,880	- / -	-2,880
Total			**10,004**
Purchase price Radiostasionen Norge AS Radio			10,004
Total			**10,004**

Acquisition of Fem Media GmbH

By a purchase agreement dated April 17, 2008, SevenOne Intermedia GmbH, an indirect wholly-owned subsidiary of ProSiebenSat.1 Media AG, acquired 100 percent of Fem Media GmbH. The purchase price of the acquired interest as of September 30, 2008, was EUR 5,335 thousand, which is to be paid in four installments by 2011. The first installment of EUR 1,000 thousand was paid on period until September 30, 2008. In addition, the purchase agreement includes an earn-out clause with a term of 36 months that runs until April 30, 2011. The achievement of the goal under the clause is contingent on certain profit targets. Since the company at present is still building up its business operations, no reliable estimate of whether the profit targets will be achieved is possible as of the reporting date. For that reason, only the minimum purchase price indicated above was recognized as of September 30, 2008.

The company was fully consolidated into the consolidated financial statements of ProSiebenSat.1 Media AG for the first time as of April 2008.

Fem Media GmbH is currently setting up an Internet-based women's network and portal, which is to provide an overview of issues specific to women at www.fem.com.

No further information under IFRS 3 can be provided at the moment, since the purchase price allocation was begun only upon consummation of the purchase agreement and had not been completed as of the reporting date. The company has no revenues to date; the loss for the first three quarters was EUR 439 thousand. Of this figure, EUR 384 thousand applies to the period for which the company was consolidated.

Immediately prior to the acquisition, the assets and liabilities of Fem Media AG were as follows:

EUR k	
Receivables and other short-term assets	82
Provisions and liabilities	-32

Acquisition of further interest in lokalisten media GmbH

On May 15, 2008, SevenOne Intermedia GmbH increased its interest in lokalisten media GmbH, formerly recognized at equity, from 29.8 percent to 90 percent, and entered at the same time into a put/call option for the remaining 10 percent exercisable at July 31, 2009 and April 30, 2011. Being certain that either of the parties will exercise the option, the company has been fully consolidated with 100 percent in the consolidated financial statements of ProSiebenSat.1 Media AG since May, 2008. The total purchase price for the additional ownership interest was EUR 19,545 thousand. Of this figure, EUR 15,525 thousand is for the increase in the ownership interest to 90 percent, and EUR 4,020 thousand for the additional 10 percent under the put/call option. The additional purchase price from put/call option is contingent on certain profit targets and has been measured using the best estimate at the reporting date.

Lokalisten Media GmbH operates in Internet and mobile-phone supported online communities, especially at the domain www.lokalisten.de.

No further information under IFRS 3 can be provided at the moment, since the purchase price allocation was begun only upon consummation of the purchase agreement and had not been completed as of the reporting date. Lokalisten Media GmbH and its subsidiaries had revenues of EUR 2,153 thousand for the first three quarters of 2008; the net loss for the same period was EUR 621 thousand, of which EUR 344 thousand applies to the period for which the company was consolidated.

Immediately prior to the acquisition, the assets and liabilities of Lokalisten Media GmbH were as follows:

EUR k	
Intangible assets	11
Property, plant and equipment	404
Receivables and other short-term assets	1,945
Provisions and liabilities	-251

maxdome GmbH & Co. KG

In June 2008, SevenSenses GmbH contributed its video-on-demand business to a 50/50 joint venture with 1&1 Internet AG, a company of United Internet Group.

maxdome is the video-on-demand portal of ProSiebenSat.1 Group, and allows users to download feature films, series, comedies, cartoons, documentaries and sports via DSL straight to their PC, or to their television with a special set-top box.

Within the transaction SevenSenses GmbH contributed assets to the joint venture with a carrying amount of EUR 570 thousand and fair value of EUR 9,068 thousand and realized a contribution gain of 50 percent amounting to EUR 4,249 thousand. Therefore, the investment in the first time consolidation for maxdome is EUR 4,887 thousand. maxdome GmbH & Co. KG is accounted as a joint venture in terms of IAS 31, using the equity method in the consolidated financial statements.

Foundation of Radio Nova A/S (formerly Radio 2 A/S)

Effective July 1, 2008, SBS Broadcast Denmark A/S and TV2 Radio A/S founded Radio 2 A/S (now Radio Nova A/S), headquartered in Copenhagen, Denmark. TV2 Radio A/S contributed to the company the radio license, and SBS Broadcast Denmark A/S accordingly financing of EUR 6,705 thousand. SBS Broadcast Denmark A/S holds 80 percent and TV2 Radio A/S 20 percent of the new company.

Autoplenum GmbH

By a purchase agreement dated August 21, 2008, SevenOne Intermedia GmbH acquired 25.1 percent of Autoplenum for a purchase price of EUR 760 thousand. The agreement includes put/call options, allowing SevenOne Intermedia GmbH to increase its stake in first step to 50.1 percent and on future periods to 100 percent.

Autoplenum has been accounted using the equity method in the consolidated financial statements.

Deconsolidation of Broadcast Text International

On August 13, 2008, ProSiebenSat.1 Group sold 100 percent of its share in Broadcast Text International AB, of Stockholm, Sweden, together with all its subsidiaries. The gain from the deconsolidation amounted to EUR 3,768 thousand, and was included as a non-recurring item under other operating income. The gain is net of transaction costs.

Broadcast Text International AB has not been classified as a discontinued operation in the financial statements of the Group since the criteria are not met for that classification.

Broadcast Text International AB was sold because its business model does not fall within the Group's core competences. The company is Europe's largest provider of subtitling for television, videos, theatrical films and DVDs and is included in the Free TV International segment.

Finalization of purchase price allocation for the SBS Broadcasting Group

The purchase price allocation for the acquisition of the SBS Broadcasting Group was finalized as of June 30, 2008. In the finalization of the purchase price allocation, an adjustment of EUR 5 million to goodwill of EUR 2,363 million as of December 31, 2007 was made resulting to goodwill amounting to EUR 2,368 million as of 30 June, 2008. In addition, a reallocation of goodwill amounting to EUR 57.3 million from cash generating unit Radio to Free TV CEE was required.

Shareholders' equity

Dividend payment and stock buy-back

For information regarding the dividend payment and stock buy-back, please refer to the management report.

In June 2008 the group paid out a dividend for the fiscal year 2007 in total value of EUR 269.9 million. Thereby each shareholder received a dividend in value of EUR 1.23 per common stock and EUR 1.25 per preferred stock.

Income taxes

The income tax expense (income) was calculated pursuant to IAS 34.30 on the basis of the best estimate of the weighted average annual income tax rate (the tax rate for the consolidated group).

Other financial obligations

EUR k	Remaining term 1 year or less	Remaining term 2 to 5 years	Remaining term over 5 years	Total
Programming assets	962,822	1,382,301	227,828	2,572,951
Leasing and long-term rental commitments	31,553	103,146	56,732	191,431
Royalties	73,120	154,259	75,518	302,897
Other liabilities	83,661	143,113	82,634	309,408
Total	**1,151,156**	**1,782,819**	**442,712**	**3,376,687**

Other financial obligations exist in addition to provisions, liabilities and contingent liabilities. These derive from contractual commitments entered into before September 30, 2008, and pertain to payment obligations due on or after October 1, 2008. The agreements have remaining terms of between 1 and 15 years.
The increase in other financial obligations compared to December 31, 2007, in other financial liabilities from programming assets results from new contractual agreements. The amounts for leasing and long-term rental commitments as well as for other liabilities reflect the new outsourcing agreement with IBM Business Services GmbH.

Discontinued operation and assets and liabilities held for sale

On March 31, 2008, the ProSiebenSat.1 Group signed an outsourcing agreement with IBM, under which IBM will handle and expand all IT business applications, as well as the IT and media systems at ProSiebenSat.1 Produktion. At the same time, the ProSiebenSat.1 Group will set up a new "playout center" in Munich. This will allow the Group's TV channels to be broadcast throughout Europe from two centralized playout centers in Munich and London (Chiswick). Consequently, the originally planned sale of all of ProSiebenSat.1 Produktion will not be pursued for the time being. For that reason, contrary to the presentation in the consolidated financial statements of the ProSiebenSat.1 Group, ProSiebenSat.1 Produktion is no longer shown as discontinued operations.

The following amounts presented as of December 31, 2007 under discontinued operations have been reclassified and included within the continuing operations:

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

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

The figures recognized as groups of assets and liabilities held for sale pertain to the intended sale of all of C More Group AB, of Stockholm, Sweden, and its subsidiaries, with its premium pay TV activities. The sale of C More Group AB is still awaiting the consent of the antitrust authorities, and is expected to be consummated in the next few months.

C More Group AB and its subsidiaries constitute the leading provider of pay TV services, such as premium feature films and premium sports broadcasts, in Sweden, Norway, Denmark and Finland.

C More Group AB and its subsidiaries are included in the Diversification segment.

The following table shows the carrying amounts for C More Group AB as of the reporting date.

Assets EUR k		Total
Groups of assets held for sale		
I.	Intangible assets	199,717
II.	Property, plant and equipment	1,101
III.	Other long-term assets	3,871
IV.	Programming assets	64,284
V.	Receivables and other short-term assets	31,374
VI.	Cash and cash equivalents	28,974
VII.	Deferred tax assets	19,414
		348,735

Liabilities and shareholders' equity EUR k		
Groups of liabilities held for sale		
II.	Other liabilities	56,740
III.	Deferred tax liabilities	16,033
		72,773

The Group announced in the half-year reporting that it is also seeking buyers for its Dutch print business Veronica. At the moment the plans to sell Veronica have been set aside. "Veronica" magazine, a weekly programming magazine, is one of the market leaders in the Netherlands.

Segment reporting

In accordance with IFRS 8 ("Operating Segments"), certain figures in interim 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, N24 and Puls 4, as well as the Sat.1 regional companies, the marketing company SevenOne Media, the subsidiary ProSiebenSat.1 Produktion, 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 conventional TV advertising revenues; their activities include pay TV, call TV, multimedia, merchandising and radio operations, as well as related print products.

In secondary segment reporting by geographical markets, 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). Reported internal revenues for the german speaking segment for Q3 2007 as well as Q1-Q3 2007 were adjusted due to an amendment of the intersegmental revenues in Q3 2008 in the amount of EUR 16,557 thousand and EUR 51,474 thousand respectively.

Segment reporting Q3

EUR k	Free TV					
	Segment Free TV German-speaking	Segment Free TV International	Total Free TV*	Segment Diversification	Eliminations	Total consolidated financial statements Q3 2008
Revenues	354,412	176,248	530,660	131,842	-16,012	646,490
External revenues	344,207	174,422	518,629	127,861	- / -	646,490
Internal revenues	10,205	1,826	12,031	3,981	-16,012	- / -
EBITDA Recurring	41,783	40,821	82,604	19,330	1,155	103,089

Geographical breakdown

EUR k	German speaking	B/NL	Nordic	CEE	Eliminations	Total consolidated financial statements Q3 2008
Revenues	396,590	93,761	121,865	36,031	-1,757	646,490
External Revenues	396,209	92,981	121,315	35,985	- / -	646,490
Internal Revenues	381	780	550	46	-1,757	- / -

EUR k	Free TV					
	Segment Free TV German-speaking	Segment Free TV International	Total Free TV*	Segment Diversification	Eliminations	Total consolidated financial statements Q3 2007
Revenues	392,738	158,343	551,081	134,845	-17,550	668,376
External revenues	378,287	157,312	535,599	132,777	- / -	668,376
Internal revenues	14,451	1,031	15,482	2,068	-17,550	- / -
EBITDA Recurring	59,738	35,317	95,055	29,934	-189	124,800

Geographical breakdown

EUR k	German speaking	B/NL	Nordic	CEE	Eliminations	Total consolidated financial statements Q3 2007
Revenues	440,038	86,236	111,732	30,955	-585	668,376
External Revenues	440,038	86,236	111,147	30,955	- / -	668,376
Internal Revenues	- / -	- / -	585	- / -	-585	- / -

* consolidated

Segment reporting Q1-Q3 2008

EUR k	Free TV					
	Segment Free TV German-speaking	Segment Free TV International	Total Free TV*	Segment Diversification	Eliminations	Total consolidated financial statements Q1-Q3 2008
Revenues	1,251,970	570,132	1,822,102	407,702	-52,383	2,177,421
External revenues	1,213,618	565,116	1,778,734	398,687	- / -	2,177,421
Internal revenues	38,352	5,016	43,368	9,015	-52,383	- / -
EBITDA Recurring	215,215	122,694	337,909	55,853	1,488	395,250

Geographical breakdown

EUR k	German speaking	B/NL	Nordic	CEE	Eliminations	Total consolidated financial statements Q1-Q3 2008
Revenues	1,385,591	293,077	389,273	115,616	-6,136	2,177,421
External Revenues	1,384,480	292,297	385,074	115,570	- / -	2,177,421
Internal Revenues	1,111	780	4,199	46	-6,136	- / -

EUR k	Free TV					
	Segment Free TV German-speaking	Segment Free TV International	Total Free TV*	Segment Diversification	Eliminations	Total consolidated financial statements Q1 -Q3 2007
Revenues	1,359,194	158,343	1,517,537	256,611	-52,978	1,721,170
External revenues	1,312,648	157,312	1,469,960	251,210	- / -	1,721,170
Internal revenues	46,546	1,031	47,577	5,401	-52,978	- / -
EBITDA Recurring	279,595	35,317	314,912	51,315	-207	366,020

Geographical breakdown

EUR k	German speaking	B/NL	Nordic	CEE	Eliminations	Total consolidated financial statements Q1-Q3 2007
Revenues	1,492,832	86,236	111,732	30,955	-585	1,721,170
External Revenues	1,492,832	86,236	111,147	30,955	- / -	1,721,170
Internal Revenues	- / -	- / -	585	- / -	-585	- / -

* consolidated

Related party transactions

Apart from the subsidiaries included in the interim 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 the ordinary course of business, 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.

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, as part of the normal course of business. The agreements are consistent with prevailing market terms.

No other material reportable transactions under IAS 24 were conducted with related parties during the reporting period.

ADDITIONAL INFORMATION

Financial Calender

Press conference/IR conference on preliminary figures for 2008	March 4, 2009
2008 Annual Report	March 30, 2009
Q1 Report 2009	May 7, 2009
2008 Annual General Meeting	May 20, 2009
Q2 Report 2009	August 6, 2009
Q3 Report 2009	November 5, 2009

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The ProSiebenSat.1 Group on the Internet
This and other publications are available on the Internet, along with information about the ProSiebenSat.1 Group, at http://en.prosiebensat1.com/

Forward-looking statements in this Financial Report
The Management Report contains forward-looking statements about expected developments. These statements are based on current estimates and by their nature involve risks and uncertainities. Actual events may deviate from the statements provided here.

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 need it.