

Key Figures

SBS consolidated as of July 2007

in EUR m	Q4	Q1-Q4		
	2008	2007	2008	2007
Revenues	876.8	989.3	3,054.2	2,710.4
Recurring EBITDA*	279.3	296.9	674.5	662.9
EBITDA	251.7	281.1	618.3	522.3
EBIT	3.5	222.1	263.5	385.3
Net financial result	-133.3	-79.6	-334.9	-135.5
Pre-tax loss/profit	-128.0	142.4	-68.4	249.8
Consolidated net loss/profit	-170.0	39.5	-129.1	89.4
Underlying net income**	78.2	75.4	170.4	272.8
Earnings per preferred share (EUR)	-0.77	0.19	-0.58	0.42
Adjusted earnings per preferred share (EUR)	0.37	0.35	0.79	1.26
Cash flow from operating activities	433.2	646.0	1,352.4	1,600.4
Cash flow from investing activities	-23.9	-432.1	-1,149.8	-3,275.8
Free cash flow	409.3	213.9	202.6	-1,675.4

Pro forma key figures 2008 (SBS consolidated as of January 2007)

in EUR m	Q1-Q4	
	2008	2007
Revenues	3,054.2	3,237.2
Recurring EBITDA*	674.5	784.2
EBITDA	618.3	628.2

Deconsolidation of Scandinavian Pay TV division C More in December 2008 * Recurring EBITDA: EBITDA before non-recurring items ** Underlying net income: Consolidated net result before effects of purchase price allocation amortizations of Euro 70.4 m (2007: Euro 82.8 m) and SBS impairment of Euro 180.0 m in 2008 as well as a not cash flow effective fx-valuation of Euro 66.6 m. The amount of 2007 is adjusted with the FCO fine of Euro 120 m.

> The power of television.

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

www.prosiebensat1.com

BELGIUM // The two Belgian channels VT4 and vijf TV are aimed at the Flemish-speaking part of the Belgian population. VT4 combines local Flemish productions with international blockbuster movies and popular US series, and is very successful among its core target audience of viewers from 15 to 44.

Free TV:  

NETHERLANDS // SBS 6 is the Netherlands' No. 2 commercial TV channel, and primarily attracts viewers between 20 and 49 with big entertainment shows, in-house productions, series and coverage of sports events. In addition to the TV channels NET 5 and Veronica, ProSiebenSat.1 also owns the country's leading TV magazine, Veronica Magazine.

Free TV:    Print: 

DENMARK // Kanal 5 offers a wide variety of entertainment, and appeals primarily to viewers between 15 and 50 with US series, local productions, blockbuster movies and live coverage of major sports events. Alongside three other TV channels - Kanal 4, 6'eren and The Voice - ProSiebenSat.1 also owns the second-largest commercial radio station in Denmark, Nova FM.

Free TV:     Radio: 

NORWAY // TV NORGE is the second-largest commercial TV station in Norway. Offering a wide range of high-quality entertainment and news, TV NORGE enjoys great popularity with the Norwegian TV audience. FEM, another ProSiebenSat.1 station in the country, is specially attuned to the women's audience. Another audience favorite is Radio Norge, the second-largest commercial radio station in Norway.

Free TV:   Radio: 

SWEDEN // Kanal 5 aims to appeal to young people in particular. Its blend of light entertainment and series makes it one of Sweden's most popular TV channels. Alongside another station, Kanal 9, ProSiebenSat.1 also operates Mix Megapol, the country's fastest growing radio network.

Free TV:   Radio:  

FINLAND // In Finland, the music channel The Voice attracts young audiences. In the evening, TV Viisi carries hit series, feature films and the national team's soccer matches on the same frequency. Furthermore ProSiebenSat.1 operates six radio networks, among others, The Voice and Iskelmä.

Free TV:  Radio:  

AUSTRIA // The channels Sat.1 Österreich, ProSieben Austria and kabel eins offer regional windows alongside programming from their sister stations in Germany. Together with PULS 4, the channels make up the leading free TV company in Austria.

Free TV:    

ROMANIA // TV Prima was one of Romania's first commercial TV channels. Today it is one of the country's most successful stations and broadcasts US series, adaptations of popular TV concepts, and original local productions. ProSiebenSat.1 also operates two radio stations (Kiss FM and Magic FM) in Romania and the music channel Kiss TV.

Free TV:    Radio: 

SWITZERLAND // The ProSiebenSat.1 Group, with its channels Sat.1, ProSieben and kabel eins, is the leading free TV company in Switzerland. Along with commercial blocks on all three stations, ProSiebenSat.1 also markets numerous online platforms in Switzerland.

Free TV:  

HUNGARY // TV2 is one of the largest commercial TV channels in Hungary. The station's success is founded on locally produced programming, US series and Hungarian adaptations of successful TV concepts. TV2 offers enhanced marketing opportunities by incorporating alternative distribution platforms, and earns high ratings among its key demographic.

Free TV: 

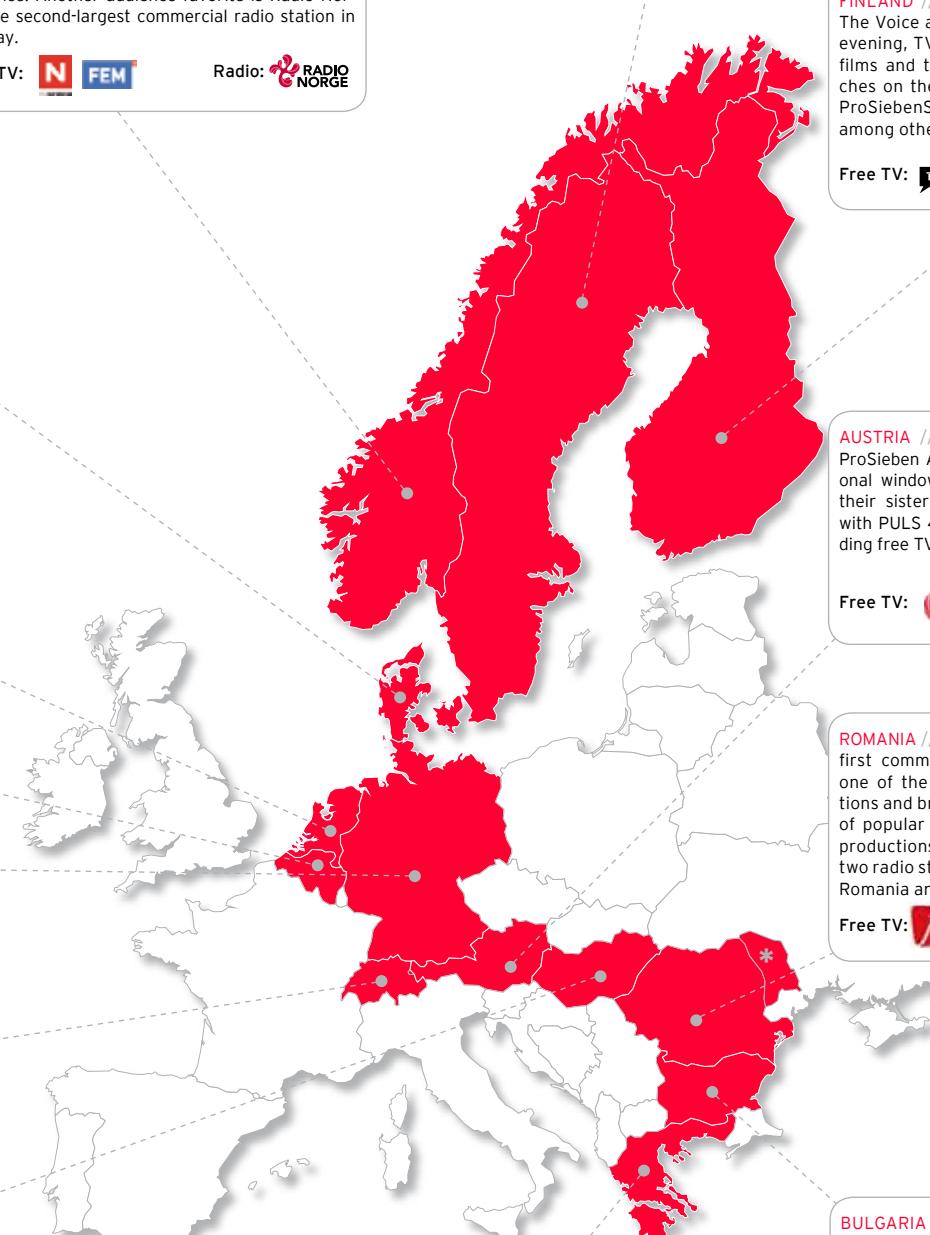
GREECE // A mix of national and international music has made Lampsí FM the most popular radio station in Greece.

Radio: 

BULGARIA // In Bulgaria ProSiebenSat.1 scores with a mixture of national and international pop music - on the TV screen as well as on the radio. Four radio networks and the music channel The Voice attract a broad audience in all active age groups.

Free TV: 

* **MOLDOVA** // ProSiebenSat.1 operates radio Kiss FM in Moldova.



 Cross-references/Websites

2008

Getting future-ready

People have always been mesmerized by pictures. Pictures inform, entertain, provoke feelings, arouse tears. The success of our media is founded on that magic.

Television and the Internet show what brings people together, worldwide. Pictures move people. On the following pages, we let them speak for themselves - about an eventful 2008. It was a year of challenges. Challenges that we met. And now we're ready for the next step. ProSiebenSat.1 – ready for the future!

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> 2008 Highlights



> FEBRUARY //

TV station PULS 4 goes on air in Austria

Austrian station PULS 4 goes on the air nationwide with a new 24-hour schedule of full-service programming. PULS 4 combines international feature films, blockbuster movies and series from Hollywood with Austrian in-house productions of news, talk, event and society shows for a young, urban target audience.

> MARCH //

Radio reinforced

In addition to new media, the Group also expands its classic Radio business in the Diversification unit. ProSiebenSat.1 acquires numerous new licenses for Northern Europe in 2008. In March the Group also acquires Norwegian radio station Kanal 4. With radio stations in Norway, Sweden, Finland, Denmark, Romania, Bulgaria and Greece, ProSiebenSat.1 ranks Number 2 among listeners in Europe.

> APRIL //

Film deals with Hollywood studios

In 2008 the Group closes several deals with major Hollywood studios, obtaining exclusive free TV rights to a large number of US hits. For example, in April ProSiebenSat.1 renewed its contract with the Walt Disney Company and acquired its first video-on-demand rights for many top films.

Difficulties in the German advertising market

First-quarter profits are heavily affected by difficulties in the German advertising market, due to uncertainties about the new sales model for advertising time, which was introduced at the end of 2007 in the wake of proceedings by Germany's anti-cartel authority.

ProSiebenSat.1 and IBM sign outsourcing agreement

One of ProSiebenSat.1's three strategic goals is to modernize its technical infrastructure. The outsourcing agreement with IBM provides the foundation for building up a European digital platform.

> MAY //

Online activities expand

The ProSiebenSat.1 Group ranks second among online marketers in Germany, and continues to expand its Internet presence in 2008. Online business is strengthened with acquisitions (including Fem.com) and the international rollout of online portals and the SevenGames game platform.



Group founds own production company

Producing content is a core component of our strategy. RedSeven Entertainment enables ProSiebenSat.1 to produce our own ideas for light entertainment programming. By founding a separate production company for nonfiction programming, the Group also intends to facilitate access to rights and make better use of its own or acquired program rights.



› JUNE //

Axel Salzmann is new CFO
Axel Salzmann is ProSiebenSat.1 Media AG's new Chief Financial Officer. He succeeds Lothar Lanz, who leaves the company in June.

Andreas Bartl appointed to Executive Board

Andreas Bartl is appointed to the Executive Board, where he is in charge of German Free TV.

Soccer rights under contract
Acquiring rights to the UEFA Champions League and the UEFA Cup, the Group picks up the largest package of live soccer matches on German free TV. The agreement covers three seasons, from 2009 to 2012, and for the first time also covers broadcasting options irrespective of platform.

New playout center to be built
This summer, ProSiebenSat.1 Produktion begins building a new playout center in Munich. The center will handle all broadcasting operations, and is expected to start operation during the first quarter of 2009.

› OCTOBER //

N24 has latest technology
N24 goes on the air with the latest technology in October. Production now uses an all-digital system that makes N24 Europe's most up-to-date news station.

› NOVEMBER //

New Setup of the German TV group
To handle the challenges of the coming years, the Executive Board decides to set up the TV group in Germany newly. The keystone is to pool Sat.1, ProSieben and kabel eins in Munich. Greater centralization will create a network with an extensive creativity pool and make it possible to use resources more efficiently.

› DECEMBER //

New CEO
Thomas Ebeling is appointed the new CEO of the ProSiebenSat.1 Group. He chairs the Executive Board. Axel Salzmann serves as acting CEO until Ebeling takes office in March 2009.

Sale of C More goes through

C More is Northern Europe's leading brand in premium pay TV. But it offers only limited potential for synergy through international productions and programming use. The sale of C More was completed in December.

Popular with audiences

In 2008 the German family of stations scores with viewers, gaining over the competition by increasing Group audience share to 29.4 percent. The ProSiebenSat.1 stations also succeed with viewers internationally, in spite of the Olympics and the European Soccer Championship.



› 2008 – a year of challenges

2008 WAS A YEAR OF CHALLENGES >>>

Major sports events like the Olympics and the European Soccer Championships fascinated TV audiences. In many European countries, public TV channels held the broadcasting rights. Nevertheless, the ProSiebenSat.1 stations increased their audience shares in some cases substantially - in Germany as well as in

TV AUDIENCE SHARES IN THE
TARGET GROUP RELEVANT FOR
THE ADVERTISING INDUSTRY

Data in percent



› Germany



› Netherlands



› Hungary



most of the European countries. Yet, in the German ad market ProSiebenSat.1 lost notably market share. Beside difficulties with the implementation of the new ad sales model the worsened economic conditions in Europe also had an impact on TV ad revenues in the core market Germany.

17.6

› Switzerland

15.9

› Belgium

15.8

› Austria

14.7

› Sweden

13.4

› Norway

8.8

› Denmark

6.1

› Romania

■ ■ ■ Yes, we can!
Barack Obama during the 2008 American presidential campaign,
N24 is there ---

› Thinking in terms of solutions

FOCUS ON PERFORMANCE

»»»

In the fall of 2008, ProSieben-Sat.1 initiated decisive steps to optimize the setup of the German Group. The focus was on one thing: to enhance performance by pooling resources and bringing important parts of the Com-

pany closer together. For that reason, Sat.1 will be moving from Berlin to Munich in mid-2009.

At that point the big three German full-service channels - Sat.1, ProSieben and kabel eins - will be working under a single roof. Which will enrich the exchange of ideas and the networking of pro-

gramming resources, allowing our family of stations to realize their vast potential to the fullest. The Berlin administrative units will be moving to Munich as well. Additionally, we'll be combining the two marketing companies, SevenOne Media (TV) and SevenOne Interactive (online). That way we can generate even more cross-media



campaigns – campaigns that run on several media at once – and strengthen our position in the

advertising market. With the new structure for our Group in its core market Germany, we set a

new course for the future.



REORIENTATION IN GERMANY: › Sat.1, ProSieben and kabel eins all to be headquartered together › N24 and central editorial department of Sat.1 to remain in Berlin › SevenOne Media and SevenOne Interactive to be merged › Administrative functions to be centralized in Munich › 225 jobs to be cut in whole German Group



› Growing through strategic acquisitions

LEEWAY FOR INVESTMENT

»»»

In 2007, ProSiebenSat.1 acquired the SBS Broadcasting Group, and became No. 2 in the European TV market. The SBS acquisition was financed through loans (EUR 3.6 billion). In spite of the debt, the TV corporation still has enough

leeway for future investments. In 2008, ProSiebenSat.1 again invested much more than a billion euros in attractive TV programming. In new media, we were able to expand our portfolio by acquiring ownership interests in such online platforms as Fem.com. We also invested in modernizing the Company's equipment. We set up

a new playout center in Munich, one of the most up-to-date TV production systems in Europe.

All of which goes to show that ProSiebenSat.1 still has enough financing resources to invest strategically. A further helping point here is that we were able to get extremely good credit terms

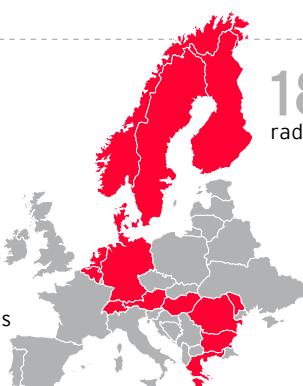


for the SBS acquisition. At the same time, of course, another top priority is to reduce our indebtedness.

STRONG BRANDS ALL OVER EUROPE

78 million households using TV

14 countries in Europe
30 TV stations



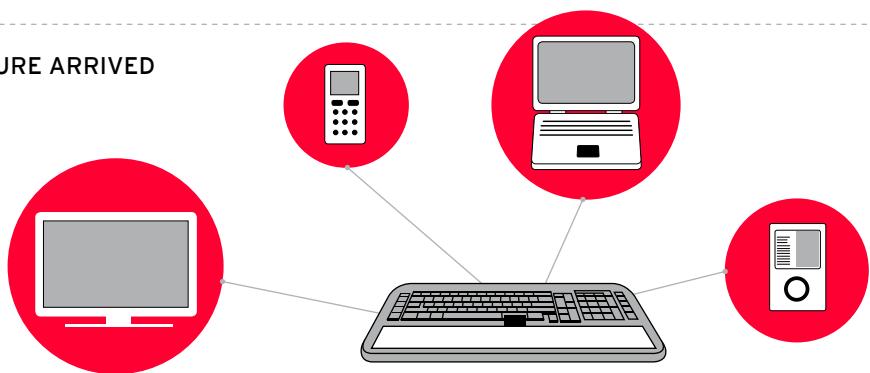
18 radio networks

26 leading free TV brands

□ □ □ The future of data processing
"Minority Report," US science fiction thriller (2002), DreamWorks
2005 on ProSieben ---

› Tapeless TV

THE TAPELESS FUTURE ARRIVED
ON TV IN 2008





>>>

ProSiebenSat.1 set up a new playout center in Munich in 2008 - one of the most up-to-date TV production systems in Europe.

Now our programming can play on all available platforms - TV, online, podcast, mobile TV - without any intermediate technical steps. New media services are becoming more and more important for ProSiebenSat.1 as well. With the new playout cen-

ter, we have the technical resources to meet the challenge. With just a click of the mouse, at any screen, our TV makers can open files, view and edit them, add sound, and release the material. Massive tape archives will soon be a thing of the past. Additionally, ProSiebenSat.1 set up news station N24 on a completely new platform in 2008. Reports are now generated entirely digitally. The TV and online editing departments are fully intermeshed. Tapeless TV is a reality.

01

> As a German stock corporation, ProSiebenSat.1 Media AG has a dual management system, and therefore has a clear separation between its managing body and its supervisory body. The Company's managing body is its Executive Board, which is overseen and advised by the Supervisory Board.

In this chapter we inform you about how the two boards work together, their compensation, changes in the membership of both boards, dividends, and how the German Corporate Governance Code is implemented at ProSiebenSat.1.

Reports from the Executive Board and Supervisory Board

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THOMAS EBELING (CEO),
Management segment: Group Content
Production and Acquisitions,
Corporate, Human Resources //
CEO since March 1, 2009

Dear Shareholders,

ProSiebenSat.1 Media AG faced a year of challenges in 2008. Our business was dominated by the launch of a new ad sales model in Germany and we were tested by the beginning of the global economic crisis. However, we met both challenges.

First, some good news:

The business performance of the ProSiebenSat.1 Group is based on the success **of our TV programming**. Here we did very well in almost every one of our territories, even though the Olympics and the European Soccer Championships made competition especially difficult. Our stations in Germany earned an audience share of almost 30 percent. Sat.1 passed an important milestone by earning shares near the 11 percent mark. Our stations in the rest of Europe also produced outstanding figures. For example, in the Netherlands (our most important market after Germany) we picked up 1.5 percentage points to average a 23.4 percent audience share.

The marketing of our TV programming is the most important driver of the ProSiebenSat.1 Group's performance. After the 2007 cartel proceedings in Germany, we had to strive for an extended period to introduce a new ad sales model. That caused us to fall short of our goals in 2008. The good news, however, is that for some months now, we've had a solution that complies with the cartel laws and is also acceptable to clients and agencies. Now we're back on the market with competitive options - in 2009, we've already seen our first gains in advertising market share.

The multimedia distribution of our content will guarantee the future viability of the ProSiebenSat.1 Group. Changes in media usage call for changes in media companies. Our goal is to ensure that our content is accessible for all of our viewers - wherever and whenever they like. In Germany, our strategy has given us a leading position among online marketers, and made us No. 1 in mobile TV and in video on demand. We are now pursuing the same approach throughout Europe.

As Executive Board members, our most important task is to safeguard **the profitability of the ProSiebenSat.1 Group** even in an adverse economic environment. That's why with the first signs of the economic crisis in 2008, we responded quickly but also with an eye to the future. As the economic indicators turned downward, therefore, we were ahead of many other market participants in taking appropriate measures to maintain our position amid stiff competition.



AXEL SALZMANN (CFO),
Management segment: Group Controlling,
 Finance/ Investor Relations, Legal Affairs,
 Regulatory Affairs, Administration //
 Member of the Executive Board
 since May 2008, CFO since June 2008

2009, and probably 2010, will be years of challenges for ProSiebenSat.1 as well as for the media industry at large. There is a great deal of uncertainty about what will happen in the real economy, in the advertising market and in the financial markets. So, how are we preparing?

First, we are strengthening **the quality of our programming** wherever we can. To make the most of the Group's potential, we are setting up a new structure for all our free TV stations in Germany. For the first time, Sat.1, ProSieben and kabel eins will be operating under one roof. This will eliminate many of the barriers that have discouraged the development of successful programming ideas to date. N24 will remain in Berlin as the Group's journalistic center of competence and the most up-to-date news station in Europe. We will continue networking our stations internationally, applying best practices and joint idea development to create the programming highlights of the future.

We'll do an even better job of **meeting our advertisers' expectations**. In a new structure, our sales company SevenOne Media will offer true 360-degree marketing, and become the place to go for creative advertising messages on screen. We will also tap additional sources of revenue with new, more differentiated advertising concepts.

Changes offered by new media represent an opportunity for us. We will follow our viewers wherever they go. Under the name "TV 3.0" we'll continue to network our TV brands with online and mobile media. All the components of our portfolio will be placed in the service of a single idea - engaging people with fascinating content.

We can all take pride in knowing that our company - the ProSiebenSat.1 Group - is No. 2 in Europe. It has strong station brands and an outstanding position in new media. It has a presence throughout Europe, and is a technology leader. Finally, ProSiebenSat.1 Group's employees have the loyalty, passion and creativity to make the business a success.

Sincerely,

A handwritten signature in black ink that appears to read "Thomas Ebeling".

THOMAS EBELING (CEO)

A handwritten signature in black ink that appears to read "Axel Salzmann".

AXEL SALZMANN (CFO)

The Executive Board of ProSiebenSat.1 Media AG



THOMAS EBELING (CEO)

Management segment: Group Content Production and Acquisitions, Corporate, Human Resources // CEO since March 1, 2009



AXEL SALZMANN (CFO)

Management segment: Group Controlling, Finance/Investor Relations, Legal Affairs, Regulatory Affairs, Administration // Member of the Executive Board since May 2008, CFO since June 2008



ANDREAS BARTL (German Free TV)

Management segment: German Free TV // Member of the Executive Board since June 2008



THE FOLLOWING LEFT THE EXECUTIVE BOARD IN FISCAL 2008:

GUILLAUME DE POSCH, (CEO), Left as of December 31, 2008 // **LOTHAR LANZ**, (CFO), Left as of June 10, 2008 // **PETER CHRISTMANN**, Executive Board Member for Sales and Marketing, Left as of June 30, 2008



PATRICK TILLIEUX (COO)

Management segment: Group Operations,
International Free TV, International Pay TV, Radio, Print //
Member of the Executive Board since July 2007



KLAUS-PETER SCHULZ (Sales)

Management segment: Sales & Marketing //
Member of the Executive Board since September 2008



DR. MARCUS ENGLERT (New Media)

Management segment: New Media & Diversification,
Transaction TV, Business Development //
Member of the Executive Board since August 2006

Report of the Supervisory Board

Ladies and Gentlemen,

Once again in 2008, the Supervisory Board performed the duties incumbent upon it under the law, the articles of incorporation, its own rules of procedure, and the German Corporate Governance Code.

Summary of the activities of the Supervisory Board. The Supervisory Board assisted the Executive Board with advice on management, and supervised the Executive Board's conduct of business. In performing its supervisory duties, the Supervisory Board essentially made use of a reporting system designed to its specifications, as well as a list it had prepared of actions that cannot be taken without the prior consent of the Supervisory Board or one of its committees.

The core of the reporting system is a monthly written report prepared by the Executive Board. In addition to detailed figures on the business position and financial condition of the ProSiebenSat.1 Group, the report also includes a current analysis of the early warning indicators that are continuously recorded and analyzed as part of the risk management system. The Executive Board also submitted detailed reports on current events and plans at the regularly scheduled meetings of the Supervisory Board, as well as in the intervals between meetings when necessary. When business events deviated from plans, the details were explained to the Supervisory Board and discussed with it. The Executive Board coordinated the Company's strategic focus with the Supervisory Board. These regular reports by the Executive Board kept the Supervisory Board promptly and thoroughly informed about the Company's condition, and ensured that it was always involved in decisions of particular importance. Apart from the documentation provided to the Supervisory Board in the course of the Executive Board's reporting activities, there was no need for the Supervisory Board to examine the Company's books and other records during the year.

The Chairman of the Supervisory Board also maintained intensive personal contact with the Executive Board between monthly reports and Supervisory Board meetings, and was thus kept up to date about major business events and the business picture.

All matters requiring its consent were submitted to the Supervisory Board promptly for review. The Executive Board prepared written background materials on these matters that summarized the necessary information for the Supervisory Board's decision-making process. These matters were also explained to the Supervisory Board in person.

Decisions of the Supervisory Board and its committees are made at meetings attended by the members in person, via conference calls, or - whenever necessary - by written correspondence in the intervals between meetings. During the year, the Supervisory Board and its committees made decisions outside personal meetings in a total of 25 cases.

Matters addressed by the Supervisory Board in 2008. At its meetings, the Supervisory Board regularly and thoroughly discussed the condition of the Company with the Executive Board, and especially dealt with the development of business and finances, personnel, investment projects, and basic matters of corporate policy and strategy. The Supervisory Board held four regularly meetings during the year, in March, June, September and November. Six special meetings were held via conference call in February, June, July, November and December.

One of the central concerns of the Supervisory Board during the year was the evolution of the Munich public prosecutor's investigation of a member of the Executive Board of Pro-

GÖTZ MÄUSER,
Chairman of the
Supervisory Board of
ProSiebenSat.1 Media AG



SiebenSat.1 Media AG and certain members of the management of SevenOne Media GmbH. This matter was addressed at the special meeting held on February 12, 2008. The investigative proceedings were initiated in the aftermath of a proceeding by the German Federal Cartel Office that ended in 2007, and were directed against responsible parties at advertising time marketing companies and media agencies in Germany, as well as against the ProSiebenSat.1 Group's advertising sales company. Another key matter addressed in this connection was the introduction of a new advertising sales model in Germany. Further emphases were the centralization of the Group's German free TV stations under the umbrella of German Free TV Holding GmbH in Unterföhring, as well as the resulting relocation of Sat.1 to Unterföhring. The Supervisory Board consented to that relocation at a special meeting on November 7, 2008.

At its regularly meeting on March 25, 2008, the Supervisory Board approved the documents of the annual financial statements for fiscal 2007, as well as the Corporate Governance Report of the Executive Board and Supervisory Board, and the Declaration of Compliance for fiscal 2007. A revision of the rules of procedure raised the age limit for members of the Supervisory Board to 70. Other matters concerning operations were also discussed at this meeting.

In a vote conducted by correspondence, on April 3, 2008, the Supervisory Board approved the spin-off of IT Services from the ProSiebenSat.1 Group and the outsourcing of ProSiebenSat.1 Produktion GmbH's business applications, IT systems and media systems to IBM Deutschland GmbH. In a further vote by correspondence, Axel Salzmann was appointed to succeed Lothar Lanz on the Executive Board on April 23.

A further regular meeting of the Supervisory Board was held immediately before the annual shareholders' meeting, on June 10, 2008. Apart from various matters of operations, this meeting resolved to establish a Compensation Committee.

Two special meetings were held via conference call in June 2008. On June 15, the Supervisory Board approved the sale of the Scandinavian pay TV unit C More Group AB. On June 17, the Supervisory Board accepted Guillaume de Posch's request to resign from his position as CEO, and the termination of his employment agreement with ProSiebenSat.1 Media AG as of December 31, 2008. It also appointed Andreas Bartl as a new member of the Executive Board, effective immediately.

A further special meeting of the Supervisory Board via conference call was convened for July 24. At this meeting, Klaus-Peter Schulz was appointed to succeed Peter Christmann as the Executive Board member for Sales and Marketing, effective September 1, 2008.

Central topics at the regular meeting of the Supervisory Board on September 23 were the current situation of SevenOne Media GmbH's contract negotiations with advertising agencies, and the current status of the Munich public prosecutor's investigation, already mentioned above.

In a vote by correspondence, on November 12 the Supervisory Board approved the Shareholder Incentive Plan for the Executive Board and other selected executives.

At the regular meeting on November 26, the Supervisory Board focused its deliberations on budget planning for fiscal 2009 and on the Five-Year Plan for fiscal 2009 through 2013.

The Supervisory Board's last meeting of the financial year was convoked as a special meeting via conference call for December 9. It appointed Thomas Ebeling to the Executive Board of ProSiebenSat.1 Media AG as CEO, effective March 1, 2009.

Because of scheduling conflicts, Supervisory Board members Johannes Huth, Thomas Krenz and Harry Sloan were absent from more than half of the meetings of the Supervisory Board.

Report on the committees' work. So as to conduct its work efficiently, in 2008 the Supervisory Board relied on the assistance of three committees: the Presiding Committee, the Audit and Finance Committee, and the Compensation Committee. At its plenary sessions the Supervisory Board was informed about the committees' work regularly and in full.

- The Presiding Committee is made up of the Chairman and Vice-Chairman of the Supervisory Board, together with four additional members. The Chairman and Vice-Chairman of the Supervisory Board jointly chair the committee. The committee prepares for meetings of the Supervisory Board, and furthermore deals with acquisitions of programming rights and other matters of particular business significance that are subject to its consent. The compensation of the Executive Board and the acquisition of programming rights were important topics in 2008. The Presiding Committee met six times in 2008, and adopted resolutions by written correspondence twice.
- The Compensation Committee, established in June 2008, serves as a personnel and nominating committee. These duties had previously been performed by the Presiding Committee. The Compensation Committee met three times during the year, and adopted three resolutions by written correspondence. The committee is made up of the Chairman and Vice-Chairman of the Supervisory Board and two additional members. It is chaired by the Chairman of the Supervisory Board.
- The Audit and Finance Committee met six times in 2008, once in a special meeting. It is concerned with matters of risk management and compliance. In accordance with Item 7.1.2 of the German Corporate Governance Code of June 2008, the Audit and Finance Committee also discusses the semiannual and quarterly financial reports with the Executive Board before those reports are released. It is also concerned with ensuring the requisite independence of the independent auditor, engaging the independent auditor's services, identifying points of emphasis for audits, and agreeing on fees with the independent auditor. Its consent is also required for certain management measures. The Audit and Finance Committee has five members. Its Chairman is appointed by the Supervisory Board, and under the rules of procedure this individual must be a member of the Supervisory Board with experience in accounting and internal controlling.

Conflicts of interest. At its regular meeting on September 23, 2008, the Supervisory Board discussed the process of selling Veronica Uitgeverij B.V. and Veronica Litho B.V., the print unit in the Netherlands. Supervisory Board members Marinus Maria Petrus van Lent and Adrianus Johannes Swartjes refrained from participating in the report on this agenda item, since as representatives of Telegraaf Media Groep N.V. they were in the position of potential buyers. There were no other conflicts of interest during the year. The planned sale of Veronica's print operations has been suspended because of the current difficult market environment.

 Corporate Governance Report, p. 25

Corporate governance and Declaration of Compliance. Corporate management and oversight at ProSiebenSat.1 Media AG is guided by the principles of the German Corporate Governance Code. In their Corporate Governance Report , which is published as part of this Annual Report, the Executive Board and Supervisory Board report in detail on corporate governance at ProSiebenSat.1 Media AG, in accordance with Item 3.10 of the German Corporate Governance Code. That Corporate Governance Report also includes the current Declaration of Compliance from the Executive Board and Supervisory Board for fiscal 2008 pursuant to Section 161 of the German Stock Corporations Act (AktG). In keeping with the recommendation of Item 5.6 of the German Corporate Governance Code, the Supervisory Board also conducts regular efficiency reviews. For fiscal 2008, this review was conducted as a self-evaluation at the financial review meeting on March 26, 2009. The major points of examination included the Supervisory Board's view of its own mission, the organization of its activities, the independence of its members, the handling of potential conflicts of interest, and the composition of its committees. The Supervisory Board arrived at a positive conclusion.

Audit of the AG and Group financial statements. The 2008 financial statements of ProSiebenSat.1 Media AG and the consolidated financial statements of the Group, together with the management reports for ProSiebenSat.1 Media AG and the Group, were audited by the Munich office of KPMG AG Wirtschaftsprüfungsgesellschaft, which issued an unqualified audit opinion in both cases. The audit paid particular attention to the process of preparing the consolidated financial statements, the definition of the scope of consolidation, the application of accounting policies, the correctness of the preparation of the single-entity annual financial statements included in the consolidated financial statements, the consolidation of capital and particularly the finalization of the purchase price allocation of the in 2007 acquired SBS Broadcasting Group, the computation and impairment testing of goodwill and intangible assets, computation of deferred taxes, the correctness of the preparation of the information in the notes, a review of the correctness of the preparation of the consolidated cash flow statement and the consolidated segment report, and the plausibility of projected figures in the consolidated management report. As required by law, the consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS). The independent auditor has confirmed that the Executive Board maintains an efficient risk management system, as required by law.

The Supervisory Board thoroughly reviewed these documents. All documents relating to the financial statements, as well as the KPMG audit reports, were made available to the members of the Supervisory Board in good time. These documents were discussed in detail, in the presence of the auditor, first within the Audit and Finance Committee and then at the financial review meeting of the full Supervisory Board. The Supervisory Board has noted with approval the results of the auditor's examination of the financial statements, and for its own part, following its own examination, also finds no cause for objection. The Supervisory Board approved the parent company financial statements and the consolidated financial statements prepared by the Executive Board and audited by the auditor, as well as the management reports for both the parent company and the consolidated Group. The annual financial statements were thereby adopted. Finally, the Supervisory Board also reviewed the Executive Board's proposal for the allocation of profits, and concurs in that proposal.

In its capacity as auditor of the financial statements, the Munich office of KPMG AG Wirtschaftsprüfungsgesellschaft also reviewed the report of the Executive Board on relationships with affiliated enterprises during fiscal 2008. The auditor's examination revealed no cause for objection. The auditor has issued the following unqualified opinion: "Based on the results of our audit, performed in accordance with our professional duties, we confirm that

1. The factual information in the report is accurate,
2. In the legal transactions mentioned in the report, the consideration paid by the Company was not disproportionately high, or else any disadvantage was compensated."

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

Changes in Membership of the Supervisory Board. In connection with the sale of Axel Springer AG's indirect holding in the Company to a subsidiary of Lavena Holding 4 GmbH, which took effect on January 15, 2008, Dr. Mathias Döpfner and Christian Nienhaus resigned from their seats on the Supervisory Board as of that same date. The annual shareholders' meeting on June 10, 2008, consented to the supplemental elections to the Supervisory Board, and elected Silke Scheiber, a director at Kohlberg Kravis Roberts Co. Ltd., and Stefan Dziarski, a private equity professional at Permira Beteiligungsberatung GmbH, to the Supervisory Board.

Reinhard Gorenflos, a partner in Kohlberg Kravis Roberts & Co. Ltd., was appointed to the Supervisory Board by a decision of Munich Local Court on September 5, 2008. He succeeded Heinz-Joachim Neubürger, who resigned as of that same date. Christoph Röttele, Portfolio Director at Permira Beteiligungsberatung GmbH, was appointed to the Supervisory Board by Munich Local Court, effective November 3, 2008. He succeeded Katrin Wehr-Seiter, who had resigned her position as of November 2.

In October 2008, Johannes Peter Huth, a partner and Head of Europe at Kohlberg Kravis Roberts & Co. Ltd., was elected Vice-Chairman of the Supervisory Board and Co-Chairman of the Presiding Committee by a vote conducted by correspondence. He succeeds in that capacity Lord Clive Hollick, a partner in Kohlberg Kravis Roberts & Co. Ltd., who resigned those offices as of September 30, 2008 but who remains a member of the Supervisory Board and of the Presiding Committee. Lord Clive Hollick also resigned from his seat on the Compensation Committee as of September, and was succeeded by Mr. Huth.

Changes in Membership of the Executive Board. Lothar Lanz resigned from his position as a member of the Executive Board of ProSiebenSat.1 Media AG as of the end of the annual shareholders' meeting on June 10, 2008. The Supervisory Board appointed Axel Salzmann as a member of the Executive Board as of May 1, 2008. Mr. Salzmann took office as Chief Financial Officer on June 11. Andreas Bartl was appointed to the Executive Board of ProSiebenSat.1 Media AG as of June 17, 2008, and assumed responsibility for the newly created Board position for German Free TV. Klaus-Peter Schulz was appointed to the Executive Board as of September 1, 2008. As the successor of Peter Christmann, who had resigned from the Board as of June 30, Mr. Schulz is in charge of Sales and Marketing.

A further change in the Executive Board took place as of the end of the financial year. Effective December 31, 2008, Guillaume de Posch resigned as a member of the Executive Board and CEO of ProSiebenSat.1 Media AG. Effective March 1, 2009, the Supervisory Board ap-

pointed Thomas Ebeling a member of the Executive Board and CEO. The Supervisory Board appointed Axel Salzmann as acting CEO of ProSiebenSat.1 Media AG for the period from January 1 through February 28, 2009.

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

Unterföhring, March 2009

A handwritten signature in black ink, appearing to read "Götz Mäuser".

On behalf of the Supervisory Board

GÖTZ MÄUSER
Chairman

Members of the Supervisory Board of ProSiebenSat.1 Media AG

As of December 31, 2008

GÖTZ MÄUSER, Chairman

Partner, Permira Beteiligungsberatung GmbH (Permira) //
Member and Chairman of the Supervisory Board
since March 2007

THOMAS KRENZ

Partner, Permira Beteiligungsberatung GmbH //
Member of the Supervisory Board
since March 2007

JOHANNES PETER HUTH, Vice-Chairman

Partner and Head of Europe,
Kohlberg Kravis Roberts & Co. Ltd. (KKR) //
Member of the Supervisory Board since March 2007,
Vice-Chairman since October 2008

MARINUS MARIA PETRUS VAN LENT

President International, Telegraaf Media Groep N.V. //
Member of the Supervisory Board
since July 2007

LORD CLIVE HOLICK

Partner, Kohlberg Kravis Roberts & Co. Ltd. //
Member of the Supervisory Board since March 2007,
Vice-Chairman until September 2008

CHRISTOPH RÖTTELE

Portfolio Director, Permira Beteiligungsberatung GmbH //
Member of the Supervisory Board
since November 2008

ROBIN BELL-JONES

Investment Advisor, Permira Advisors LLP //
Member of the Supervisory Board since March 2007

SILKE SCHEIBER

Director, Kohlberg Kravis Roberts & Co. Ltd. //
Member of the Supervisory Board since June 2008

GREG DYKE

Consultant/Company Director //
Member of the Supervisory Board since May 2004

HARRY EVANS SLOAN

Chairman of the Board of Directors and
Chief Executive Officer, MGM Holdings, Inc. //
Member of the Supervisory Board since March 2007

STEFAN DZIARSKI

Private Equity Professional,
Permira Beteiligungsberatung GmbH //
Member of the Supervisory Board since June 2008

ADRIANUS JOHANNES SWARTJES

CEO, Telegraaf Media Groep N.V. //
Member of the Supervisory Board since July 2007

PHILIPP FREISE

Director, Kohlberg Kravis Roberts & Co. Ltd. //
Member of the Supervisory Board since March 2007

PROF. DR. HARALD WIEDMANN

German Certified Public Accountant and Attorney at Law,
Gleiss Lutz Hootz Hirsch Partnerschaftsgesellschaft von
Rechtsanwälten, Steuerberatern //
Member of the Supervisory Board since March 2007

REINHARD GORENFLOS

Partner, Kohlberg Kravis Roberts & Co. Ltd. //
Member of the Supervisory Board since September 2008

COMMITTEE MEMBERS AS OF DECEMBER 31, 2008

PRESIDING COMMITTEE:

Götz Mäuser (Co-Chairman), Johannes Peter Huth (Co-Chairman),
Robin Bell-Jones, Philipp Freise, Lord Clive Hollick, Christoph Röttele

AUDIT AND FINANCE COMMITTEE:

Prof. Dr. Harald Wiedmann (Chairman and Financial Expert),
Götz Mäuser, Robin Bell-Jones, Philipp Freise, Reinhard Gorenflos

COMPENSATION COMMITTEE:

Götz Mäuser (Chairman), Johannes Peter Huth, Greg Dyke, Adrianus Johannes Swartjes

› See the Notes to the Consolidated Financial Statements for further information about
the composition of the Supervisory Board in 2008 and their various other appointments, p. 137.

Proposed Allocation of Profits

At the annual shareholders' meeting, the Executive Board of the ProSiebenSat.1 Media AG will recommend a minimum dividend payment of EUR 0.02 per preferred share. Dividend payment for registered shares of common stock is omitted. This is equivalent to a total distribution of EUR 2.2 million.

Corporate Governance Report

Corporate governance refers to the way in which a company is managed and supervised. The German Corporate Governance Code has drawn upon nationally and internationally recognized standards for managing and overseeing companies listed on the stock exchange. The Executive Board and Supervisory Board of ProSiebenSat.1 Media AG are staunch advocates of the German Corporate Governance Code. Good, transparent corporate governance ensures responsible management and oversight of the Company, with a focus on adding value. It encourages confidence in the ProSiebenSat.1 Group among financial markets, business partners and employees, as well as the public at large.

GOVERNING BODIES - MANAGEMENT AND OVERSIGHT STRUCTURES AT PROSIEBENSAT.1 MEDIA AG

Shareholders and annual meeting: The shareholders exercise their rights of joint administration and oversight at the annual shareholders' meeting. Each share of common stock confers one vote at the shareholders' meeting. Except as mandatorily prescribed by law, shares of preferred stock do not carry voting rights. However, under Article 19 of the Articles of Incorporation of ProSiebenSat.1 Media AG, they carry preferential rights in any distribution of profits, as well as an entitlement to a higher dividend.

Well before the date of the event, the invitation to the meeting notifies shareholders about the various agenda items and the resolutions that the Executive Board and Supervisory Board will be submitting for approval. The ProSiebenSat.1 Web site includes special pages for the annual shareholders' meeting, containing the agenda as well as important information about organizational and legal matters concerning all aspects of the meeting, such as participation and dividends. Following the meeting, the remarks of the CEO and the results of votes can also be downloaded from the site.

Further Information on Management and Controlling of the Company can be found in the Group Management Report, p. 35

Executive Board and Supervisory Board: As a German stock corporation, ProSiebenSat.1 Media AG has a dual management system, meaning that its managing and supervisory bodies are clearly separated. The Company's managing body is its Executive Board, which is overseen and advised by the Supervisory Board. The Executive Board and Supervisory Board work together closely for the Company's benefit. In fiscal 2008, the Executive Board had five members initially, and later six. Under the articles of incorporation, the Supervisory Board of ProSiebenSat.1 Media AG has 15 members.

Good management of a company requires trusting and efficient cooperation between the Executive Board and Supervisory Board. Here open communication is especially important. The Executive Board informs the Supervisory Board regularly, promptly and comprehensively on all relevant matters of strategy, planning, business performance, net assets and liabilities, financial position, profit or loss, and risk management. All transactions and decisions that are of fundamental importance to the Corporation are handled in close coordination with the Supervisory Board. Cooperation between these boards is governed by the Executive Board's rules of procedure. The requirements imposed by these bylaws on the Executive Board conform to the requirements of the German Corporate Governance Code, and

For further information on cooperation between the Executive Board and Supervisory Board, p. 35

in particular include binding provisions regarding the Executive Board's obligations to inform and report to the Supervisory Board. The Executive Board's rules of procedure also specify that major business transactions are subject to the approval of the Supervisory Board.

Each year, the Executive Board and Supervisory Board issue a Declaration of Compliance in which they state that the recommendations of the current version of the German Corporate Governance Code have been adopted, and explain any exceptions. The compliance officer of ProSiebenSat.1 Media AG is in charge of implementing the principles of corporate governance, monitoring compliance with the requirements of law, and documenting these processes. The officer's duties also include keeping up to date on changes in the laws, and tracking the relevant public discussions.

TRANSPARENCY – COMMUNICATION WITH THE CAPITAL MARKET, AND REPORTING PRINCIPLES

- **Fair Disclosure:** We aim to strengthen confidence among shareholders and lenders, as well as the interested public, through openness and transparency. For that reason, we report regularly on important business developments and changes in the Company. In general, ProSiebenSat.1 Media AG provides this information simultaneously to all shareholders, media representatives, and the interested public. In so doing, so as to take due account of the international interest in our Company, we release this information in English as well as in German. To ensure fair communication and prompt disclosure both in Germany and in other countries, the Company particularly makes use of the Internet as a channel for communication.

All relevant corporate information is published and kept available for extended periods at our Web site, www.prosiebensat1.com. Annual reports, interim reports, current stock price charts, analyses and presentations are available for download there anytime. The Corporate Governance section of the Web site offers an up-to-date overview of ProSiebenSat.1 Media AG's own implementation of the Corporate Governance Code, along with an archive of the management's Declarations of Compliance from past years and the Company's articles of incorporation.

- **Ad hoc publicity:** Four times a year, as part of the Company's annual and quarterly financial reporting, management discusses the ProSiebenSat.1 Group's business performance, its financial position and its current results of operations. In keeping with the requirements of law, all matters potentially relating to insider transactions are also publicized in ad hoc disclosures as they occur, and are made available immediately on the Internet. A list of all ad hoc press releases for a given year is available on the Company's Web site in the "Annual Document" required under Section 10 of Germany's Securities Prospectus Act (Wertpapierprospektgesetz).
- **Financial calendar:** A financial calendar publishes the release dates of financial reports well in advance, along with other important dates, such as the date of the annual general meeting. The calendar is available at the ProSiebenSat.1 Web site, and is also reproduced in this annual report.
- **Reports of equity holdings and directors' dealings disclosures:** Reports of equity holdings under Sections 21 and 25 of Germany's Securities Trading Act (WpHG) are released as soon as they are received. Current information in this connection is available at http://www.prosiebensat1.com/investor_relations/dokument/.

Directors' dealings disclosures under Section 15a of the Securities Trading Act are also published on the Internet immediately after receipt. During the year, management personnel and parties related to them reported to ProSiebenSat.1 Media AG, in compliance with Sec. 15a of the German Securities Trading Act, the following transactions in Company stock or financial instruments relating to Company stock:

Directors' Dealings Announcement

Last name, first name	Reason for notice	Purchase/ Sale	Date/ Place	Units	Price	Total amount of transaction
Guillaume de Posch	Own management duties	Purchase	March 5, 2008, Xetra/Frankfurt	5,000	14.14356€	70,717.80€
Patrick Tillieux	Own management duties	Purchase	March 13, 2008, Xetra/Frankfurt	30,000	13.33€	399,959.00€
Patrick Tillieux	Own management duties	Purchase	March 17, 2008, Xetra/Frankfurt	11,500	12.63€	145,249€
Patrick Tillieux	Own management duties	Purchase	March 18, 2008, Xetra/Frankfurt	15,000	12.75€	191,292€
Patrick Tillieux	Own management duties	Purchase	March 19, 2008, Xetra/Frankfurt	10,500	12.95€	135,998€
Patrick Tillieux	Own management duties	Purchase	March 20, 2008, Xetra/Frankfurt	3,000	13.00€	39,000€
Patrick Tillieux	Own management duties	Purchase	April 25, 2008, Xetra/Frankfurt	10,000	10.08€	100,791.00€
Susanne Lanz	Related to management	Purchase	April 25, 2008, Xetra/Frankfurt	2,000	10.05€	20,100.00€
Silke Christmann	Related to management	Purchase	April 28, 2008, Xetra/Frankfurt	1,592	9.83€	15,649.36€
Silke Christmann	Related to management	Purchase	April 28, 2008, Xetra/Frankfurt	908	9.85€	8,943.80€
Verena Mohaupt	Related to management	Purchase	April 28, 2008, Xetra/Frankfurt	5,000	9.99€	49,950.00€
Silke Christmann	Related to management	Purchase	April 30, 2008, Xetra/Frankfurt	884	10.00€	8,840.00€
Silke Christmann	Related to management	Purchase	April 30, 2008, Xetra/Frankfurt	616	9.99€	6,153.84€
Silke Christmann	Related to management	Purchase	June 11, 2008, Xetra/Frankfurt	2,600	7.55€	19,630€
Silke Christmann	Related to management	Purchase	June 13, 2008, Xetra/Frankfurt	705	7.37€	5,195.85€
Silke Christmann	Related to management	Purchase	June 13, 2008, Xetra/Frankfurt	595	7.38€	4,391.10€
Silke Christmann	Related to management	Purchase	June 19, 2008, Xetra/Frankfurt	2,100	6.60€	13,860.00€
Prof. Dr. Harald Wiedmann	Own management duties	Purchase	June 25, 2008, Xetra/Frankfurt	5,000	6.12€	30,600€
Patrick Tillieux	Own management duties	Purchase	June 25, 2008, Xetra/Frankfurt	20,000	6.25€	124,995€
Verena Mohaupt	Related to management	Purchase	June 27, 2008, Xetra/Frankfurt	6,547	6.17€	40,394.99€
Verena Mohaupt	Related to management	Purchase	June 27, 2008, Xetra/Frankfurt	200	6.16€	1,232.00€
Verena Mohaupt	Related to management	Purchase	June 27, 2008, Xetra/Frankfurt	1,253	6.15€	7,705.95€
Gregory Dyke	Own management duties	Purchase	October 7, 2008, London	10,000	2.82£	28,463.80£
Thomas Wagner	Notice because of own management duties as Other Member of Management	Purchase	November 17, 2008, Xetra/Frankfurt	7,000	1.67€	11,800€
Verena Mohaupt	Related to management	Sale	December 1, 2008, Xetra/Frankfurt	13,000	1.50€	19,534.56€
Patrick Tillieux	Own management duties	Purchase	December 3, 2008, Frankfurt	20,000	1.40€	28,000€
Patrick Tillieux	Own management duties	Purchase	December 4, 2008, Frankfurt	30,000	1.39€	41,809.30€
Patrick Tillieux	Own management duties	Sale	December 4, 2008, Frankfurt	10,000	1.50€	15,000€
Patrick Tillieux	Own management duties	Sale	December 10, 2008, Frankfurt	40,000	1.485€	59,400€
Patrick Tillieux	Own management duties	Sale	December 11, 2008, Frankfurt	50,000	1.502€	75,100€
Patrick Tillieux	Own management duties	Purchase	December 12, 2008, Frankfurt	100,000	1.4925€	149,250€
Dr. Marcus Englert	Own management duties	Purchase	December 18, 2008, Frankfurt	17,000	1.44€	24,480€

↗ Stock options,
p. 127

- **Shareholdings of the Executive Board and Supervisory Board:** As of December 31, 2008, members of the Executive Board held a total of 185,000 shares of preferred stock of ProSiebenSat.1 Media AG, and a total of 1,530,000 options under the ProSiebenSat.1 Media AG stock option plan (the Long-Term Incentive Plan), each of which options confers the right to purchase one share of preferred stock of ProSiebenSat.1 Media AG. As of December 31, 2008, members of the Supervisory Board held 17,500 shares of preferred stock of ProSiebenSat.1 Media AG. Thus as of December 31, 2008, the combined holdings of all members of the Executive Board and Supervisory Board did not exceed 1 percent of the outstanding shares, nor did the holdings of any single member of either board exceed that figure ↗.
- **Reporting principles:** The ProSiebenSat.1 Group's financial reporting conforms to IFRS (International Financial Reporting Standards). The annual financial statements of ProSiebenSat.1 Media AG, as the Group's parent company, are prepared under the accounting principles of the German Commercial Code (HGB). Both sets of financial statements are audited and certified by independent accounting and auditing firms.

COMPENSATION

The compensation report includes information about the compensation of the Executive Board and Supervisory Board as required by the German Commercial Code (HGB), supplemented by the German Act on Disclosure of Executive Board Compensation (VorstOG). It also takes account of the recommendations of the German Corporate Governance Code.

COMPENSATION OF THE EXECUTIVE BOARD

Structure of compensation of the Executive Board. In addition to their functions as directors and officers of the Company, the members of the Executive Board of ProSiebenSat.1 Media AG also have contractual relationships with the Company. The Supervisory Board is responsible for signing the employment agreements with the members of the Executive Board. The employment agreements between ProSiebenSat.1 Media AG and the members of its Executive Board have a maximum term of five years. These contracts establish the Board members' rights and duties, including their compensation.

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

- Under their employment contracts, all Executive Board members receive a fixed base salary, paid monthly, that is determined with reference to the individual member's area of responsibilities.
- In addition to this base component, each member also receives a performance-based variable component in the form of an annual bonus. The specific terms of this annual bonus vary among the contracts of the individual board members. One portion of the bonus is decided by the Supervisory Board, and depends on the achievement of predefined performance targets composed of Group EBITDA, the Group net debt, and personal goals.
- Additionally, the members of the Executive Board also participate in a stock option plan of ProSiebenSat.1 Media AG (the 2008 Long-Term Incentive Plan), which has replaced the

stock option plan introduced in 2005. The change has no effect on outstanding stock options from the 2005 Long-Term Incentive Plan. Thus the Company has created an additional compensation component, focused on the Company's long-term success, so as to cultivate shareholder value. Each stock option under the LTIP entitles the holder to buy one share of ProSiebenSat.1 preferred stock. Stock options under LTIP 2005 (2006 Cycle) were not eligible for exercise until August 2008, assuming all other requirements for exercise were met; stock options under LTIP 2008 cannot be exercised until July 2010 at the earliest. As of December 31, 2008, members of the Executive Board held 665,000 stock options from the 2006 Cycle and 865,000 stock options from the 2008 Cycle. No stock options were exercised in 2008.

- Furthermore, the Company has signed pension agreements with most members of the Executive Board, under which those members are entitled to payment of a retirement pension if they reach age 60 and leave the Company's employ after the contractual vesting period has elapsed.
- Finally, the members of the Executive Board receive other compensation in the form of noncash perquisites, including company cars, insurance coverage, and coverage of relocation expenses if they must relocate.

The Company has extended neither loans nor guarantees or warranties to the members of the Executive Board. The Notes to the consolidated financial statements include further information about the ProSiebenSat.1 Media AG stock option plan.

Individualized reporting of Executive Board compensation. A resolution of the shareholders' meeting on August 2, 2006, exempted the Company for a term of five years from the statutory obligation to disclose the compensation of the individual members of the Executive Board in the parent-company and consolidated financial statements, on the basis of the information specified in Section 285 No. 9 a) Sentences 5 through 9 and Section 314 (1) No. 6 a) Sentences 5 through 9 of the German Commercial Code (HGB). However, the Executive Board and the Supervisory Board have decided to voluntarily disclose the compensation paid by the Company to the individual members of the Executive Board last financial year. The following table gives an individualized breakdown of this compensation.

EUR k	Annual salary		Total	Other compensation		Pensions	
	Fixed component	2007 bonus (paid 2008)		Perquisites ⁽⁶⁾	Accrued pension provision ⁽⁷⁾	Annual payment entitlement at 12/31/2008 ⁽⁸⁾	
Guillaume de Posch	1,000.0	1,200.0	2,200.0	7.5	705.9	78.0	
Patrick Tillieux	990.0	414.0	1,404.0	63.0	0	0	
Axel Salzmann ⁽¹⁾	433.3	0	433.3	4.9	14.3	7.5	
Andreas Bartl ⁽²⁾	350.8	0	350.8	8.0	13.5	6.0	
Dr. Marcus Englert	400.0	200.0	600.0	10.2	85.5	16.6	
Klaus-Peter Schulz ⁽³⁾	200.0	0	200.0	2.6	16.6	3.2	
Lothar Lanz ⁽⁴⁾	345.0	420.0	765.0	9.6	2,078.9	139.6	
Peter Christmann ⁽⁵⁾	325.0	600.0	925.0	42.9	364.8	58.2	
Total	4,044.1	2,834.0	6,878.1	148.8	3,279.5	309.1	

(1) 8-month basis / member of the Executive Board since May 2008. CFO since June 2008. (2) 7-month basis / member of the Executive Board since June 2008. (3) 4-month basis / member of the Executive Board since September 2008.

(4) Member of the Executive Board until June 2008. (5) 6-month basis / member of the Executive Board until June 2008.

(6) Includes noncash benefits from use of company car, insurance, and relocation grants if the individual must relocate. (7) Not including entitlements from the individual's own additional payments (as of December 31, 2008). (8) Upon retirement, not including entitlements from the individual's own additional payments (as of December 31, 2008).

COMPENSATION OF THE SUPERVISORY BOARD

Structure of compensation of the Supervisory Board. The members of the Supervisory Board receive a fixed compensation. The Chairman and Vice-Chairman of the Supervisory Board each receive twice the amount of this fixed base figure. Members of the Supervisory Board's committees are compensated with a separate meeting honorarium, payable for participating at each committee meeting. Committee chairs receive twice the standard meeting honorarium. The compensation of the Supervisory Board is set in the Articles of Incorporation of ProSiebenSat.1 Media AG.

in EUR m	Fixed base compensation	Meeting honoraria Presiding Committee	Meeting honoraria Audit and Finance Committee	Meeting honoraria Compensation Committee	Total
Götz Mäuser	200.0	18.0	6.0	9.0	233.0
Johannes Peter Huth ⁽¹⁾	125.0	3.0	0	3.0	131.0
Robin Bell-Jones	100.0	9.0	9.0	0	118.0
Gregory Dyke	100.0	0	0	4.5	104.5
Stefan Dziarski ⁽²⁾	55.8	0	0	0	55.8
Philipp Freise	100.0	7.5	7.5	0	115.0
Reinhard Gorenflos ⁽³⁾	31.8	0	1.5	0	33.3
Lord Clive Hollick ⁽¹⁾	175.0	13.5	0	1.5	190.0
Thomas Krenz	100.0	0	0	0	100.0
Marinus Maria Petrus van Lent	100.0	0	0	0	100.0
Christoph Rötttele ⁽⁴⁾	16.0	1.5	0	0	17.5
Silke Scheiber ⁽²⁾	55.8	0	0	0	55.8
Harry Evans Sloan	100.0	0	0	0	100.0
Adrianus Johannes Swartjes	100.0	0	0	4.5	104.5
Prof. Dr. Harald Wiedmann	100.0	0	18.0	0	118.0
Dr. Mathias Döpfner ⁽⁵⁾	4.1	0	0	0	4.1
Christian Nienhaus	4.1	0	0	0	4.1
Heinz-Joachim Neubürger ⁽⁶⁾	59.5	0	7.5	0	67.0
Katrin Wehr-Seiter ⁽⁷⁾	84.0	0	0	0	84.0
Total	1,611.1	52.5	49.5	22.5	1,735.6

(1) Lord Clive Hollick was Vice-Chairman of the Supervisory Board until September. He was succeeded by Johannes Peter Huth. (2) Member of the Supervisory Board since June 2008. (3) Member of the Supervisory Board since September 2008. (4) Member of the Supervisory Board since November 2008. (5) Member of the Supervisory Board until January 2008. (6) Member of the Supervisory Board until August 2008. (7) Member of the Supervisory Board until November 2008.

Members of the Supervisory Board received no remuneration or other consideration for personal services, especially consulting and mediation services, during fiscal 2008.

DECLARATION OF COMPLIANCE OF THE EXECUTIVE BOARD AND SUPERVISORY BOARD OF PROSIEBENSAT.1 MEDIA AG IN ACCORDANCE WITH SECTION 161 OF THE GERMAN STOCK CORPORATIONS ACT (AKTG)

The Executive Board and Supervisory Board declare that with the following exceptions, during fiscal 2008 ProSiebenSat.1 Media AG complied, and will continue to comply, with the recommendations of the Government Commission on the German Corporate Governance Code in the version of June 14, 2007, and, as of its date of validity, the version of June 6, 2008:

- The Executive Board of the Company has not appointed a proxy to exercise the shareholders' voting rights as directed (Item 2.3.3). There is no need for such a proxy at present because of the current shareholder structure and the limited number of voting shareholders.
- The D&O insurance policies the Company has taken out for the Executive Board and the Supervisory Board do not provide for a deductible (Item 3.8), since agreeing to a deductible would not materially reduce the insurance premiums. Furthermore, by virtue of their offices, the Executive Board and the Supervisory Board are already acting responsibly and in the Company's best interest. They do not regard a deductible as an effective way of enhancing board members' motivation or sense of responsibility.
- The stock option plan first approved at the annual shareholders' meeting in May 2005, as part of the authorization to acquire treasury stock, and most recently renewed by resolution of the meeting of June 2008, provides only for incentive targets relating to the trading price of the Company's stock. Additional comparison parameters relating to corporate key figures (Item 4.2.3) were not included, since due to the particular conditions of the German TV advertising market, no comparable German or foreign companies can be identified.
- Under an amendment made to the articles of incorporation by a resolution of the shareholders' meeting on July 17, 2007, members of the Supervisory Board don't receive a results-based component of their compensation (Item 5.4.7). The variable component of compensation 2007, has been replaced by a higher fixed compensation. The Company believes a fair fixed compensation is better suited to the function of the Supervisory Board, which is to provide oversight irrespective of profit to the Company.

Subject to the exceptions stated above, ProSiebenSat.1 Media AG intends in the future to continue complying with the recommendations of the Government Commission on the German Corporate Governance Code in the version of June 6, 2008.

March 2009

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

02

- › The following Group Management Report presents the Pro-SiebenSat.1 Group's business situation, major events, and the Group's expected future development in terms of operations and strategy.

The Group Management Report for fiscal 2008 is the first to include the SBS Broadcasting Group, acquired in July 2007, for the full year.

Group Management Report

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Business Operations and Business Conditions

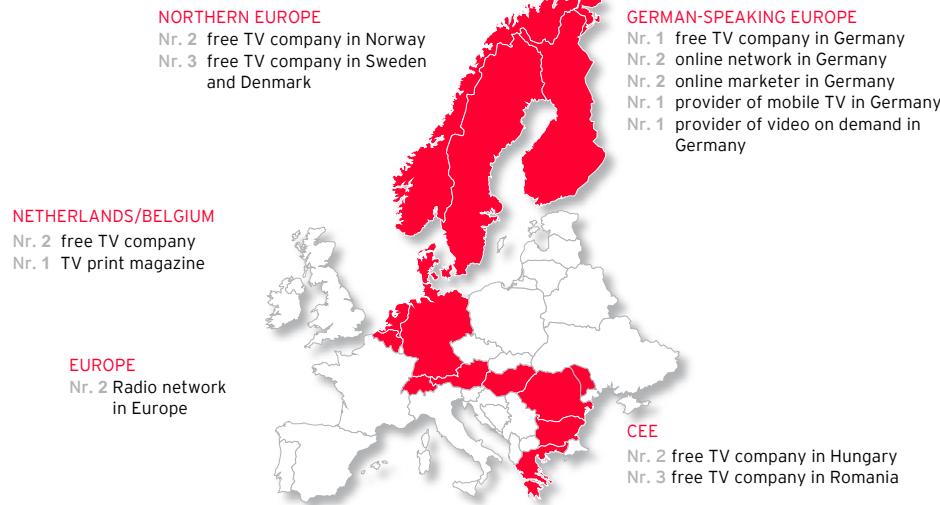
BUSINESS ACTIVITIES AND GROUP STRUCTURE

The ProSiebenSat.1 Group – Business activities and market position. The ProSiebenSat.1 Group is one of Europe's leading media corporations. The Group's programming offers audiences first-class entertainment and up-to-date information on every screen and every platform.

Its core business is free TV, financed through advertising. With its station brands Sat.1, ProSieben, kabel eins and N24, ProSiebenSat.1 is the largest commercial TV corporation in Germany. The Group also has strong market positions in free TV in other countries, such as the Netherlands (Veronica, Net 5 and SBS 6), Hungary (TV 2), and Sweden (Kanal 5 and Kanal 9). Reaching more than 78 million TV households, ProSiebenSat.1 is the second-largest broadcasting group in Europe. In addition to classic distribution channels like TV and radio, the ProSiebenSat.1 Group also relies on innovative technologies and new media. Online digital services are among the business operations that ProSiebenSat.1 has added to its portfolio in order to diversify its sources of income.

Markets, business activities and competitive position of the ProSiebenSat.1 Group

A presence in Europe with strong brands
- See inside cover for more information



LEGAL AND ORGANIZATIONAL STRUCTURE OF THE GROUP

Organizational structure – Business units and segments. In June 2007, ProSiebenSat.1 Media AG acquired all of the SBS Broadcasting Group (SBS). As part of the first consolidation of SBS (July 3, 2007), the segment structure of the ProSiebenSat.1 Group was revised to better address the Group's expanded international business operations. In addition to the Free TV in German-Speaking Europe and Free TV International segments, a Diversification segment was set up. In simplified terms, the Group's reporting structure looks as follows:

- The four German stations (Sat.1, ProSieben, kabel eins and N24) are consolidated in 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 (PULS 4 among them) and Switzerland.
- The commercial TV stations in the Benelux countries (Netherlands, Belgium), Northern Europe (Denmark, Finland, Norway, Sweden) and the CEE region (Bulgaria, Hungary, Romania) are consolidated in the Free TV International segment.

- International diversification activities, such as radio and print, are reported together with other established diversification operations (online, basic pay TV, call TV, video on demand, licensing/merchandising) under the Diversification segment.

Strategic structure: Business units and segments of the ProSiebenSat.1 Group

BUSINESS UNIT	Free TV	Diversification	
SEGMENT	Free TV in German-Speaking Europe	Free TV International	Diversification
REGION	<ul style="list-style-type: none"> Germany, Austria, Switzerland 	<ul style="list-style-type: none"> Netherlands, Belgium Northern Europe CEE 	<ul style="list-style-type: none"> Germany, Austria, Switzerland Netherlands, Belgium Northern Europe CEE

Legal structure of the Group. ProSiebenSat.1 Media AG is the holding company for the ProSiebenSat.1 Group. It is a stock corporation, and is based in Germany. Consequently ProSiebenSat.1 Media AG is subject to German law, and particularly the German laws governing corporations and securities, employee co-determination, and the capital markets. It is bound by the German Corporate Governance Code.

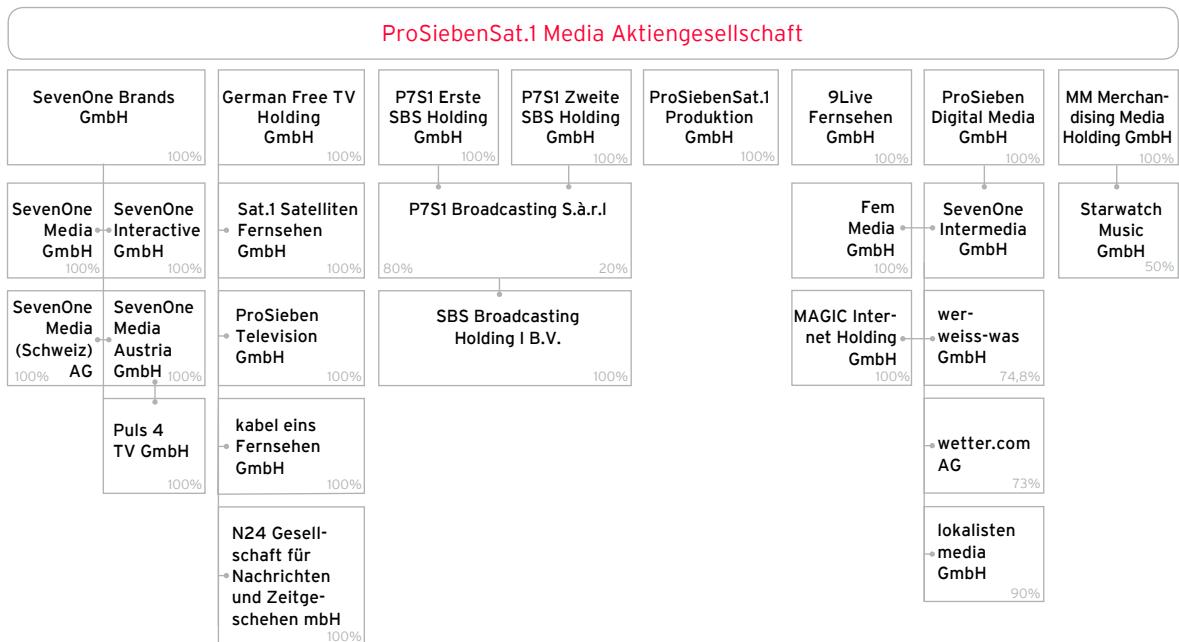
↗ Compensation Report, p. 28

- Management and oversight:** As required by German corporate law, ProSiebenSat.1 Media AG has a dual management system characterized by a strict separation of persons between its managing body and its oversight body. The Company is managed by the Executive Board. The Supervisory Board supervises and advises the Executive Board in the latter's management of the Company's business. For that reason, the Supervisory Board is directly involved in all corporate decisions of major importance. The basic rules for managing ProSiebenSat.1 Media AG are set forth in its articles of incorporation. The Executive Board and the Supervisory Board of ProSiebenSat.1 Media AG are presented in the section entitled "The Executive Board and Supervisory Board Report," starting on page 14. That section also includes extensive information on how the two boards work together, as well as their compensation in fiscal 2008. The Notes to the consolidated financial statements, which begin on page 94, provide further information, including the basic principles of compensation ↗.
- Management and corporate structure:** This European media group, headquartered in the Munich suburb of Unterföhring, is managed centrally. As the Group's ultimate parent company, ProSiebenSat.1 Media AG manages key functions that affect multiple segments, such as license purchases, accounting, controlling, corporate planning, human resources, finance, investor relations, legal affairs and corporate communications. At the same time, the individual subsidiaries in their various countries have a large degree of autonomy. With this arrangement, decisions can be made quickly, and the subsidiaries can respond flexibly to the needs of their target audiences and markets.

↗ Changes in scope of consolidation, major organizational measures, Group locations - See p. 47 and Consolidated Notes, p. 96

Significant direct subsidiaries of ProSiebenSat.1 Media AG include German Free TV Holding and ProSiebenSat.1 Erste und Zweite SBS Holding GmbH. German Free TV Holding GmbH, headquartered in the Munich suburb of Unterföhring, pools the Group's companies that conduct free TV operations in Germany, Austria and Switzerland. These companies include not only the stations Sat.1, ProSieben, kabel eins and N24 in Germany, but also SAT.1 Privatrundfunk und Programmgesellschaft mbH Österreich and SAT.1 Schweiz AG. ProSiebenSat.1 Erste und Zweite SBS Holding GmbH, likewise headquartered in Unterföhring, combines the international companies of the former SBS Broadcasting Group ↗.

Principal subsidiaries and equity holdings of ProSiebenSat.1 Media AG



CORPORATE MANAGEMENT, GOALS, STRATEGY

The Executive Board manages the Company on the basis of a number of performance indicators. The management system includes both financial key figures and non-financial performance indicators that reflect how well the Group and its operations are doing. In addition to internal key figures, for purposes of guidance and planning the system also regularly consults external indicators, such as current figures on the economy. The Executive Board furthermore guides its decisions by the corporate strategy of the ProSiebenSat.1 Group.

THE INTERNAL MANAGEMENT SYSTEM

The ProSiebenSat.1 Group's internal management system has primarily the following components:

- A guidance system based on key figures
- A coordinated management and planning system
- Ongoing risk and chance management
- Management by objectives at all levels of the Company
- Monthly reporting to the Supervisory Board and regular meetings of the Supervisory Board.

A guidance system based on key figures. The central financial figures for management are recurring EBITDA, recurring EBITDA margin, and free cash flow. **Recurring EBITDA** is EBITDA - earnings before interest, taxes, depreciation and amortization - after adjustment for one-time effects. The **recurring EBITDA margin** is the ratio between recurring EBITDA and revenues. These key figures make possible a meaningful assessment of operating performance, and simplify profitability comparisons among companies internationally, since they factor out the influence of national taxes and of depreciation and amortization. For that reason, they are an important indicator in assessing the profitability of the ProSiebenSat.1 Group and its segments. **Free cash flow** shows the surplus cash generated during a period, and can be interpreted as a financial surplus that is available to service equity and debt .

Risk report, p. 70
 Employment, p. 62

For definition of free cash flow, see Cash Flow Statement, p. 56

A further important management parameter is the ratio of net debt to recurring EBITDA (leverage), which the ProSiebenSat.1 Group uses in long-term financial planning.

See p. 41 for audience share performance; p. 66 for more information on non-financial performance indicators

Along with purely financial parameters, the ProSiebenSat.1 Group has also defined performance figures that cannot be measured directly in financial terms. These particularly include the free TV stations' audience shares. These shares are analyzed constantly as a part of early risk detection, and at the same time serve as performance indicators of the stations' programming quality and brand value in the eyes of the advertising industry. In the Diversification unit, important parameters include the number of unique users.

A coordinated planning and management system. Planning and management are closely interrelated. Plans are prepared on the basis of the Company's strategic and operating goals; as already explained, Group-wide planning processes focus on recurring EBITDA, recurring EBITDA margin, and free cash flow. Earnings plans include both long-term corporate planning and operational planning. The individual planning processes are coordinated systematically and adopted over time. This is a matter of fundamental importance for effective management of the defined target figures, but also for the Group-wide detection of risks and opportunities:

- **Five-year plan on annual basis (long-term corporate plan):** Each year the ProSiebenSat.1 Group sets its long-term goals for the upcoming five-year period. The five-year plan is adopted by the Executive Board and Supervisory Board; responsibility lies with Controlling and Corporate Planning. The long-term plan particularly includes planning for volumes and prices (revenues), programming (license purchases) and cost and capital expenditure planning, along with the resulting calculation of free cash flow.
- **Annual operational planning (budgeting):** The starting point for the five-year plan is the operational plan (budget plan), which maps out the month-by-month budget for the coming financial year for all Group companies and the Group as a whole. It is drawn up at the end of each financial year.
- **Earnings forecasts during the year:** Earnings forecasts over the course of the year present and analyze the expected development of revenues and earnings for the year as a whole in comparison to the budget. These reports provide an additional management tool, since they help management take quick action to counteract any negative changes.
- **Reporting:** Any potential risks are reported by the decentralized risk managers to the Group Risk and Compliance Officer as part of the quarterly reporting process .

 Risk Report, p. 70

Positioning as a
"content powerhouse"
in Europe
↗ Outlook, p. 79

PROSIEBENSAT.1 GROUP STRATEGY

Our slogan, "the power of television," clearly states both our accomplishments and our aspirations. ProSiebenSat.1 offers first-class entertainment and up-to-the-minute information - whenever the consumer wants them, and wherever the consumer goes. The ProSiebenSat.1 Group has set itself the following strategic objectives ↗:

Strategic goal of the ProSiebenSat.1 Group

1. Concentration on core business in free TV / Content development:

The most important strategic goal is growth, through a focus on the Group's core line of business: commercial television. Attractive content is the foundation of this strategy. High-quality programming and strong TV brands provide a further foundation for expanding the value chain by way of geographic and cross-media diversification.

2. Diversification / Expansion in new media:

By distributing our programming on all available media platforms throughout Europe, 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. Putting content and brands to work in multiple ways also enables the ProSiebenSat.1 Group to make substantially more efficient use of its resources, and to realize synergies.

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.

BUSINESS CONDITIONS AND OPERATING ENVIRONMENT

↗ Information on risks
and opportunities re-
sulting from changes in
environment, p. 72, and
p. 80 of Outlook

↗ Information on stock
performance, p. 64

LEGAL ENVIRONMENT ↗

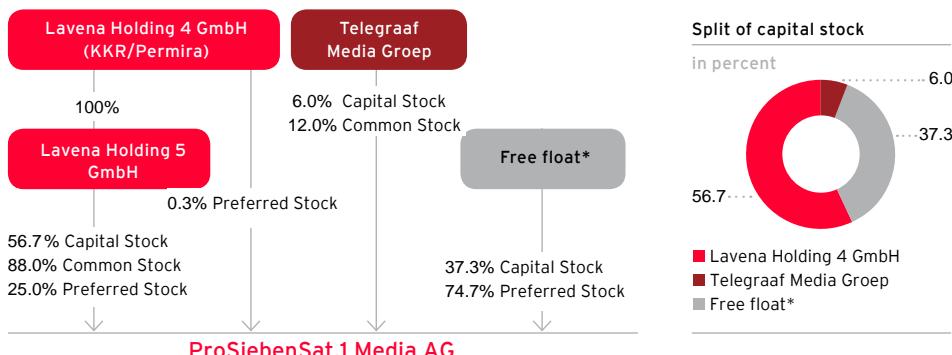
Ownership structure of ProSiebenSat.1 Media AG

The Lavena Holding companies, which are controlled by funds advised by Kohlberg Kravis Roberts & Co. L.P. (KKR) and Permira Beteiligungsberatung GmbH (Permira), are 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 non-voting preferred stock. This is equivalent to 56.7 percent of the Company's share capital. The Dutch media corporation Telegraaf Media Groep N.V. (TMG) holds 12.0 percent of the voting common stock, equivalent to 6.0 percent of the share capital. The remaining roughly 74.7 percent of the preferred stock, equivalent to approximately 37.3 percent of the share capital, is in free float ↗.

Changes in ownership structure during fiscal 2008. The ownership structure of ProSiebenSat.1 Media AG changed as follows during the year:

- **Axel Springer AG relinquishes ownership interest.** At the beginning of fiscal 2008, Axel Springer AG sold its stake in ProSiebenSat.1 Media AG to Lavena Holding 5 GmbH.
- **TMG a new shareholder.** At the end of September, acting through a wholly owned subsidiary, Telegraaf Media Groep N.V. acquired 12.0 percent of the voting common stock of ProSiebenSat.1 Media AG from Lavena Holding 5 GmbH.

Shareholder structure of ProSiebenSat.1 Media AG as of December 31, 2008



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

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

Consolidated Notes, p. 114

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

Information under Sections 289 (4) and 315 (4) of the German Commercial Code and Explanations under Sections 120 (3) and 175 (2) of the German Stock Corporations Act

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

Report on relations with affiliated companies

In compliance with Section 312 of the German Stock Corporations Act (AktG), the Executive Board of ProSiebenSat.1 Media AG has prepared a report on relationships with affiliated enterprises for fiscal 2008, which concludes with the following statement by the Executive Board:

Because Lavena Holding 5 GmbH, of Munich, is a wholly-owned subsidiary of Lavena Holding 4 GmbH, of Munich, which in its turn is a wholly-owned subsidiary of Lavena Holding 1 GmbH, of Munich, which in its turn is a wholly-owned subsidiary of Lavena 3 S.à r.l., of Luxembourg, which in its turn is a wholly-owned subsidiary of Lavena 2 S.à r.l., of Luxembourg, which in its turn is a wholly-owned subsidiary of Lavena 1 S.à r.l., of Luxembourg, ProSiebenSat.1 Media AG is deemed a dependent subsidiary of Lavena 1 S.à r.l., and is therefore obligated under Section 312 AktG to issue a report on the relationships between ProSiebenSat.1 Media AG and Lavena 1 S.à r.l. and its affiliated companies. In the year under review, ProSiebenSat.1 Media AG did not engage in any legal transactions with third parties at the direction of or in the interest of Lavena 1 S.à r.l. or its affiliated companies. No actions subject to report-

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

ECONOMIC AND INDUSTRY ENVIRONMENT

Overall economic environment. The crisis in the financial markets that began in 2007 with the collapse of the subprime mortgage market in the United States, and that peaked in September 2008 with the insolvency of Lehman Brothers, the fourth-largest American investment bank, has now spread to the entire world economy. After a strong start, the economy in the Euro zone (EZ15) cooled steadily over the rest of the year, and had lost significant momentum by year's end. Because of its heavy export orientation, Germany was hit especially hard. After a first quarter dominated by exceptional effects the economy continued to deteriorate as the year wore on. The last three months of 2008, with a minus of more than two percent, reflect the scope of the crisis. Preliminary results indicate that in real terms, the German economy grew 1.3 percent overall during 2008 - significantly less than in the previous two years. Growth was driven by gross investment and government consumption, while foreign trade was no longer the growth driver. Although income was up and employment figures were positive for the year, consumer spending also stagnated. High inflation - 2.6 percent on average for the year - depressed consumer sentiment. Although inflation declined significantly at year's end, warning signals from the economy and the job market increased.

Development of the advertising market. The intensified crisis in the international financial markets, and its repercussions for the real economy, were also reflected in the development of TV advertising spends during 2008. In the fourth quarter, growth rates in the ProSiebenSat.1 Group's TV advertising markets in Northern, Eastern and Central Europe slowed significantly, or even moved into negative territory. Though the fourth quarter was weak, the picture for 2008 as a whole remained positive. The performance of the Group's international TV advertising markets ranged from slight pluses in the Netherlands, Finland and Norway, to substantial gains in Sweden and Belgium, to dynamic growth in the markets of Hungary, Romania and Bulgaria. Only Denmark closed out the year as a whole with a minus (-4.4 percent net).

The following table summarizes the development of TV advertising markets for 2008 as a whole and in the fourth quarter. However, it should be borne in mind that some of the figures below are based on gross figures, and therefore give only a limited idea of what the associated net figures will prove to be.

Development of TV advertising spending in the markets relevant to ProSiebenSat.1

	2008 In Euro m	Change vs 2007 In percent	Q4 2008 In Euro m	Change vs Q4 2007 In percent
Germany	9,124.4	4.5	2,872.6	4.7
Netherlands	856.0	0.7	262.0	-7.4
Belgium	791.7	6.4	248.2	2.5
Sweden	456.0	5.8	138.9	3.0
Norway	248.5	3.2	67.1	1.1
Denmark	307.8	-4.4	81.0	-18.5
Finland	266.3	1.7	74.7	-5.9
Hungary	1,725.8	11.3	526.6	10.9
Romania	317.9	22.1	105.1	19.7
Bulgaria	405.4	28.0	130.4	23.1
Austria	622.9	4.5	182.9	-1.7
Switzerland	755.1	6.9	218.5	-6.7

* Data sources / ex rates Germany: gross, Nielsen Media Research Netherlands: net (after discount, before agency commission), SPOT organization, Q4 is estimated Belgium: gross, CIM MDB, North, December 08 is estimated Sweden: net, IRM / ex rate 9.24 (07)/9.41 (08) SEK, Q4 is estimated Norway: net (after discounts, before agency commission), MIO-Media Agencies Organization, representing approx. 90% of total tv ad market / ex rate 9.741 NOK, (31.12.08) Finland: net, TNS Gallup Adex, Denmark: net, DRRB, ex rate 7.4516 DKK, December 08 is estimated Hungary: gross, AGB Nielsen Media Research / ex rate 250 Romania: net, Company info is estimated. Bulgaria: gross (before discounts), TNS TV Plan / ex rate 1.95 BGN, 30 TVs are included Austria: gross, Media Focus Switzerland: gross, Media Focus / ex rate 1.476 CHF All figures reported to SevenOne Media, Market Intelligence, finalized 10.2.2009

In German-speaking Europe, Austria and Switzerland were able to look back on a successful 2008, despite the adverse influences of the fourth quarter. In Germany, the Group's core market, gross TV advertising spends in 2008 were up 4.5 percent against the year before, to EUR 9.12 billion (Q4: +4.7 percent). SevenOne Media, the ProSiebenSat.1 Group's sales company for TV advertising time in Germany, encountered difficulties in winning acceptance for the new marketing model in 2008. It was able to maintain its lead in the German TV advertising market, at 41.1 percent (2007: 43.5 percent), but lost market share. The ProSiebenSat.1 Group's gross TV advertising revenues in Germany came to EUR 3.75 billion, compared to EUR 3.80 billion in 2007 (Q4 2008: EUR 1.20 billion, Q4 2007: EUR 1.21 billion). Net figures for the German TV advertising market are not available yet. The ProSiebenSat.1 Group assumes that the market remained stable overall, but that the Group lost market share.

Gross advertising market share in Germany

In percent // 2007 figures in parentheses



* Source: Nielsen Media Research

Development of the audience market. In spite of the European Soccer Championship and the Olympics, the Group's TV stations increased their audience shares in 2008 - in some cases substantially - both in the German-speaking countries and in the international Free TV segment. Against the prior year, the German family of stations - Sat.1, ProSieben, kabel eins and N24 - expanded their average audience share 0.4 percentage points, or by 1.4 percent, to 29.4 percent of the key demographic. In fact, in September 2008 the German stations made their best monthly showing since April 2005: a 31.1 percent share. Audience shares also performed especially well in Austria (+31 percent), Denmark (+16 percent), and the Netherlands (+7 percent).

ProSiebenSat.1 free TV stations' audience shares by country

in percent	2008	2007
Germany ⁽¹⁾	29.4	29.0
Austria ⁽²⁾	15.8	12.1
Switzerland ⁽³⁾	17.6	16.5
Netherlands ⁽⁴⁾	23.4	21.9
Belgium ⁽⁵⁾	15.9	15.1
Norway ⁽⁶⁾	13.4	13.6
Sweden ⁽⁵⁾	14.7	15.2
Denmark ⁽⁷⁾	8.8	7.6
Finland ⁽⁸⁾	2.7	2.8
Hungary ⁽⁷⁾	21.6	23.6
Romania ⁽⁵⁾	6.1	6.8

* All values refer to 24-hour audience shares. (1) Sat.1, ProSieben, kabel eins and N24. All German households using TV (Germany + EU), Monday-Sunday, 3:00 - 3:00 a.m., audience age 14 - 49. (2) Target demographic 12-49. ProSieben Austria, Sat.1 Österreich, kabel eins austria and PULS 4 (from Jan. 28, 2008). (3) ProSieben, Sat.1, kabel eins, Monday-Sunday, 2:00 - 2:00 a.m., audience age 15-49. (4) Target demographic 20 - 49. (5) Target demographic 15 - 44. Romanian figures are based on the urban population. Belgian figures refer to the region of Flanders. (6) Target demographic 12 - 44. (7) Ratings among target demographic 15 - 50, except data for Hungary, which are based on demographic 18 - 49. (8) Target demographic 12 - 24.

TV Highlights 2008



01// "Germany's next Topmodel - by Heidi Klum" is one of the most successful shows on ProSieben, with audience shares of up to 30.1 percent of the key demographic.

02// The U.S. series "Medium" is a solid hit on kabel eins, with audience shares as high as 9.5 percent.

03// "Vem kan slå Filip & Fredrik," the Swedish version of "Schlag den Raab," is one of the most successful productions on Kanal 5, with audience shares of up to 39.6 percent.

04// More than 3 million viewers regularly tune in to "Schlag den Raab," bringing ProSieben audience shares of up to 29.2 percent.





Business Performance in 2008

EARNINGS, FINANCIAL POSITION, AND NET WORTH

■ Comparison of actual and projected business developments, p. 52

OVERALL ASSESSMENT OF BUSINESS IN 2008 - MANAGEMENT'S VIEW

On the basis of pro forma figures, consolidated revenues for fiscal 2008, at EUR 3.054 billion, were down EUR 183.0 million against the previous year. Recurring EBITDA was EUR 674.5 million (2007 pro forma: EUR 784.2 million). Business performance in 2008 was impacted by difficulties following the launch of a new sales model for the German TV advertising market - our most important single region. An additional aggravating factor was that economic uncertainty significantly reduced advertisers' willingness to invest during the second half of the year, both in Germany and in the rest of Europe. The current tense economic situation makes clear just how heavily the performance of the TV advertising market depends on economic conditions ■.

■ Outlook 2009, p. 83

However, in difficult economic conditions, important entrepreneurial decisions were made that allowed the ProSiebenSat.1 Group to achieve major goals in 2008: The German family of stations increased its audience share significantly - in spite of vigorous competition from the Olympics and the European Soccer Championships, as well as strict requirements to optimize programming expenses. The expansion of the Group's online presence and the construction of a new playout center also improved the Group's future competitive position. Following the integration of SBS, our top priority is to improve our profitability. To place ProSiebenSat.1 back in a position of maximum effectiveness, in 2008 we initiated extensive steps to optimize the setup of the TV group in Germany both strategically and organizationally, and we adjusted our budgets early to the difficult conditions in the market ■.

MAJOR EVENTS AND ORGANIZATIONAL MEASURES

- **Integration of the SBS Broadcasting Group.** Integrating two corporate groups is a long-term process. This is also true of the situation of ProSiebenSat.1 and SBS. The work of combining various parts of the Corporation moved ahead successfully in fiscal 2008. The integration process combines the crucial factors behind both brands' success, and is laying the groundwork to take advantage of synergies. Both SBS and ProSiebenSat.1 are primarily providers of free TV, while at the same time they also count on diversification. Besides a complementary corporate profile, the integrated Group's specific organizational structure gives it an additional lead over its competitors, since most of its subsidiaries are wholly owned and it can therefore make the most of openings for synergy. Synergies in 2008 were realized especially in central corporate functions and in the joint production of programming. A summary of major integration projects appears on page 66. Our next steps for 2009 are described in the "Outlook" section on page 84.
- **Introduction of a new ad sales model for the German market.** In response to a proceeding by Germany's Federal Cartel Office, SevenOne Media GmbH, the ProSiebenSat.1 Group's TV marketing company in Germany, had to introduce a new advertising sales model. The Federal Cartel Office proceeding was part of an industry-wide investigation of sellers of advertising time and media agencies in Germany, and was terminated by payment of a fine. The ProSiebenSat.1 Group had set aside an appropriate provision of EUR 120.0 million for the fine in fiscal 2007, and payment took place in 2008.

At first the new sales model for 2008 did not meet with as much acceptance from media agencies as had been expected. For that reason, in the first half of 2008 it was revised - taking into account the antitrust rules - so that agencies were again granted discounts in kind. It was not possible to halt the decline in advertising market share during the period.

↗ Outlook 2009,
p. 82

For 2009, SevenOne Media is working with a sales model that conforms to the antitrust requirements, but at the same time makes advertising bookings attractive to media agencies and other advertisers ↗.

↗ The Group's future
focus, p. 84

- **New strategic setup of the TV group in Germany.** At the end of 2008, the ProSiebenSat.1 Group adopted an extensive program for the strategic optimization of the German TV group. The aim is to match TV operations better with the market's requirements, while at the same time making a more efficient use of resources. One step towards that end is to combine all the German-language TV stations into a "matrix" organization under German Free TV Holding. Following the example of the Group's marketing operations, which were set up newly in June 2008, centralized units will be formed to perform certain functions for all the stations.
- **Sale of pay TV company C More.** In June 2008, ProSiebenSat.1 signed a contract for the sale of C More Group AB to TV4 AB, a company that is part of Sweden's Bonnier Group. The sale was consummated at the end of December. C More is Northern Europe's leading brand in premium pay TV. However, it offers the ProSiebenSat.1 Group only limited potential for synergy through international productions and programming uses in the pay TV market. C More was acquired as part of the SBS acquisition, and had been consolidated in the Diversification segment. The prior-year figures accordingly include C More on a prorated basis from July onward. The 2008 figures consolidate its pay TV operations until November ↗.
- **N24 upgrades.** With news station N24's switch to an all-digital platform, the German free TV channel has opened a new chapter in its history. Reports will now be filed on new production equipment that makes N24 Europe's most up-to-date news station. All reports can be edited and released for broadcast digitally. The networking of the editing and production systems is also a step into the future. Now it will be possible to prepare content for TV airing, websites, and mobile services in parallel. The implementation of the new systems and the construction of the new news studio on Potsdamer Platz in Berlin were completed on schedule, so that N24 went on the air with the latest equipment in October 2008.
- **Production company Redseven Entertainment founded.** ProSiebenSat.1 founded Redseven Entertainment GmbH in May 2008. The company is headquartered in the Munich suburb of Unterföhring, and produces light entertainment programming for the entire European TV group. Another emphasis at Redseven is the production of Web content. Having its own separate production company for nonfiction programming also makes it easier for the Group to get access to rights, while further developing its own or acquired programming rights and building artists' careers in cooperation with the Group's stations. Light entertainment concepts are especially well suited for interactive exploitation on multiple platforms.

The company is consolidated into the Free TV in German-Speaking Europe segment, and is a part of the Group Content Acquisitions & Production unit. In addition to Redseven, this unit includes Producers at Work, SevenOne International, Group Programming Acquisitions, and the Group's international production and programming development efforts.

- **ProSiebenSat.1 Networld expands with strategic investments and international rollout.** We invested in successful Internet platforms to expand our strong position in the German online market further in 2008. Among these investments, in April 2008 the Group acquired Fem Media GmbH, of Munich, Germany, and in May it expanded its 30 percent stake in Lokalisten Media GmbH, of Munich, Germany, to 90 percent. The ProSiebenSat.1 Group currently ranks second among online marketers in Germany, with nearly 19 million unique users. But the Group is also a success internationally. Among its international operations

in 2008, it launched versions of MyVideo, Germany's leading video community, in Switzerland, Austria, Belgium, the Netherlands, Romania, and Hungary. The broader internationalization of Web services enables ProSiebenSat.1 to make the most of the potential for synergy derived from the SBS merger by expanding the Diversification division. At the same time, the new services reach new target audiences for the video content from our core business in free TV, and sharpen our TV group's digital presence.

- **International radio network expands.** With radio stations in Norway, Sweden, Finland, Denmark, Romania, Bulgaria and Greece, ProSiebenSat.1 ranks Number 2 among listeners in Europe. The Group has expanded its radio network in Northern Europe by acquiring additional licenses and radio stations. Among the additions, in March the Group acquired Norwegian radio station Kanal 24. After it was renamed Radio Norge and repositioned, the station more than doubled its audience share, and is now the country's second-largest private radio station.
- **ProSiebenSat.1 and IBM establish first European digital platform.** In April 2008, ProSiebenSat.1 and IBM Deutschland GmbH, of Stuttgart, signed a ten-year outsourcing more than agreement for more than EUR 200 million, under which IBM took over all IT business applications, as well as IT and media systems, from ProSiebenSat.1 Produktion GmbH. For that reason the sale of all of ProSiebenSat.1 Produktion was not pursued further in fiscal 2008, so that contrary to the presentation in the consolidated financial statements as of the end of 2007, the present financial statements no longer recognize ProSiebenSat.1 Produktion under discontinued operations.

The IBM agreement is the foundation of a modernization of the ProSiebenSat.1 Group's technical infrastructure - one of the media corporation's three core strategic goals. In June, ProSiebenSat.1 Produktion began setting up a new playout center in the Munich suburb of Unterföhring. Once various test phases have been completed - including simulated broadcasting operations - the playout center is expected to go on the air as scheduled, in the first quarter of 2009. For the long term, the Group plans to distribute all its content in tapeless form, so that programming content can be edited simultaneously by different employees at different sites. At the same time, that will make the content available earlier for use on a variety of platforms. The result will be substantial advantages in time, efficiency and quality.

Summary of portfolio changes and investment projects

JANUARY - DECEMBER 2008

Free TV in German-Speaking Europe segment	<p>New setup of German Free TV activities under roof of German Free TV Holding initiated</p> <p>N24 upgrades</p> <p>Production company Redseven Entertainment founded</p> <p>ProSiebenSat.1 Produktion, the Group's technological service provider, signs IT outsourcing agreement with IBM</p>
Free TV International	Broadcasting Text International (BTI) sold in July 2008
Diversification segment	<p>Online network strengthened through acquisitions:</p> <ul style="list-style-type: none"> Acquisition of all of Fem Media GmbH, which operates Fem.com Web portal <ul style="list-style-type: none"> > Fully consolidated as of April 2008 Acquisition of another 60 percent of Lokalisten Media GmbH, operator of Lokalisten.de Web portal <ul style="list-style-type: none"> > Fully consolidated as of May 2008 Acquisition of a 25.1 percent stake in autoplenum.de in September 2008 Acquisition of a 67.6 percent majority interest in webnews.de social news portal in October 2008 <p>Online and video-on-demand operations expanded, especially with international rollout:</p> <ul style="list-style-type: none"> MyVideo now operating in Austria, Switzerland, Belgium, Netherlands, Hungary and Romania SevenGames goes into Sweden, Norway, Belgium and Netherlands, also available online in English billiger.de launched in France <p>Joint venture founded as of June 1, 2008, with United Internet for Maxdome video-on-demand portal</p> <p>Radio network expanded with acquisitions:</p> <ul style="list-style-type: none"> Acquisition of TV2 Saturn AS in Norway <ul style="list-style-type: none"> > Radio Norge fully consolidated as of March 2008 Foundation of Radio Nova in Denmark <ul style="list-style-type: none"> > Nova FM in Denmark fully consolidated as of July 2008

9Live International expands

Contract for sale of C More Group AB (C More) signed in June 2008 and consummated in December

Web portal Oktoberfest.de sold in December 2008

JANUARY - DECEMBER 2007

	<p>Acquisition of all of the SBS Broadcasting Group</p> <ul style="list-style-type: none"> Fully consolidated as of July 2007 <p>ProSiebenSat.1 segment structure changes through SBS consolidation:</p> <p>Initial consolidation of free TV stations in Benelux countries, Northern Europe and CEE area, and of international diversification activities in pay TV, radio, print</p>
Free TV in German-Speaking Europe segment	<p>Acquisition of all of PULS TV, Austria</p> <ul style="list-style-type: none"> Fully consolidated as of July 2007 Expansion of original regional station into full-service channel (PULS 4) <p>SAT.1 Austria fully consolidated as of February 2007</p>
Free TV International	<p>New stations launched:</p> <ul style="list-style-type: none"> SBS NET, Denmark, launched in January 2007 Kanal 9, Sweden, launched in February 2007 Free TV station FEM, Norway, launched in September 2007
Diversification segment	<p>Acquisitions in online operations</p> <ul style="list-style-type: none"> Acquisition of remainder of Magic Internet Holding GmbH, which runs MyVideo Web portal <ul style="list-style-type: none"> > Fully consolidated as of August 2007 Majority interest in the Solute GmbH, which runs billiger.de Web portal <ul style="list-style-type: none"> > Fully consolidated as of February 2007 Acquisition of wer-weiss-was GmbH (wer-weiss-was.de knowledge portal) <ul style="list-style-type: none"> > Fully consolidated as of September 2007 <p>9Live expanded:</p> <ul style="list-style-type: none"> Services internationalized: 9Live a full service provider producing interactive shows for partner stations in other countries Call TV station repositioned as central service provider for Group's phone-based and interactive applications <p>Digital services expand in video-on-demand and basic pay TV</p>

COMPARISON OF ACTUAL AND PROJECTED BUSINESS DEVELOPMENTS

Earnings outlook. In response to lower revenues in the German TV business, the ProSiebenSat.1 Group had to revise its earnings expectations downward twice over the course of the year.

Information on changes in costs, p. 40

- In connection with the reporting process for the first quarter of 2008, on April 24 the Group adopted cost-cutting measures. The cost-cutting plan called for savings of EUR 70 million against the original 2008 budget, to be achieved especially by optimizing the use of existing programming assets.
- Following a good start in July and August, the revenue situation in September and the leading indicators for October gave signs that the German free TV business would not meet expectations in the second half of 2008. For that reason, the ProSiebenSat.1 Group again revised its earnings projection downward in an ad hoc announcement on September 24, 2008. Apart from ongoing repercussions from the introduction of the new sales model for advertising time, the economic environment had deteriorated significantly towards the end of the first half. Because of extraordinarily low forward visibility in the market, the Group limited the range for its expected recurring EBITDA to between EUR 670 million and EUR 700 million (pro forma 2007: EUR 784.2 million).

Since the figures on the economy were even less bright in the fourth quarter, our earnings projections for 2008 involved an unusually high level of uncertainty. For that reason, the ProSiebenSat.1 Group declined to reconfirm the projection for the year when the third-quarter figures were released. Recurring EBITDA ultimately came to EUR 674.5 million, within the bounds of the September projection. The revenue decline in the TV business was mitigated somewhat by the cost-cutting measures initiated during the year. Cost cuts had particularly positive effects on the earnings position in the fourth quarter of 2008. Given the current economic picture, at the end of the year the Group initiated further measures to cut costs, and took them into account in the budgeting for 2009. In addition, it took extensive organizational steps to pool resources within the German TV group. You can find more information in the Outlook on page 79.

Projected net financial debt. In its third-quarter report, the ProSiebenSat.1 Group assumed that it would be able to reduce net financial debt - net debt including cash inflows from divestments - to about EUR 3.4 billion by year's end. As of December 31, 2008, net financial debt came to EUR 3.407 billion, after the cash inflows from the sale of C More. Thus the figure met the forecast from the third-quarter report, but was still EUR 78.3 million above the previous year's level. Adverse influences that are reflected here included a higher dividend payout than for 2007, and the payment of the fine to the Cartel Office. Proceeds from divestments were only partly able to compensate for these effects.

GROUP EARNINGS

Notes on the reporting approach. The ProSiebenSat.1 Group's books have included the figures for the SBS Broadcasting Group since July 3, 2007 (legal consolidation). Thus the figures for 2008 include SBS full-year figures for the first time. For that reason, the key financial figures for 2008 are not directly comparable with those for 2007. The description of earnings below is therefore preceded by a "pro forma" section that reconciles the main revenue and earnings figures for 2007 to the new Group structure. The pro forma figures consolidate SBS's operations for the full year as of January 2007, comparably to the approach for 2008. Pro forma figures for 2007 are also shown at the segment level. There is no summary of multiple periods.

Key figures 2008 – 2007 pro forma consolidation

in EUR m	ProSiebenSat.1 (not including SBS)		(Former) SBS Broadcasting Group		ProSiebenSat.1 Group (after pro forma consolidation)	
	2008	2007	2008	2007	2008	2007
Consolidated revenues	1,978.7	2,163.4	1,075.5	1,073.8	3,054.2	3,237.2
Recurring EBITDA	445.0	532.6	229.5	251.6	674.5	784.2
EBITDA	370.1	394.8	248.2	233.4	618.3	628.2

Pro forma figures for 2007: Consolidation of SBS as of January 2007.

Key figures 2008 – 2007 legal consolidation

in EUR m	ProSiebenSat.1 (not including SBS)		(Former) SBS Broadcasting Group		ProSiebenSat.1 Group (after consolidation)	
	2008	2007	2008	2007	2008	2007
Consolidated revenues	1,978.7	2,163.4	1,075.5	547.0	3,054.2	2,710.4
Recurring EBITDA	445.0	532.6	229.5	130.3	674.5	662.9
EBITDA	370.1	394.8	248.2	127.5	618.3	522.3

Pro forma figures for 2007: Consolidation of SBS as of July 2007.

Pro Forma Consolidation: Group Revenue and Income Performance

Segment Report,
p. 59

On the basis of a pro forma comparison, consolidated revenues for fiscal 2008 were down 5.7 percent, to EUR 3.054 billion – a decrease of EUR 183.0 million from the 2007 pro forma figure, primarily as a consequence of the revenue setbacks in the free TV business in Germany .

Revenues by segment

2008	1,735.7	797.3	521.2	3,054.2
2007	1,907.7	786.5	543.0	3,237.2

 Free TV German-Speaking Europe segment  Free TV International segment  Diversification segment

- Acceptance problems after the implementation of a new ad sales model caused a decrease in TV advertising revenues in Germany. The weak economy also affected advertisers' booking decisions. The consequence was that external revenues in the German Free TV segment decreased EUR 172.0 million, to EUR 1.736 billion. At year's end, the troubled economy also affected figures in the international TV business of the former SBS Broadcasting Group. But thanks to its good performance in the first three quarters, the International Free TV segment showed revenue growth of EUR 10.9 million for the year, to EUR 797.3 million.
- External revenues in the Diversification unit, which combines all business operations that are independent from TV advertising income, came to EUR 521.2 million, down EUR 21.8

million from the year before. Revenues here contributed 17.1 percent of the consolidated total (2007: 16.8 percent). Most of the decline was caused by lower call TV revenues at 9Live in Germany. Another reason was the deconsolidation of the pay TV business under the C More brand which was sold in December 2008. However, the international radio business remained robust. Revenues from the online business also continued to rise.

The German-speaking part of Europe is ProSiebenSat.1's most important region in terms of revenues, at 64.8 percent of the consolidated total (2007: 66.8 percent), followed by Northern Europe with 16.1 percent (2007: 15.4 percent) and the Netherlands/Belgium with 13.7 percent (2007: 13.0 percent).

Revenues by region

In percent // 2007 figures in parentheses



[Explanation of non-recurring expenses, see p. 52](#)

Total costs, consisting of cost of sales, selling expenses and administrative expenses, increased EUR 47.2 million, or 1.7 percent, to EUR 2.851 billion. This figure includes depreciation and amortization of EUR 351.8 million (2007: 177.9 million) and non-recurring expenses of EUR 86.1 million (2007: EUR 157.1 million) .

In fiscal 2008 the ProSiebenSat.1 Group recognized an impairment charge on SBS goodwill. The impairment had no effect on liquidity, but it increased the Group's depreciation and amortization by a significant EUR 173.9 million, to EUR 351.8 million. Overall expenses before the extraordinary write-downs resulting from the SBS impairment were down by EUR 132.8 million, to EUR 2.671 billion (-4.7 percent).

The revenue decline was mitigated somewhat by the measures taken to cut operating costs during the year. Recurring EBITDA - earnings before interest, taxes, depreciation and amortization, after adjustment for non-recurring effects - was down EUR 109.6 million, or 14.0 percent, against the pro forma figure for 2007, to EUR 674.5 million; EBITDA decreased only EUR 9.9 million, or 1.6 percent, to EUR 618.3 million. The recurring EBITDA margin was 22.1 percent (2007: 24.2 percent).

Reconciliation of recurring EBITDA**

In EUR m	2008	2007
Pre-tax profit/loss	-68.4	186.9
Net financial result	334.9	263.4
Operating profit/loss	266.5	450.3
Depreciation and amortization	351.8	177.9
(including: from SBS impairment)	180.0	- / -
(including: from purchase price allocations)	70.4	- / -
EBITDA	618.3	628.2
Non-recurring items (net)*	56.2	156.0
Recurring EBITDA	674.5	784.2

* Difference of one-time expenses and non-recurring income. ** Pro forma figures without purchase price allocations.

Cost-cutting measures had particularly positive effects on operating earnings performance in the fourth quarter of 2008. Consolidated revenues for Q4 2008 decreased EUR 112.4 million, or 11.4 percent, to EUR 876.8 million, while recurring EBITDA was down 6.0 percent or EUR 17.7 million from the prior year level, to EUR 279.3 million. EBITDA decreased EUR 29.4 million, to EUR 251.7 million (-10.5 percent). Despite large non-recurring expenses of EUR 47.8 million (Q4 2007: EUR 15.9 million) for the new strategic setup now in progress within the German TV Group, overall costs before the SBS impairment were down EUR 36.4 million, or 4.7 percent, to EUR 735.8 million.

Key figures Q4 2008

In EUR m	Q4 2008	Q4 2007
Consolidated revenues	876.8	989.3
Total costs	735.8	772.2
(including: depreciation and amortization)*	246.4	59.0
(including: non-recurring costs)	47.8	15.9
Recurring EBITDA**	279.3	297.0
EBITDA	251.7	281.1

* Thereof SBS impairment in 2008 of EUR 180.0m ** EBITDA before non-recurring items.

LEGAL CONSOLIDATION: GROUP REVENUE AND INCOME PERFORMANCE

With SBS consolidated as of July 2007, consolidated revenues were up EUR 343.8 million, or 12.7 percent, to EUR 3.054 billion (2007: EUR 2.710 billion). The 2008 figure includes SBS's business for the full year, with a contribution of EUR 1.076 billion to revenues, compared to EUR 547.0 million for the comparison period from the year before.

External revenues by segment

2008	1,735.7	797.3	521.2	3,054.2
2007*	1,907.7	403.9	398.8	2,710.4

■ Free TV in German-Speaking Europe segment ■ Free TV International segment ■ Diversification segment

* Consolidation of SBS as of July 2007.

Income and expenses

Other operating income showed an above-average increase of EUR 46.5 million, to EUR 63.2 million. Most of the figure came from positive non-recurring effects of EUR 29.9 million from the sale of C More and BTI.

Like revenues, total expenses (comprising cost of sales, selling expenses and administrative expenses) were up significantly due to the first full-year consolidation of SBS, rising EUR 509.1 million to EUR 2.851 billion. Additionally, the impairment losses of EUR 180.0 million already mentioned above contributed further to increase costs. Total depreciation and amortization for fiscal 2008 came to EUR 351.8 million (2007: 137.0 million for the year).

- The consolidation of SBS contributed EUR 1.126 billion to total expenses, compared to EUR 511.8 million for July through December of 2007. Write-downs resulting from the SBS purchase price allocation came to EUR 61.6 million, compared to EUR 75.5 million in 2007.
- Consumption of programming assets (recognized in the cost of sales) decreased EUR 101.3 million, to EUR 1.247 billion. As planned, programming expenses for fiscal 2008 were lowered through cost-optimized use of existing programming assets.

↗ Information on changes in staff size, p. 62

- Personnel expenses, which are reflected in the cost of sales, selling expenses and administrative expenses, increased EUR 120.6 million to reach EUR 444.2 million. In addition to consolidation effects, the increase in personnel expenses also particularly came from non-recurring expenses of EUR 38.6 million. Total non-recurring effects on expenses for fiscal 2008 came to EUR 86.1 million (2007: EUR 141.8 million). These are explained in further detail below ↗.

Total costs

2008	2,413.1	86.1	351.8	2,851.0
2007	2,022.2	141.8	177.9	2,341.9

■ Non-recurring items ■ Depreciation and amortization, thereof SBS impairment EUR 180.0 m in 2008

Total costs breakdown

in EUR m	2008	2007
Cost of sales	1,867.3	1,623.4
Selling expenses	449.8	374.5
Administrative expenses	533.9	344.0
Total costs	2,851.0	2,341.9

Consolidation of SBS as of July 2007.

Non-recurring effects shown in 2008 expenses: Most non-recurring expenses for 2008 resulted from steps to concentrate the functions of the ProSiebenSat.1 holding company, and from relocating Sat.1 from Berlin to Munich. Additionally, the outsourcing of IT processes and technical services also caused one-time expenses in 2008. These one-time effects on profits were included primarily in administrative expenses. The administrative expenses also include write-offs of EUR 4.1 million in receivables from Lehman Brothers International (Europe) for terminated interest-rate swaps. Lehman Brothers International (Europe) applied for protection from creditors on September 15, 2008. New cover was provided for most of the total in hedge interest-rate swaps, so that there has been no material consequent change in the hedging ratio. In total one-time expenses amounted to EUR 86.1 million.

Non-recurring effects shown in 2007 expenses: Non-recurring expenses for 2007 totaled EUR 141.8 million, and came primarily from the Cartel Office fine. The non-recurring expense of EUR 120.0 million from the Federal Cartel Office proceedings is shown as part of the administrative expenses for fiscal 2007.

Earnings

EBITDA, at EUR 618.3 million, was up EUR 96.0 million from the previous year's equivalent (+18.4 percent). This figure includes EUR 56.2 million in one-time effects, compared to EUR 140.6 million for 2007. Accordingly, recurring EBITDA after adjustment for non-recurring effects was up EUR 11.6 million, or 1.8 percent, to EUR 674.5 million. SBS's contribution to recurring EBITDA was EUR 229.5 million. SBS is included on a prorated basis for six months in the comparison figures from the year before, at EUR 130.3 million. The recurring EBITDA margin was down from 24.5 percent to 22.1 percent.

Reconciliation of recurring EBITDA

In EUR m	2008	2007
Pre-tax profit/loss	-68.4	249.8
Net financial result	334.9	135.5
Operating profit/loss	266.5	385.3
Depreciation and amortization	351.8	137.0
(including: from SBS impairment)	180.0	- / -
(including: from purchase price allocations)	70.4	82.8
EBITDA	618.3	522.3
Non-recurring items (net)*	56.2	140.6
Recurring EBITDA	674.5	662.9

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

 **Analysis of asset and capital ratios, p. 54**

The financial result was EUR -334.9 million, compared to EUR -135.5 million in fiscal 2007. The substantial rise of this figure resulted in part from higher interest expenses due to the financing for the SBS acquisition, as well as from more extensive draws on the revolving credit facility than in 2007. These changes increased the net interest expense by EUR 139.7 million, to EUR 255.4 million. Additionally, the financial result includes higher other financial expenses, which rose EUR 55.3 million against fiscal 2007, to EUR 77.2 million. The increase in other financial expenses resulted from expenses of EUR 81.7 million from items denominated in foreign currencies, in particular due to noncash foreign currency valuation of a portion of Term Loan B for the SBS financing that was drawn in euros in Sweden. In the fourth quarter of 2008, the Swedish krona had devalued significantly against the euro. You can find further information about this point in the risk report on p. 75 .

The changes discussed above caused the pre-tax profit to decrease EUR 318.2 million, to minus EUR 68.4 million. In fiscal 2008, the Group incurred income taxes of EUR 57.1 million, following the previous year's EUR 153.6 million. After deduction of the tax expense and minority interests, the Group showed a loss of EUR 129.1 million on the year, compared to a consolidated net profit of EUR 89.4 million for the year before. Apart from the SBS impairment, the larger foreign currency valuation effects - which are likewise noncash in nature - also affected the result for the period. The underlying net income (after minority interests) adjusted for these effects came to EUR 170.4 million, compared to EUR 272.9 million a year earlier. Referred to underlying net income, the earnings per preferred share came to EUR 0.79 (2007: EUR 1.26).

Reconciliation of underlying net income

In EUR m	2008	2007
Net result (after minority interest)	-129.1	89.4
SBS Impairment	180.0	- / -
Foreign currency valuation effects	66.6	- / -
Purchase price allocations (after taxes)*	52.9	63.5
Cartel fine	- / -	120.0
Underlying net income	170.4	272.9

* Amortization resulting from purchase price allocations before taxes: EUR 70.4 million (2007: EUR 82.8 million).

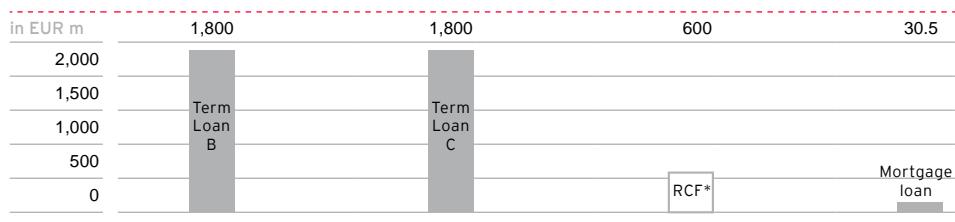
GROUP FINANCIAL POSITION AND NET WORTH

Financing analysis

Borrowings

Information about interest on borrowings and derivative financial instruments, p. 120, further information, Risk report, p. 75

The ProSiebenSat.1 Group's present Group-wide financing is essentially composed of secured 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 interest rate on the term loans is variable. Additionally, the secured syndicated facilities agreement includes a **revolving credit facility (RCF)** with a facility amount limit of EUR 600 million and a term to July 2014. The ProSiebenSat.1 Group entered into this secured syndicated facilities agreement in connection with the financing of the SBS acquisition in July 2007. About 80 percent of the Group's term loans are hedged by way of a variety of interest-rate swaps .



*Revolving credit facility

The international financial crisis has also affected the financing of the ProSiebenSat.1 Group. Two lenders are either currently unable to meet their obligations under the facilities agreement, or unable to meet them at all.

- Through a subsidiary, Lehman Commercial Paper Inc., Lehman Brothers Inc. held 0.9 percent of the Term Loans B and C (equivalent to about EUR 30.9 million) and 3.8 percent of the revolving credit facility (equivalent to EUR 22.7 million) as a lender. The Lehman Brothers holding company applied for protection from creditors on September 15, 2008, and Lehman Commercial Paper Inc. filed its own application for protection on October 5, 2008. As of that date, Lehman Commercial Paper Inc. will no longer provide funds for new draw-downs under the RCF. However, draw-downs already outstanding on the RCF can be rolled over in the same amount without any early repayment of the Lehman component. Repayments of draw-downs on Lehman credit facilities under the RCF would cause them to lapse. The 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 Term Loans B and C.
- The Icelandic bank Glitnir banki hf. holds 1.7 percent of the revolving credit facility (equivalent to EUR 10.0 million) as a lender. Glitnir was nationalized in October 2008 as a consequence of the financial crisis, and will not participate in future draw-downs until further notice. This change has no effect on outstanding draw-downs. However, repayment of any existing draw-downs would cause them to lapse.

Cash funds, p. 57

Taking into account the default of Lehman and Glitnir as described above, EUR 5.3 million was no longer available for draw-downs under the revolving credit facility as of December 31, 2008. Thus the revolving credit facility that is currently available comes to EUR 594.7 million. The ProSiebenSat.1 Group can draw variably on the revolving credit facility for general corporate purposes. Allowing for guarantee utilisations, EUR 54.1 million of the revolving credit facility was unused as of December 31, 2008 (December 31, 2007: EUR 555.8 million) .

The secured syndicated facilities agreement totaling EUR 4.2 billion, requires ProSiebenSat.1 Group to comply with certain financial key figures ('financial covenants'). The ProSiebenSat.1 Group must maintain a specific financial ratio of consolidated net financial debt to consolidated EBITDA, and of consolidated EBITDA to the consolidated net interest result, each as defined in the facilities agreement. Compliance with the financial ratios is tested quarterly for the respective previous 12-month period. Noncompliance with these figures give rise for early termination. However, the ProSiebenSat.1 Group's facilities agreement also allows the Group to prevent impending breaches of the key figure requirements, or to cure existing ones, by contributing equity or equity-like funds in the form of subordinated loans ("equity cure") within certain periods. Such an addition of equity or funds equivalent to equity is treated as an increase in consolidated EBITDA for purposes of calculating compliance with the financial covenants.

In the event that ownership control of ProSiebenSat.1 Media AG changes (change of control), the lenders may demand termination of the facilities agreement, and repayment of all outstanding amounts within a certain period after the change of control takes place. In addition, the facilities agreement includes a number of standard obligations which, subject to extensive exceptions and among other elements, limit the ProSiebenSat.1 Group's ability to furnish other security interests in its present or future assets, to undertake further financial liabilities, to sell assets, to acquire business operations in whole or in part, or to furnish guarantees, declarations of indemnification, or liability declarations outside the normal course of business. The facilities agreement also contains a number customary default clauses. The default clauses provide that the lenders may demand immediate repayment in full of all amounts outstanding under the facilities agreement if breaches of contract defined in more detail under the agreement occur, and if those breaches (assuming they are curable) are not remedied within a specified period.

Net financial debt. As of December 31, 2008, net financial debt came to EUR 3.407 billion. This is an increase of EUR 78.3 million, or 2.4 percent, against December 31, 2007.

Net financial debt is the total of liabilities to banks as well as current securities. Financial debt increased by EUR 460.3 million against December 31, 2007, to EUR 4.040 billion. Most of the increase in borrowings as of December 31, 2008, came from higher short-term borrowings from draw-downs of EUR 497.2 million on the revolving credit facility. Cash and cash equivalents came to EUR 632.9 million, and were thus up EUR 382.0 million from the prior-year figure. The higher cash funds resulted in part from the proceeds from divestments, especially the sale of C More .

 **Divestments, p. 57**

- **Net debt-to-recurring EBITDA ratio (leverage):** The ratio of net financial debt to recurring EBITDA of the Group at the end of fiscal 2008 was 5.05; in 2007, net financial debt was 4.24 times pro forma recurring EBITDA. The higher leverage compared to the prior year resulted in part from the slight increase in net financial debt against the prior-year reporting date, and in part from the lower figure for recurring EBITDA compared to the pro forma figure for 2007. The prior year's pro forma figure for recurring EBITDA includes SBS's contribution to profits for 12 months.

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

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

Rating of the ProSiebenSat.1 Group

Credit ratings represent an independent assessment of a company's creditworthiness. However, the rating agencies do not rate the ProSiebenSat.1 Group's term loans. Consequently no official ratings are available.

Principles and objectives of financial management

The tasks of financial management at the ProSiebenSat.1 Group are financing for the Group, cash management, short-term and long-term liquidity planning, and interest-rate and foreign currency management. Major principles applied here are diversification of the investor base, financial flexibility and stability, access to international capital markets, and a balanced maturity profile for financing instruments. The most important goals of financial management are to safeguard Group-wide solvency and increase financing power. This particularly includes managing financial risk. The ProSiebenSat.1 Group applies derivative financial instruments to limit this risk. The processes of financial management are controlled centrally. The principles, aims and processes of financial management are laid down in a Group-wide financial guideline that is explained in more detail in the risk report on p. 75 .

Cash flow statement: Analysis of liquidity and capital spending

Cash and cash equivalents, and cash flow

Cash Flow statement

in EUR m	Q4 2008	Q4 2007*	Q1-Q4 2008	Q1-Q4 2007*
Consolidated loss/profit (before minority interests)	-167.5	42.4	-125.5	96.2
Cash flow	392.1	474.9	1,431.5	1,410.3
Inventories	-0.2	0.1	-0.7	-0.5
Change in non-interest-bearing receivables and other assets	17.7	-41.7	-44.1	-36.9
Change in non-interest-bearing liabilities	23.6	212.7	-34.3	227.5
Change in working capital	41.1	171.1	-79.1	190.1
Cash flow from operating activities	433.2	646.0	1,352.4	1,600.4
Cash flow from investing activities	-23.9	-432.1	-1,149.8	-3,275.8
Free cash flow	409.3	213.9	202.7	-1,675.4
Cash flow from financing activities	-27.0	-126.8	179.4	1,862.7
Change in cash and cash equivalents	382.4	87.1	382.0	187.3
Cash and cash equivalents at beginning of reporting period	250.5	163.7	250.8	63.5
Cash and cash equivalents of continued operation at end of period	632.9	250.8	632.9	250.8

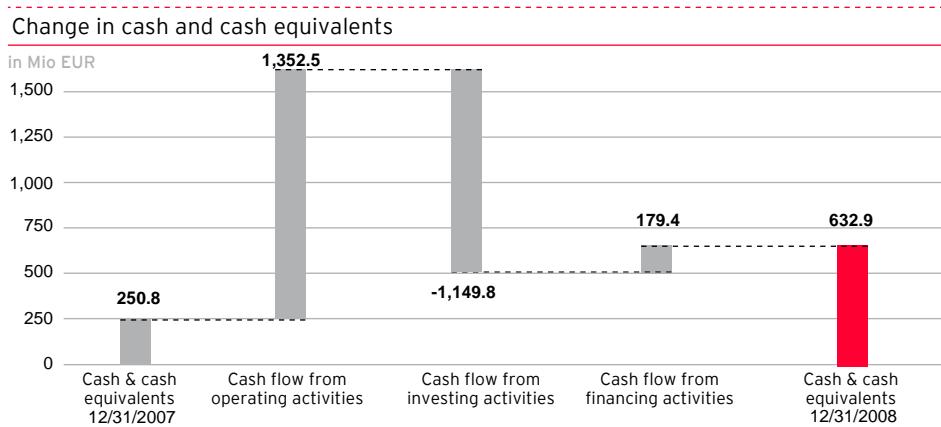
* Consolidation of SBS as of July 2007.

The ProSiebenSat.1 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 result 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.

Changes in working capital (non-interest-bearing receivables less non-interest-bearing liabilities), and thus tied-up capital, came to EUR -79.1 million as of December 31, 2008 (EUR +190.1 million as of December 31, 2007). The payment of the cartel fine of EUR 120.0 million in fiscal 2008 is reflected in the line item for change in non-interest-bearing liabilities. **Cash generated by operating activities** in 2008 came to EUR 1.352 billion, a decrease of EUR 248.0 million from the operating cash flow in 2007 that results – in addition to the changes

of the working capital – from the consolidated net loss for the year. A total of EUR 1.150 billion was used in **investing activities** during the period. The prior-year figure in the amount of EUR 3.276 billion contains payments related to the SBS acquisition . The **free cash flow** was EUR 202.7 million compared to EUR -1.675 billion in the previous year's reporting period. **Financing activities** generated cash of EUR 179.4 million, most of which came from the draw-downs of EUR 497.2 million on the revolving credit facility. However, cash was used during 2008 for the buy-back of Company stock (EUR 15.1 million) and for the dividend payment (EUR 269.9 million). Financing activities generated cash of EUR 1.863 billion the year before. The large cash flow from financing activities for 2007 was dominated by the financing for the SBS transaction.

The above changes led to a net increase of EUR 382.0 million in cash and **cash equivalents** compared to December 31, 2007. The Group thus had cash funds of EUR 632.9 million as of December 31, 2008.



Investments and divestments

The ProSiebenSat.1 Group invested EUR 1.150 billion in 2008 (2007: EUR 3.276 billion).

- **Acquisitions and capital expenditures:** Most of the ProSiebenSat.1 Group's investing activity is in capital expenditures for programming assets. In fiscal 2008, the Company invested a total of EUR 1.397 billion in purchases of programming rights, compared to EUR 1.177 billion a year earlier. Of this figure, EUR 958.3 million was for German-speaking Europe (2007: EUR 955.7 million). In the figures for 2007 SBS is included on a prorated basis as of July.

The ProSiebenSat.1 Group invested EUR 106.5 million for the period in property, plant and equipment (2007: EUR 41.5 million). Important investment projects included setting up a new playout center and upgrades at N24.

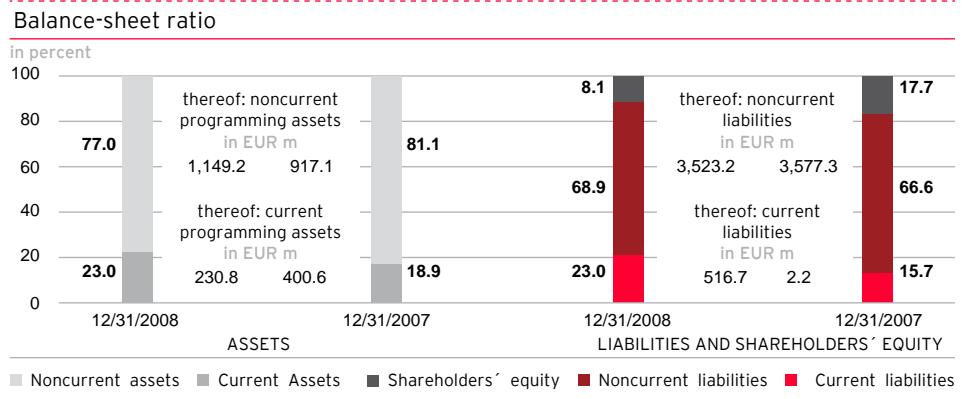
Acquisitions made additions to the scope of consolidation with an impact of EUR 39.8 million on the cash flow from investing activities, compared to EUR 2.027 billion for January through December 2007. In the current year, cash was used for such acquisitions as a full ownership interest in the Fem.com Internet platform and a further interest in Lokalisten.de. The large figure for cash used in the prior year was dominated by payments relating to the SBS acquisition, including the net purchase price payment of some EUR 2.1 billion.

- **Divestments.** As part of its refocusing on core competences, in fiscal 2008 the ProSiebenSat.1 Group sold the C More pay TV unit and BTI, an international provider of TV subtitling. These transactions yielded disposals from the scope of consolidation with an impact of EUR 298.6 million on cash flow from investing activities (2007: EUR 4.3 million) .

 Information on corporate acquisitions and divestments, p. 47

Balance Sheet: Analysis of Asset and Capital Ratios

Total assets came to EUR 5.930 billion, and thus were down EUR 69.0 million against December 31, 2007. The consolidated balance sheet showed no material structural changes from the year before.



Non-current and current assets. The principal reason for the reduction in total assets was the decrease of EUR 536.4 million in intangible assets, to EUR 3.004 billion. These are recognized under non-current assets, and include the fair-valued intangible assets of SBS, including licenses and brands, as well as goodwill of EUR 2.363 billion capitalized in the initial consolidation of SBS as of December 31, 2007. Under IAS 36, goodwill must be tested regularly for impairment. During 2008, an impairment charge of EUR 180.0 million was taken on SBS goodwill. Additionally, the sale of the Scandinavian pay TV unit C More, and the sale of BTI, also reduced intangible assets against the prior-year reporting date [↗](#).

By contrast, cash funds increased by a substantial EUR 382.0 million, to EUR 632.9 million. Programming assets, representing 23.3 percent of total assets (2007: 22.0 percent), also increased, and are among the Group's most important asset items. The increase in programming assets came from higher non-current programming assets (EUR +232.0 million). Together, current and non-current programming assets came to EUR 1.380 billion, up EUR 62.3 million from the prior-year figure.

[↗](#) **Notes 101 to the Consolidated Financial Statements**

[↗](#) **Composition of subscribed capital, p. 39**

Shareholders' equity [↗](#). On the equity and liabilities side, equity decreased EUR 583.4 million, to EUR 479.0 million. The equity ratio was 8.1 percent, compared to 17.7 percent at December 31, 2007. Apart from the negative consolidated net result, the equity base was also decreased by the evaluation of P&L-neutral cash flow hedge valuation effects of EUR 97.0 million, by the share buy-back for EUR 15.1 million and by the dividend payment, which was larger than the year before. EUR 269.9 million was used for dividend payments in fiscal 2008 (2007: EUR 192.5 million) [↗](#).

[↗](#) **The share, p. 64**

Long-term and short-term liabilities. Total long-term and the term liabilities increased EUR 514.4 million, to EUR 5.451 billion. The primary reason was the draw-down of EUR 497.2 million on the revolving credit facility. Short-term loans and borrowings consequently increased EUR 514.5 million, to EUR 516.7 million. Furthermore other long-term financial liabilities saw additions of EUR 132.4 million, to EUR 331.8 million, largely as a consequence of valuation effects of the hedge accounting. By contrast, liabilities for long-term loans and borrowings decreased. The EUR 54.1 million decrease in long-term loans and borrowings, to EUR 3.523 billion (December 31, 2007: EUR 3.577 billion) resulted from changes in exchange rates.

- The largest increase in provisions as of December 31, 2008, resulted from short-term provisions, which increased EUR 32.6 million against the prior-year reporting date to EUR 98.8 million. Provisions are recognized in fiscal 2008 primarily as part of the planned

program to set up the German TV group newly. By contrast, tax provisions, which are also included among short-term provisions, decreased by EUR 32.1 million as of the 2008 reporting date, to EUR 79.5 million. The result is a net decrease of EUR 5.3 million in long-term and short-term provisions, to EUR 179.5 million.

- Other short-term liabilities decreased EUR 130.6 million against the prior-year reporting date, to EUR 239.0 million. The high figure for other short-term liabilities as of December 31, 2007, consisted primarily of payment obligations of EUR 120.0 million resulting from the Federal Cartel Office proceedings. The payments were made in two installments of EUR 60.0 million each, in January and July of 2008.

Segment Report

Notes about segment reporting. The previous year's figures for the Free TV International and Diversification segments include SBS operations to date only on a prorated basis for six months (legal consolidation). For that reason, pro forma figures have been developed for 2007 - in other words, SBS's activities are consolidated for the full year from January 2007 onward, and are thus comparable to 2008.

- As part of the initial consolidation of SBS as of July 3, 2007, the former segment structure of the ProSiebenSat.1 Group was adapted to the new Group structure by assigning the acquired free TV stations in Northern and Eastern Europe, the Netherlands, and Belgium, to the newly created Free TV International segment. The former Transaction TV and Other Diversification segments were combined with the diversification operations brought in with SBS to form the Diversification segment.

FREE TV IN GERMAN-SPEAKING EUROPE SEGMENT

External revenues of the Free TV segment in Germany, Austria and Switzerland for fiscal 2008 came to EUR 1.736 billion, down EUR 172.0 million from the prior-year figure. This is equivalent to a revenue decrease of 9.0 percent from the prior year, the consequence of lower advertising revenues in Germany .

- Revenues in the German TV business decreased because of difficulties with acceptance following the market launch of the new ad sales model. In addition, the deterioration of the overall economic picture as of mid-year, accelerating toward year's end, had an impact on the German advertising industry's willingness to invest, and thus on our business figures. The discount model was revised over the course of the year, but most advertisers had already planned out their budgets for the full year during the first half. So although audience shares  were high and the German free TV stations got off to a good start in the second half, they saw further revenue decreases over the remainder of the year .
- Advertising revenues in Switzerland were up slightly. TV advertising revenues were up in Austria as well. This growth particularly resulted from an increase in audience shares and an expansion of the technical reach of the Group's Austrian TV stations. Additionally, the expansion of the free TV station PULS 4, acquired in mid-2007, also helped revenue performance.

Part of the decline in revenues in the German market was compensated by savings on operating costs: The segment's recurring EBITDA (EBITDA adjusted for non-recurring effects) was down EUR 78.8 million, to EUR 406.6 million (-16.2 percent), EBITDA was down EUR 18.2 million against the prior year, to EUR 329.2 million (-5.2 percent). This figure includes EUR 77.4 million in non-recurring effects, compared to EUR 138.1 million the year before. Among the sources of non-recurring expenses in 2008 were the outsourcing of IT services

 Audience share,
p. 41

 Advertising market,
p. 40

from ProSiebenSat.1 Produktion, measures to set up sales operations newly, and the relocation of Sat.1. The large non-recurring effects for 2007 resulted primarily from the EUR 120.0 million antitrust fine.

Key figures for the Free TV in German-Speaking Europe segment

in EUR m	Q1-Q4 2008	Q1-Q4 2007	04 2008	Q4 2007
External revenues	1,735.7	1,907.7	522.1	595.1
Recurring EBITDA	406.6	485.4	191.3	205.8
EBITDA	329.2	347.3	147.6	192.2

FREE TV INTERNATIONAL SEGMENT

The general uncertainty in the economy also had an impact on the advertising revenues of the Free TV International segment. TV advertising revenues were down in Q4 2008 in the Netherlands and Belgium particularly, as well as Denmark and Norway. But for the year as a whole, the segment's revenues were up slightly, by EUR 10.9 million or 1.4 percent, to EUR 797.3 million. Apart from an increase in advertising revenues in the first three quarters of the year, the revenue growth also resulted from higher distribution revenues. The positive contribution of new free TV stations also improved revenue performance. The free TV station Kanal 9 was launched in Sweden in February of 2007, and FEM in Norway went on the air that September.

Recurring EBITDA was EUR 193.5 million, down EUR 18.5 million, or 8.7 percent, from the pro forma figure for the year before. Part of the decrease in earnings came from startup costs for new stations, and from higher costs for programming and marketing to expand the international family of stations. Conversely, EBITDA increased 11.5 percent, to reach EUR 215.0 million. The prior-year figure of EUR 192.9 million includes non-recurring expenses for the integration of ProSiebenSat.1 and SBS. For fiscal 2008, positive non-recurring effects came from the sale of C More and BTI.

Pro forma: SBS consolidated as of January 2007

in EUR m	Q1-Q4 2008	Q1-Q4 2007
External revenues	797.3	786.5
Recurring EBITDA	193.5	211.9
EBITDA	215.0	192.9

Legal: SBS consolidated as of July 2007

in EUR m	Q1-Q4 2008	Q1-Q4 2007	Q4 2008	Q4 2007
External revenues	797.3	403.9	232.2	246.6
Recurring EBITDA	193.5	112.0	70.7	76.7
EBITDA	215.0	109.3	88.5	75.1

DIVERSIFICATION SEGMENT

Pro forma consolidation of SBS since January 2007. The Diversification segment's external revenues in fiscal 2008 were EUR 521.2 million. Thus revenues here were down 4.0 percent from the comparable pro forma figure of EUR 543.0 million for the previous year. Most of the revenue decrease resulted from lower revenues at 9Live in its core business, call TV in Germany. The December 2008 sale of C More also reduced revenues. Revenues from the pay TV business C More are prorated until November in the 2008 figures, at EUR 132.0 million (2007: EUR 146.0 million). However, revenues were up substantially in international radio operations. The growth drivers included Radio Norge, a station the Group acquired at the beginning of the year. The most important revenue driver in the German-speaking market was the online business. The increase here came in part from organic revenue growth,

and in part from the positive impact of the initial consolidation of acquired online portals. The drivers for organic growth were established online platforms like MyVideo and the online gaming operations. Additional positive impetus came from the successful expansion of the Starwatch Music label.

EBITDA for fiscal 2008 came to EUR 74.4 million, and was thus down 15.5 percent from the pro forma figure of EUR 88.1 million. The segment's recurring EBITDA decreased by a comparable amount; at EUR 73.9 million it was down EUR 13.1 million, or 15.0 percent, from the comparable pro forma figure. Apart from revenue decreases, higher costs also contributed to reduce earnings. Costs rose primarily because of the expanded business operations in radio and online, and the expansion of 9Live's international programming.

Pro forma: SBS consolidated as of January 2007

in EUR m	Q1-Q4 2008*	Q1-Q4 2007
External revenues	521.2	543.0
Recurring EBITDA	73.9	87.0
EBITDA	74.4	88.1

Legal consolidation of SBS since July 2007. On the basis of the legal consolidation, the Diversification segment's revenues were up 30.7 percent from the previous year's EUR 398.8 million, to EUR 521.2 million. The substantial revenue increase results from the first full-year consolidation of SBS, which contributed revenues of EUR 278.2 million. The figures for 2007 include SBS on a prorated basis from July onward, with a share of EUR 143.1 million. Profitability also enjoyed positive effects from the full-year consolidation of SBS. Recurring EBITDA was up EUR 8.3 million, to EUR 73.9 million (+12.7 percent), and EBITDA improved EUR 8.6 million, to EUR 74.4 million (+13.1 percent). SBS's contribution to recurring EBITDA was EUR 35.8 million (July-December 2007: EUR 18.4 million).

Legal: SBS consolidated as of July 2007

in EUR m	Q1-Q4 2008*	Q1-Q4 2007	Q4 2008*	Q4 2007
External revenues	521.2	398.8	122.5	147.6
Recurring EBITDA	73.9	65.6	18.1	14.3
EBITDA	74.4	65.8	16.4	13.7

* Deconsolidation of CMore in December 2008.

Employees

Changes in personnel expenses are explained on p. 52; future staffing developments are on p. 85

Key figures on employment. The average number of full-time-equivalent positions at the ProSiebenSat.1 Group increased by 995 in fiscal 2008, to 5,847. 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. In terms of figures as of the year-end reporting date, the ProSiebenSat.1 Group had 5,798 employees throughout Europe in 2008, compared to 5,930 as of December 31, 2007.

- In Germany, Austria and Switzerland, the ProSiebenSat.1 Group had an average of 3,126 employees, compared to 3,110 in fiscal 2007. Efficiency enhancement programs at the Sat.1 regional companies and ProSiebenSat.1 Produktion yielded staff reductions in the German-speaking countries, but new hires at 9Live International and Redseven Entertainment, as well as the first full-year consolidation of free TV station PULS 4 and various online portals, caused average full-time-equivalent positions to increase.
- We do not present comparison figures for staff turnover and average time with the company for the integrated Group, since SBS is consolidated only on a prorated basis for six months of the comparison period, 2007. Staff turnover at the ProSiebenSat.1 Group by itself was 12.97 percent in fiscal 2008 (2007: 11.17 percent), and the average time that permanently employed staff stayed with the Company was 5.5 years (2007: 5.2 years).

Executive Board compensation is discussed on p. 129 in the Consolidated Notes and p. 28 in the Corporate Governance Report

Goal-directed management structures through “management by objectives. The employees and managers of the ProSiebenSat.1 Group are supervised on the basis of “management by objectives.” To this end, a goal agreement system known as “TOP Ziele” was developed. This system fixes the overriding corporate objectives for employees and managers and brakes them down systematically to every division, department and individual employee. The formulation, agreement and monitoring of annual objectives ensures that all employees are actively involved in implementing the strategic goals of the Group. By this means, goal-directed conduct is instilled throughout the Group and resources are allocated in the most efficient way possible. The TOP objectives system is tied to a special, performance-driven bonus model. This incentive system assures performance-driven compensation on the basis of objective measurement criteria because the amount of the bonus depends on the individual goal achievement. The participation in the company’s success is determined with reference to the company’s overall success, which is measured on the basis of the recurring EBITDA margin.

Internal management system, goals, strategy, p. 36

In addition to strategic and financial objectives, the ProSiebenSat.1 Group has also defined values that guide the work of every employee and embody the corporate culture of ProSiebenSat.1. By means of shared goals and values, as well as specific guidelines, we seek to ensure that employees and managers conduct themselves in a lawful manner, both in their dealings with each other and with the public, and work together effectively. Based on a corporate mission statement, the ProSiebenSat.1 Group has formulated a Code of Conduct that sets out the company’s management guidelines and core values. In consideration of the applicable laws and regulations, as well as social and ethical norms, the ProSiebenSat.1 Group has also formulated company-specific principles of journalistic independence and youth protection and guidelines upholding the separation of advertising and programming content.

Non-financial performance indicators, p. 66

Grooming young media talents – Continuing education in the ProSiebenSat.1 Group. In Germany, the ProSiebenSat.1 Group offers many opportunities to launch a career. The vocational training of young people is a vital strategic priority for the TV Group. Every year, the TV company provides vocational training to about 130 apprentices, interns and trainees. In the process, the company also prepares the next generation of employees by acquainting

them with the Group's strategic objectives and corporate culture. In the business administration program, which lasts two and a half years, the career entrants are introduced to all areas of the media company. The vocational training program culminates in a degree from the International Chamber of Commerce. ProSiebenSat.1 also offers editorial traineeship in the areas of TV, Multimedia and PR. Trainees can begin their careers in a number of areas, such as Marketing or Personnel Management.

ProSiebenSat.1 is currently in the process of redesigning its dual vocational training programs in the area of Media Technology. Due to the convergence of broadcast and IT technology and other trends in the media industry, careers such as "Audiovisual Media Designer" and "Media and Information Services Specialist" have changed dramatically in the last few years. These vocational training programs are being overhauled in order to provide the best career preparation to the next generation of media professionals.

PROFI 100 – Manager development program expanded. The ProSiebenSat.1 Group launched its own manager development program, "PROFI," back in 2004. Under this program, all managers in Germany have since participated in an ongoing, centralized qualifications-building process. In 2008, the new module "PROFI 100" was added to the program. PROFI 100 is designed to guide new managers through the first 100 days in their new post. In this phase, the Employee Development department provides individualized coaching to new managers, among other measures, as needed.

PROject – Managing projects successfully. In 2008, the ProSiebenSat.1 Group developed and adopted uniform project management standards under the name of "PROject." As a handbook for implementing projects in the Group, the "PROject Guidelines" provide practical assistance to all project managers. Training courses and internal coaching sessions by specially trained project managers provide additional support to employees in their daily project work. By this means, the ProSiebenSat.1 Group intends to further professionalize project processes and results while also lowering its costs.

Work and family – Day care center expanded. The ProSiebenSat.1 Group actively helps its employees balance their work and family lives. The company opened a day care center at its Unterföhring location in 2002 and began expanding the day care center in 2008. The company plans to double the number of available spots. A family-friendly corporate culture is a vital prerequisite for satisfied and motivated employees. Also, parents who work at ProSiebenSat.1 benefit from the flexibility of flex-time work schedules.

The ProSiebenSat.1 Share

Stock price performance. Ongoing turbulence from the spreading crisis in the financial markets, together with the ProSiebenSat.1 Group's difficulties in the German TV advertising market, brought prices for the ProSiebenSat.1 share down in 2008. ProSiebenSat.1 Media AG issued two profit warnings during the year. By September 24, after the second ad hoc announcement, the stock had lost about 78 percent against its prior-year value, and closed at EUR 5.19. Another factor that burdened the stock price was the ProSiebenSat.1 Group's leverage situation. The stock hit a new low of EUR 1.26 on December 5. It was able to book a slight recovery until the end of the year. On December 30, 2008, the last trading day of the period, ProSiebenSat.1 stock closed at EUR 2.40, down 85.6 percent against the beginning of the year. In 2008 a total of 313,776,656 shares of the stock were traded over the Xetra trading system (2007: 180,638,874), equivalent to an average trading volume of 1,235,341 shares per day (2007: 716,820 shares).

The ProSiebenSat.1 share: Price performance



The ProSiebenSat.1 share: Price performance

	01/02 – 12/31/2008
XETRA high close (EUR)	16.62
XETRA low close (EUR)	1.26
XETRA close (EUR)	2.40
XETRA trading volume (average per day) (units)	1,235,341

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 own 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
3/7 - 3/31/08	934,003	12.3
4/1 - 4/3/08	93,497	2.8
Total	1,127,500	15.1

IR activities – Relations with investors and the capital market (financial capital). Once again in fiscal 2008, the ProSiebenSat.1 Group kept analysts, investors and private shareholders promptly and fully informed about the company's business performance. The Executive Board and the Investor Relations team answered institutional investors' questions at roadshows in London, Frankfurt, New York and Boston. The Company also appeared at the industry's most important investor conferences and held many one-on-one meetings in Unterföhring. It kept the market informed of quarterly results and current Company events in additional conference calls.

At the end of the year, approximately 25 brokerage firms and banks published research reports on ProSiebenSat.1 stock.

Analysts' recommendations

Bank Broker	Date	Reccomendation
Cheuvreux	December 11, 2008	underperform
UBS	December 10, 2008	neutral
Berenberg Bank	December 8, 2008	buy
Landesbank BW	December 3, 2008	sell
Sal Oppenheim	November 11, 2008	neutral
Dresdner Kleinwort	November 10, 2008	hold
DZ Bank	November 10, 2008	buy
UniCredit	November 7, 2008	sell
NATIXIS Securities	November 7, 2008	sell
Société Générale	November 7, 2008	buy
JP Morgan	November 7, 2008	overweight
Nomura (Lehman)	November 7, 2008	neutral
Credit Suisse	November 7, 2008	neutral
Merrill Lynch	November 6, 2008	neutral
Citigroup	November 6, 2008	hold / high risk
Exane BNP Paribas	November 6, 2008	underperform
Deutsche Bank	November 6, 2008	sell
Bankhaus Lampe	November 6, 2008	hold
Commerzbank	November 6, 2008	reduce
Kepler	October 30, 2008	hold
Morgan Stanley	October 01, 2008	equalweight
Goldman Sachs	September 28, 2008	neutral
Equinet	September 24, 2008	buy
Main First	June 18, 2008	neutral

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 shareholders approved the proposed dividend payment and the supplementary nominees for election to the Supervisory Board.

- 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.

Non-Financial Performance Indicators

Management with key financial and non-financial figures, p. 36; financial capital (relations with the capital market) is on p. 65

Our off-balance-sheet assets are also critical to our success and hold great potential for our strategic competitive position. Important non-financial performance indicators are described below. You can find information about employees, and about relationships with investors and the capital markets, on pages 62 to 65.

PROCESS CAPITAL (AND ORGANIZATIONAL ADVANTAGES)

All of the ProSiebenSat.1 Group's free TV stations - as well as most of the companies in the Diversification unit - are wholly owned subsidiaries of the Group. That means ProSiebenSat.1 is Europe's only true TV "family." This opens up competitive advantages for us at the operations level:

- As a **fully integrated corporation**, ProSiebenSat.1 can implement **innovations** faster, and thus achieve greater success. Additionally, sharing resources makes it possible to **save on costs** -whether in co-productions like the Scandinavian talent show "So You Think You Can Dance," or in back-to-back productions that use the same studio and the same set for different national versions of a program. Shows produced under the back-to-back system include "Popstars" (Germany, Netherlands), "Nothing but the Truth" (Romania, Hungary), "Identity" (Norway, Sweden, Denmark), and "The Next Uri Geller" (Germany, Netherlands). In addition, the free TV stations' complementary programming - especially in Germany - and the broad range of their target audiences favor an efficient use of resources.
- The ProSiebenSat.1 Group's **diversified media portfolio** means first and foremost a broader diversification of risk, and thus less dependence on individual revenue models and national markets. But the Group's presence across a broad part of Europe also lowers the **barriers to market entry** for purposes of geographical diversification - as is evident, for example, from the success of the SevenGames gaming platform, which originated in Germany but is now also doing well in Belgium, the Netherlands, Norway and Sweden.
- Thanks to the way the ProSiebenSat.1 Group is organized, the Company also has the advantages not just of **multiple reuses** of much of its content, but also of sharing materials used on the air. For example, the German trailer materials for "The Next Uri Geller" were also used in Belgium and the Netherlands. Prima TV in Romania adopted ProSieben's redesign campaign. The image trailer specially produced for "Indiana Jones and the Kingdom of the Crystal Skull" aired in both Hungary and the Benelux countries.

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 the potential for growth. However, market research activities do not fit the definition of research and development under IAS 38.8, and therefore these figures are omitted from the management report.

MARKET RESEARCH

The Group's corporate research unit operates as a part of advertising sales company SevenOne Media, and conducts studies and analyses of all matters that come within the radar range of a modern audiovisual media corporation. These include media use, advertising impact, trends in the advertising market, performance projections for the economy and the advertising market, and the quantitative and qualitative assessment of individual programming concepts. The results of its research provide the basis for important decision-making processes in every unit of the Group.

Research is organized into four units:

- › **Market Research:** The Market Research department focuses on the advertising market and all research topics relating to marketing, such as market structures or industry trends, as well as studies of advertising impact, new media and cross-media uses.
- › **Media Planning & Services:** The Media Planning & Services unit supports and advises sales operations by developing media strategies, analyzing campaigns, efficiency, competition and target audiences, and producing special analyses on questions of strategy in the TV and advertising market.
- › **Program Research:** The Program Research unit concentrates on the audience, and provides all the GfK analyses relating primarily to programming, as well as all kinds of studies for the ProSiebenSat.1 Group and especially for the stations Sat.1, ProSieben, kabel eins and N24. Its core tasks include strategic consulting on programming.
- › **Development:** Developing new programming ideas is the foundation of ProSiebenSat.1's core business in free TV. Development includes detecting national and international TV trends at an early stage and putting them to work for the various stations in their various markets, in ways appropriate for the target audience. That's why the Group has a separate unit that continuously casts its net worldwide for ideas and materials suitable to be adapted for light entertainment, magazine shows, series and films. Additionally, each station has its own creative teams that develop their own ideas for TV programming, and thus maintain the foundations for the ProSiebenSat.1 Group's success in the television business. In 2008 ProSiebenSat.1 founded Redseven Entertainment, a separate production subsidiary that develops and produces TV programs for the Group's German and international stations. ProSiebenSat.1 also works with outside production companies and producers, who ensure that the Group has a supply of programming ideas and new developments.

SUPPLIER CAPITAL

Attractive programming is an indispensable prerequisite for the ProSiebenSat.1 stations' success with viewers. That's why the Group maintains its own network of close ties with domestic and international film studios, as well as film and TV producers. ProSiebenSat.1 has long-term contracts with virtually every major Hollywood studio, including Sony, Paramount, CBS, Disney, Warner, MGM, Lucasfilm, Dreamworks and local producers such as Constantin, Tobis and Kinowelt. It also works closely with outside magazine-show and light entertainment producers in each of its markets, whose creative potential guarantees that the TV group will have a constant supply of new programming.

Rights agreements for the German TV market. Germany is the ProSiebenSat.1 Group's largest TV market, and the one that generates the most revenues. At the beginning of 2008, under a contract with Sony Pictures Television International, the Company obtained the exclusive German free TV rights to such attractive blockbusters as "The Da Vinci Code," with Tom Hanks, "Spider-Man 3," with Tobey Maguire, and "The Pursuit of Happiness," with Will Smith.

Under an output deal with Paramount Pictures, ProSiebenSat.1 acquired the free TV rights to such blockbusters as "Star Trek," "Transformers 2," and "Watchmen." The TV corporation also extended its existing master license agreement with Constantin Film Verleih GmbH. The output agreement covers the free TV rights to all domestic and international productions and co-productions for 2009 in which Constantin Film AG holds rights of use. The agreement covers rights to such films as "Freche Mädchen II," "Jerry Cotton," and "Bushido."

In the nonfiction line, in 2008 ProSiebenSat.1 acquired one of the most attractive European packages of sports rights for the German TV market. An agreement with UEFA brought the Group 17 top Champions League matches and 29 matches of the UEFA Cup. The exclusive free TV rights are available for three seasons, from 2009 to 2011/2012. ProSiebenSat.1 also holds mobile TV and Internet broadcast rights.

Rights agreements for the ProSiebenSat.1 Group's international TV markets. In 2008, contracts that ProSiebenSat.1 signed with Disney covered countries like the Netherlands (including "Pirates of the Caribbean 3," "Finding Nemo," "Cars"), Sweden, Norway and Denmark ("Pirates of the Caribbean" 2 and 3, "Flightplan"). Sony and ProSiebenSat.1 signed agreements for the Netherlands (including "Click," "Spider-Man 3") and Hungary (including "The Da Vinci Code," "Spider-Man 3"). ProSiebenSat.1 also tied down free TV rights from Hollywood studio Spyglass for the Netherlands, Belgium, Hungary and Romania.

CUSTOMER CAPITAL

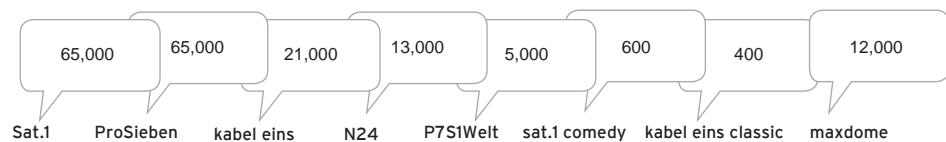
Advertising clients: Sales subsidiaries SevenOne Media and SevenOne Interactive are service providers and partners for more than 250 agencies and more than 900 advertisers in TV alone. They both have the same goal: tailor-made communications solutions that give advertising clients a competitive advantage in their markets. The Group's broad portfolio and its extensive service and monitoring capabilities ensure long-term client loyalty and make it easier to attract new business.

Audiences: The ProSiebenSat.1 Group offers its viewers an extensive information service. The audience services department logged more than 180,000 contacts in 2008.

The focus was on information and ratings of current programming, or information about content aired previously (product discussions, tips on cultural events and leisure activities, background songs, etc.). Every contact is processed individually within two business days, in part using an up-to-date Wiki database on the intranet.

Comments and suggestions also help optimize programming. Their quality and quantity is analyzed, and reports are forwarded to programming executives every two weeks. On top of that, the services provide numerous special analyses requested directly by executives from the editorial departments.

Contacts by station in 2008



Type of inquiry in 2008 in percent

36% Schedule questions (broadcast dates, repeats, copies, programming requests, etc.)	5% New media / diversification
12% Subject matter suggestions	3% Questions about applying to be a contestant (casting shows, miscellaneous light entertainment)
12% Autographs / fan mail	2% Reception and technology
11% Positive / negative critiques of individual programs	6% Miscellaneous
11% Products and services seen on TV	

SOCIAL REPUTATION

As one of Europe's largest TV providers, the ProSiebenSat.1 Group is well aware of its special social responsibility. To ensure truly independent reporting, it has established comprehensive **guidelines on journalistic independence**. It has also mandated maintaining a **clear distinction between advertising and programming**, with special attention to the ban on surreptitious advertising. **Protecting young people in the media** also plays a key role: a total of nine independent representatives make sure that programming on Sat.1, ProSieben, kabel eins and N24 is appropriate for youngsters and complies with the laws.

ProSiebenSat.1 highlights its **social commitment** in the "Red Nose Day" charity fundraising event and the nationwide "start social" award. As a German co-founder and main sponsor of "start social," ProSiebenSat.1 also encourages volunteer projects by way of a focused knowledge transfer from business. More than 300 initiatives submitted applications in 2008, and 100 ideas received know-how support from professional coaches and experts. The best seven were awarded EUR 5,000 by the program's patron, Chancellor Angela Merkel.

Social Responsibility of the ProSiebenSat.1 Group

- Social commitment in "Red Nose Day" and "start social e.V."
- Guidelines to safeguard journalists' independence
- Guidelines on separating advertising from program content
- Extensive measures to protect young people
- Sustainable data protection

Events after the Reporting Date

Thomas Ebeling becomes CEO of ProSiebenSat.1 Media AG. Thomas Ebeling assumed the responsibilities of CEO at ProSiebenSat.1 Media AG as of March 1, 2009. He was most recently CEO of Novartis Consumer Health and a member of Novartis management. He was appointed the new CEO at ProSiebenSat.1 Media AG early in December of 2008. Guillaume de Posch resigned as CEO on his own initiative as of December 31, 2008. CFO Axel Salzmann filled in as acting CEO until Thomas Ebeling took office.

- From the end of fiscal 2008 to March 10, 2009, the date when this report was released for publication and forwarded to the Supervisory Board, no events occurred that are of particular significance for the assets, liabilities, financial position and profit or loss of the ProSiebenSat.1 Group or ProSiebenSat.1 Media AG.

Risk Report

OVERALL ASSESSMENT OF THE GROUP'S RISK SITUATION

The ProSiebenSat.1 Group's overall risk situation is analyzed and managed Group-wide through the risk management system. As of the date of the preparation of this management report, the Executive Board views the overall risk situation of the ProSiebenSat.1 Group as limited. We currently view the deterioration of the general economic situation in Europe as our primary risk.

RISK MANAGEMENT

↗ Non-financial performance indicators, p. 66

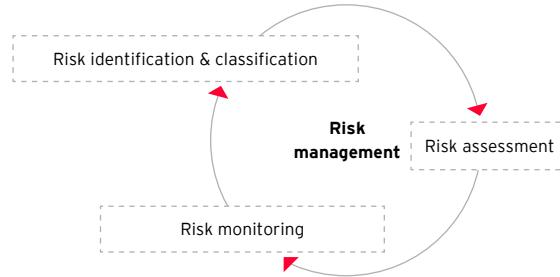
↗ Legal and organizational structure of the Group, p. 34

Risk management system. Expansion, particularly in international markets, as well as the complexity and dynamism of our business, intrinsically exposes the ProSiebenSat.1 Group to a number of risk factors. Our experience in the TV advertising market, together with our international know-how in the media sector ↗, provides a solid foundation for making the most of growth opportunities and for assessing risks promptly and reliably. Clear organizational structures are another requirement for handling risk property. Uniform guidelines ensure a methodical approach, and are indispensable for standardized detection and Group-wide management of risks. Unambiguous allocation of tasks and responsibilities makes it possible to take steps promptly to counteract risks as they arise. For that reason, ProSiebenSat.1 Media AG has established an inclusive risk management system for itself and its Group companies. The risk management system is tailored to the special circumstances of the ProSiebenSat.1 Group, and is based on the principle of including every segment and every subsidiary in the process. In simplified terms, the Group-wide risk management system looks as follows ↗:

- Decentralized risk managers at the various corporate units are responsible for detecting and reporting risks. The risk managers are supported by two departments, Controlling & Corporate Planning and Legal Affairs. The Group Risk and Compliance Officer is responsible for regular quarterly reporting to the Executive Board, as well as any additional reports as needed.
- The functioning and suitability of the risk management system are regularly reviewed by the Internal Audit unit. Its review is based on the risk management manual, which summarizes both the Company's own principles and the requirements of law for handling risk. Additionally, the risk management system is an integral part of the audit of the annual financial statements. It complies with the requirements of law.

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

Risk management process



- ▶ **Risk identification and risk classification:** Risk identification and classification is founded on risk management workshops that are held at least once a year for each subsidiary or division, at dates close to the planning process. The risks identified in the workshop are allocated to defined risk categories so as to permit a logical aggregation and crystallization of individual risks. Risk identification is consequently subject to constantly changing conditions, in an ongoing updating process, and is incorporated in the quarterly risk reporting process.
- ▶ **Risk assessment:** Risk assessment evaluates the probability of risks and their potential impact on the ProSiebenSat.1 Group's operating and strategic business performance and planning. Risk assessment also includes analyzing causes and interactions with other risks. In addition to quantitative methods, some of which are based on early warning indicators, risks are also assessed using qualitative approaches.
- ▶ **Risk management and risk monitoring:** Early warning indicators have been defined for all measurable and material categories of risk. These early warning indicators primarily cover the ProSiebenSat.1 Group's performance in terms of audience share and advertising market share, the profitability and appeal of the program inventory, human resources development, and the evolution of liquidity. The management in charge initiate suitable measures to counter each identified risk that is deemed to need mitigation. These measures are documented and monitored as a part of the reporting system. The Executive Board discusses and adopts appropriate risk control measures, and reports to the Audit and Finance Committee of the Supervisory Board. When new opportunities or risks arise, or individual indicators change significantly, the Executive Board and Supervisory Board are notified at once, irrespective of the quarterly reporting intervals.

Group-wide risk management system evolves as SBS integration proceeds. As the process of integrating SBS advances, further measures have been taken to adapt the risk management system to fit the Group's international position. To support risk management, a software has been developed to help detect risks Group-wide and monitor their development. In fiscal 2007, risk categories were expanded, and a reporting system was introduced with six categories: External Risks, Content, Technology Risks, Sales, Organizational and Financial Risks, and Compliance.

OPPORTUNITY MANAGEMENT

Opportunities are potential positive deviations from planned results. Opportunities for the ProSiebenSat.1 Group derive primarily from corporate strategy. Monitoring opportunities is just as much a part of the Group's management system as risk management is. For this purpose, the ProSiebenSat.1 Group closely scrutinizes market scenarios and developments in the international competitive environment, and also gives great attention to critical internal factors for success, such as cost drivers and non-financial performance indicators. The principal opportunities for the ProSiebenSat.1 Group are discussed in the Report of Anticipated Developments on p. 82 .

RISK SITUATION: EVOLUTION OF INDIVIDUAL RISKS

Factors that were of material importance in the past fiscal year, or that might have adverse effects on the Group's earnings, financial position and net worth, are presented below with the corresponding assessment for the individual risk categories:

Evolution of individual risks

Change 2007/2008



1. External risks

General economic risks. The ProSiebenSat.1 Group's business operations depend to a large degree on overall economic conditions, and especially on developments in the markets where our advertising clients operate. A general weakening of the economy, especially in the core market in Germany, could have a material effect on the earnings position in our core business of commercial television, and thus on the ProSiebenSat.1 Group's business performance. At the moment we cannot rule out the possibility that adverse repercussions from economic conditions might also affect our own Company, directly or indirectly. We analyse economic developments expected in the near future on pages 79.

Sector risks - Advertising market. Given the current extraordinarily low visibility in the advertising market, investigating and assessing the orders situation is an important part of risk management. Total orders are analyzed on the basis of new bookings, and advertising revenues for the year are extrapolated. This ongoing analysis also studies the position of competitors and developments in the economy as a whole and the advertising industry in particular. Monthly reports to the Executive Board compare and analyze current and projected values in comparison with the figures from the year before.

Sector risks - TV usage. Lower TV consumption could have a material impact on our operating performance in our core business of free TV. However, at present the Group believes that the risk of a substantial change in TV usage pattern is rather low. There has been no sign so far of "cannibalization" - meaning migration of audiences to alternative media. What one finds instead is an additive use of such media as TV and the Internet. The quality and availability of content is a crucial success factor in the use of alternative media. The ProSiebenSat.1 Group further reduces its dependence on the TV market by diversifying its business activities, and at the same time extends the reach of its programming content and strong TV brands .

2. Content risks

2.1 Acquisition of licensed programming. The ProSiebenSat.1 Group acquires many of its feature films, TV films and series as licensed programming from third parties, with a strong focus on major US studios. In addition to the general price risk, therefore, the Group is also exposed to the risk of potential price increases due to the ongoing success of US series.

The ProSiebenSat.1 Group can keep price risks relatively low because of its strong position as a licensee. The Group's negotiating position with major studios and independents is further supported by stable business relationships founded on many years of cooperation and long-standing contractual arrangements, and by the Group's European position as one of the largest, most important licensees in the international TV market.

2.2 In-house productions and commissioned productions. In-house productions and commissioned productions represent an important percentage of programming. The tendency toward concentration among producers has increasingly exposed the Group to a price risk in this regard. Additionally, because reference figures are sometimes unavailable, the prospects for the success of in-house and commissioned productions tend to be less certain than in the case of purchased licenses.

ProSiebenSat.1 constantly conducts programming and market research, so that it can assess productions' prospects for success as reliably as possible. A broad supplier base, with a list of core suppliers as short as possible, further helps to mitigate risk potential.

Producing content is a core component of our corporate strategy. Founding the Redseven Entertainment production company in 2008 - a wholly owned subsidiary of ProSiebenSat.1 Media AG - has positioned the Group even better to exploit its own or acquired programming rights, and to develop them further on a cross-platform basis.

2.3 Programming inventory. The success of a programming policy depends on the programming content's appeal and profitability. An important early warning indicator in this connection is the total return on programming inventory. As a rule, programming contracts are signed several years ahead of the broadcast date. Programming rights are capitalized in the amount of their contracted purchase price. To reduce inventory risk, the revenue potential of broadcasting rights under contract undergoes regular review. In addition, to ensure that the ProSiebenSat.1 Group has the largest possible number of attractive, successful films, as a part of risk reporting the number of highlight films acquired by the Group is set in relation to the total number of theatrical film highlights for the same year.

3. Technology risks

3.1 Broadcasting equipment and studio operations. A studio and broadcasting equipment failure could cause substantial disruption of business operations. An infrastructure that no longer meets the current needs of the market or current security requirements could also prevent us from achieving our business goals. For that reason, the broadcasting process and all material components of studio equipment at the ProSiebenSat.1 Group are protected with backup systems.

The construction of a new playout center in Munich in 2008 laid the cornerstone for the Group's implementation of an innovative technical platform. Entirely tapeless working procedures and a new infrastructure ensure technological competitiveness by making it possible to exploit all content via all media, early and in parallel, while at the same time improving process quality.

3.2 IT risks. The increasing complexity of the Group's systems means that IT security risks may have serious consequences for business processes. These include failures of systems,

applications, or the network, but also data integrity and data confidentiality. IT security risks are mitigated by regular investments in hardware and software, by using firewall systems and virus scanners, and by establishing various access authorizations and controls. The IT unit has multiple computer centers at separate locations, which take over one another's tasks automatically in the event of a failure, without losing either time or data. The IT security strategy is updated regularly.

4. Sales risks

↗ Development of the audience market, p. 41

Audience share / TV ratings. Ratings of the free TV stations, and especially audience share among the key demographic, are among the most important early warning indicators. A structural reduction in ratings might have financial consequences for ProSiebenSat.1. But the Group continues to view this risk as rather improbable ↗.

Sales. Immediately following the conclusion of the penalty proceedings by the German Federal Cartel Office in 2007, the Group's advertising sales company in Germany, SevenOne Media, presented a new discount and fee model. The revised discount model was not as well received by agencies and advertising clients as had been expected, so that it had to be revised during 2008. Based on discussions with advertisers and on the current order levels, the Group believes there is rather little risk that the market will remain reluctant to accept the revised model.

Convergence. The steadily growing availability of alternative media entails a risk that advertisers might turn away from conventional television. For that reason, ProSiebenSat.1 is moving vigorously to diversify its media services, and increasingly counts on the potential of new media in addition to its core business in TV. One part of this strategy has been the merger of SevenOne Media (TV) and SevenOne Interactive (Online). By combining its marketing subsidiaries for TV and online services, ProSiebenSat.1 can respond better to the market's requirements, and can offer clients cross-media advertising concepts.

5. Organizational and financial risk

Relocation of Sat.1. As part of a strategic reorientation, the decision was made at the end of 2008 to concentrate stations Sat.1, ProSieben, kabel eins and 9Live at the Munich site. The relocation of Sat.1 (except for its central editorial department) from Berlin to Unterföhring will be completed by mid-2009. The Group expects mid- and long-term advantages from an improved use of programming resources and creative potential. However, for the short term risks are presented by logistics, human resources, and the integration of processes at the shared site in Unterföhring.

IT outsourcing. In 2008 the ProSiebenSat.1 Group signed a long-term outsourcing agreement with IBM. IBM, a leader in IT services, will take over and expand all IT business applications and the IT and media systems of ProSiebenSat.1 Produktion. Over the next few years, it will set up a broadcast integration center and standardize processes and business applications. The aim of outsourcing IT is to position ProSiebenSat.1 more efficiently and more flexibly in the European media and entertainment market, while at the same time cutting costs. ProSiebenSat.1 incurs risks here, however, because of the resulting greater dependency on an external service provider and because of the associated need to adjust processes. The transformation of existing processes and the clear allocation of duties and responsibilities are continuously monitored by a governance board, which additionally serves as an interface between the Group companies and IBM.

↗ Employees, p. 62

5.1 Personnel risks. The ProSiebenSat.1 Group's success depends significantly on the abilities and dedication of its employees. Personnel risks arise primarily in recruiting and developing staff, and in the turnover of employees in key positions. The Group limits these risks in part by a strategic management development program that builds on the corporate

mission statement and the management guidelines that have been derived from it. Additionally, performance-based and results-based incentive systems give concrete form to higher-order corporate objectives, and bring them down to the level of specific goals for segments, departments and individual employees. These goals are pursued through goal agreement meetings, site meetings, and goal achievement meetings .

The Group has also launched initiatives to introduce a code of conduct that will apply throughout the corporation. The ProSiebenSat.1 Group Code of Compliance ensures that the Group's business activities are in line with internationally recognized standards, as well as local laws and regulations.

 **Information on principles of financial management and ratings, p. 56**

5.2 Financial risks. The ProSiebenSat.1 Group is exposed to a variety of financial risks through its business operations. These risks are managed centrally as a part of financial risk management. Apart from ensuring solvency, the aim of financial risk management is to optimize the Group's financial result. The principles, duties and responsibilities of financial risk management are governed by the internal corporate financial guidelines of the ProSiebenSat.1 Group. Financial risk management is founded on strategies that have been defined in close cooperation with the Executive Board. These include not only the Group Financial Guideline, but other guidelines for structuring the Group's internal financing, borrowings, and requirements to be met by external business partners for finance and treasury transactions (counterparty guidelines). Any derivative financial instruments that may be employed serve solely to hedge existing risk positions, not for active trading purposes .

In the context of the current crisis on the international financial markets and the difficult overall economic conditions in Europe the financial risk situation of the ProSiebenSat.1 Group has increased in general:

- **Finance risk:** By finance risk, the ProSiebenSat.1 Group refers to having adequate funding available and accessible, whether through equity or through borrowings. In this connection, the ProSiebenSat.1 Group monitors the situation on money markets and capital markets. The availability of funds depends in part on compliance with particular requirements known as "financial covenants." Given the current difficult financial environment, the financial risk situation of the ProSiebenSat.1 Group has increased, also with regard to the adherence of financial covenants. Compliance with these ratios is monitored on an ongoing basis, also prospective on the basis of budgets. On basis of the current budgets, the company does not expect any violation of the financial covenants. Further information on financial covenants can be found in the chapter "Borrowings" on page 54.

The Group currently has a EUR 4.2 billion syndicated facilities agreements that extends to mid-2014/15, so that it currently has no refinancing needs. The syndicated facilities are composed of two loans totaling EUR 3.6 billion (Term Loan B and C), as well as a revolving credit facility with a facility amount of EUR 600.0 million, which can be drawn upon variably for general operating purposes.

 **Hedge accounting, consolidated notes, p. 101**

- **Currency risks:** The ProSiebenSat.1 Group's foreign currency risks from transactions (transaction risks) arise primarily from the fact that it acquires a significant portion of its programming rights from production studios in the United States. Thus the Group is exposed to risks from fluctuations in the exchange rate between the euro and the dollar, but also fluctuations in non-euro Group currencies against the dollar. To hedge currency risks, the Group enters into forward exchange transactions and currency options.

There are no hedges for exchange rate changes to the euro for Group companies whose functional currency is not the euro, but is translated to euros in the preparation of the consolidated financial statements (foreign currency translation).

■ **Earnings situation,**
p. 53

Exchange rate fluctuations that result when “non-euro” Group companies assume borrowings denominated in euro, and the consequent impact on profits at those companies, are likewise not hedged if these liabilities are expected to be retired with euro funds provided by Group parent companies, rather than out of the operating (non-euro) cash flows of the companies themselves. These are shown in the Group’s income statement under “Other Financial Expenses” ■. Such fluctuations had an effect of -40.6 million.

- **Interest rate risks:** The ProSiebenSat.1 Group is exposed to interest rate risks through its loan agreements. To mitigate risk, ProSiebenSat.1 has hedged about 80 percent of its variable-interest financial liabilities through interest rate hedges. These interest rate hedges are used to compensate for uncertain, variable-rate interest payments on borrowings by replacing those payments with fixed-rate interest payments. Known as “interest rate swaps,” they qualify as cash flow hedges that are covered by hedge accounting under IAS 39.88. The remaining variable interest rate risk results not only from the unhedged portion of the term loans, but also from any draw-downs the Group may make on its revolving credit facility. As of December 31, 2008, EUR 497.2 million had been drawn from this facility. An interest rate risk in the sense of a change in market value is of no relevance here, since ProSiebenSat.1 Media AG’s financial liabilities are reported at cost, and thus any change in market value will have no effect on the balance sheet.
- **Liquidity risks:** Liquidity risk – meaning the risk of being unable to meet payment obligations because of a shortage of available cash funds – is managed through a central cash management system. The most important early warning indicator in this connection is the expected liquidity headroom, which is calculated on the basis of available and projected cash, taking the seasonal nature of the business into account. The Executive Board of the ProSiebenSat.1 Media AG assesses the liquidity of the company as good and assumes that the liquidity headroom will suffice in the coming years as well ■.
- **Contingency risks:** 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 functional markets for money, capital and derivatives. However, the international financial crisis has lent new importance to monitoring contingency risks. To mitigate the risk of default on transactions involving financial instruments, the Group engages in finance and treasury transactions only if the external counterparties meet the strict credit standing requirements established in the counterparty guidelines. Furthermore, the risk of concentration is mitigated by diversifying finance and treasury transactions among multiple qualified counterparties.

A detailed description of hedging instruments, valuations and sensitivity analyses, as well as other information about financial risk management, is provided in the Notes to the Financial Statements on page 120.

6. Compliance risks

6.1 General compliance. Corporate governance risks arise from potential violations of statutory reporting obligations and from insufficient transparency in corporate management and corporate communications. The ProSiebenSat.1 Group limits these risks with a Group-wide compliance structure. The program includes training employees in antitrust matters, as well as internal oversight and sanctioning mechanisms to prevent any violations of the antitrust laws from the outset.

6.2 Antitrust law

- **Risk of third-party lawsuits:** Germany’s Federal Cartel Office concluded its proceedings against SevenOne Media in 2007, in return for payment of a fine. In November 2008, RTL2 and its marketing company, El Cartel, filed suit in Düsseldorf Regional Court against

SevenOne Media and the ProSiebenSat.1 broadcasting companies. The current suit seeks a declaratory judgment and information, not specific damages; its aim instead is to establish an obligation in principle to pay damages. There can be no certainty that additional third parties will not attempt to bring action against SevenOne Media in the aftermath of these proceedings. A successful suit against the ProSiebenSat.1 Group or one of its subsidiaries might have a material impact on the Group's financial and earnings situation.

- **Market investigation in Hungary:** The general market investigation by the Hungarian competition authorities, already mentioned in the 2007 risk report, had not been completed yet as of the end of 2008. The investigation concentrates on three aspects: television advertising, the sale of television programming, and purchases of film and sports rights. It is not directed against ProSiebenSat.1 Group companies. However, the Hungarian competition authority could expand the investigation, and thus might affect the business of the Group's Hungarian free TV station TV2.

6.3 Media law / Broadcasting licenses

- **Regional windows:** The Saarland Media Act requires state-wide programming windows to be incorporated at least into the two private nationwide television channels with the greatest technical reach, and these windows must be financed by the broadcasters of the nationwide channels. ProSiebenSat.1 Media AG respectively Sat.1 have brought legal action against the obligation to provide Saarland programming windows, and have prevailed on procedural grounds. There has been no decision on the merits of the matter so far. Saarland is expected to submit a new regulation and to maintain its demand. As the proceedings are still pending, ProSiebenSat.1 Media AG is taking an active role in this social, media-policy and legal controversy, to combat these restrictions. The financing that would have to be provided by Sat.1 or ProSiebenSat.1 Media AG for a new regional window is estimated at roughly EUR 5 million per year.

There is a further risk that in German states which hitherto have had no requirements for programming windows, demands for similar arrangements might also follow. In these discussions as well, the Company is taking an active part to counteract an expansion of further regional TV requirements.

- **Regulatory risks.** The ProSiebenSat.1 Group is particularly exposed to risks connected with more stringent regulatory requirements, for example regarding advertising, forms of advertising, broadcasting licenses and games. Any unforeseen changes in the legal and regulatory conditions might have a material impact on individual business activities. The ProSiebenSat.1 Group actively monitors all relevant developments, and maintains constant contact with the regulatory authorities so as to ensure that its interests are taken into account to the best possible degree.

6.4 Distribution. For the Company's stations, lasting success in the advertising market depends most significantly on high audience reach. Apart from programming appeal, this reach depends especially on the technical distribution of the TV stations over as many distribution channels as possible. The ProSiebenSat.1 Group's stations have high technical reaches. For this purpose, the Group has signed long-term distribution and cooperation agreements with satellite operators, broadband network operators, and, for distribution on mobile terminals, telecommunications firms.

The changeover from analog to digital broadcasting will further multiply the capacity available for carrying the Group's television programming and other services. Signing long-term distribution agreements has ensured that the reach of the Group's stations will still be assured as the transition from the analog to the digital age advances. For that reason, the

ProSiebenSat.1 Group is confident that its stations will continue to be distributed nationwide in both analog and digital format.

6.5 Other risks.

- **Tax risks:** 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.
- **Rights of use in new media:** The ProSiebenSat.1 Group is currently in negotiations with various copyright holders about 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 rights licensing companies. The fragmentation of rights of use is making it increasingly difficult to reach consensus with all involved, and is thus impeding a practical, quick solution to the matter. This situation could adversely affect the development of the new media business.
- **Call TV Netherlands:** The Netherlands public prosecutor's office and local tax authorities are investigating a Group subsidiary for a suspected breach of the Dutch laws on gaming. The investigation focuses primarily on whether and to what extent call TV and similar business operations, such as televoting, can be considered illegal gambling. Violations of the relevant laws could be penalized with confiscation of the sales revenues generated by the targeted business operations. The call TV programs were suspended in November 2007. The outcome of the pending proceedings cannot be foreseen reliably. Court decisions or settlements might have material adverse effects on the Group's financial and earnings situation. No provision had been set aside as of the reporting date.

Outlook

For information on risk management, see p. 70; the planning process is described on p. 37

The ProSiebenSat.1 Group's business success depends to a large degree on developments in the TV advertising market, especially the TV advertising market in Germany. Because clients' budgeting approach is very short-term, and also because the advertising industry is extraordinarily vulnerable to cyclical fluctuations in the economy, any projection for the TV advertising market is inherently uncertain. The unforeseeable consequences of the intensifying crisis in the international financial markets and in real economies serve to impair visibility still further. Economic risks are identified as part of the Group-wide risk detection system, and are taken into account in the budgeting process, so far as possible. On the other hand, where our assumptions and estimates prove to be too conservative, they give rise to opportunities.

The expectations discussed below for the ProSiebenSat.1 Group's business in 2009 and 2010 are based on current assessments of economic developments in our most important markets. Our projections here are based primarily on the following assumptions:

- Our revised ad sales model will be accepted in the German market.
- The German TV advertising market will slow down in 2009; the recession will also affect our international TV markets.
- In hard economic times, the advertising industry increasingly relies on time-tested media, so that in relative terms, the standing of TV advertising should rise.
- Internet advertising will also increase in the coming year, while print and radio will particularly suffer from the downswing.

OVERALL ASSESSMENT OF EXPECTED GROUP PERFORMANCE - MANAGEMENT'S VIEW

We will have a very challenging year again in 2009, since we expect the markets for TV advertising in Europe to decline. With our new advertising time sales model for 2009, we are well positioned to face the challenges of the coming months. But to return to a highly competitive position in the TV advertising market, and to strengthen our competitive position in Europe for the long term, we must do more than capitalize on our advantages regarding audiences in the next few months - we must respond to the adverse economic environment with ongoing proactive cost management and improved organizational structures. By pooling our TV operations in Germany, we are focusing our attention on an environment that is considerably more challenging than it has been in past years. We will lastingly strengthen the competitive position of our family of stations, and at the same time make our company even more efficient. Our most important task will be to systematically implement the steps we initiated to improve efficiency during 2008.

Get future-ready > Our most important targets for 2009

- We will achieve our financial goals.
- We will capitalize on our strong performance with audiences to recover shares of the German TV advertising market, thanks to our revised marketing model.
- We will improve our cost structure.
- We will invest in attractive programming and optimize our content output.
- We will make the most of the growth potential offered by digital developments and our international portfolio, and strengthen our Diversification unit.
- We will strategically refocus the TV group in Germany, and network our activities even more fully, both in Germany and in the rest of Europe.

FUTURE ECONOMIC AND INDUSTRY ENVIRONMENT

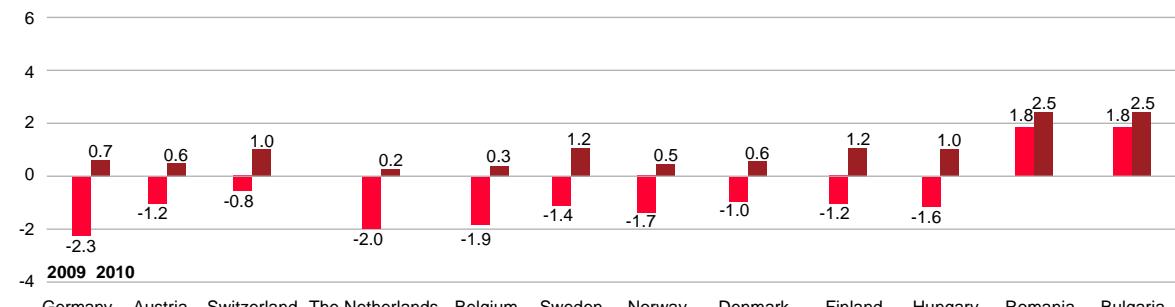
The worldwide economic crisis has intensified significantly further since the US-American investment bank Lehman Brothers filed for protection from creditors in September 2008. Obstacles are posed not just by turbulence in the financial market and poorer loan market conditions, but companies' less optimistic earnings outlooks. The International Monetary Fund (IMF) estimates that the world economy will grow only half a percent in 2009. With appropriate political support, a recovery in 2010 seems possible, but all forecasts carry a very significant degree of uncertainty. There is a constant risk of downward corrections.

- After an especially weak fourth quarter, the outlook for the **Euro zone** (15 countries) in 2009 is extremely guarded. At present, the IMF projects a 2.0 percent decline. The European Commission is expecting -1.9 percent. All the European economies have been affected by the global economic crisis, although to varying degrees. The outlook is especially gloomy for Ireland and the Baltic states, but Germany, the United Kingdom, France, Italy and Spain must also expect serious setbacks. Only a few countries are expected to show a positive balance for the year - and with significant drop-offs even in those cases. Romania and Bulgaria are among those countries. The outlook for the development of consumer spending tends to be somewhat better.
- As a country heavily depend on exports, **Germany** will also suffer more severely from the consequences of the global economic crisis in 2009. In its annual economic report, the German government projects that the worldwide economic crisis will cause gross domestic product to shrink 2.25 percent in real terms in 2009. Especially significant declines are expected among the growth engines from the past few years - capital goods and exports. However, positive impetus is expected from consumption - both government and private. This expectation is based on rising government spending and higher private household income. The critical factor for consumer spending will be how seriously the economic crisis impacts the job market. The annual financial report currently expects a rather moderate rise in unemployment, to 8.4 percent by the end of 2009 (2008: 7.8 percent). In all, the current year will be one of the most difficult in the economic history of the Federal Republic.

Development of the advertising market in ProSiebenSat.1's main markets. The projected performance of gross domestic product largely parallels the expected trend in the advertising markets. For countries with vigorous economic growth, above-average growth in advertising spends is expected - especially if the expansion is strongly driven by consumer spending. Based on current economic forecasts, which expect Germany's economy to feel the impact more than average because of the country's strong orientation to exports, we must currently expect a negative TV advertising market in 2009. ZenithOptimedia expects TV advertising spends in Germany to decrease 3.5 percent in 2009. ZenithOptimedia has also lowered its projections for some of the 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.

Real GDP

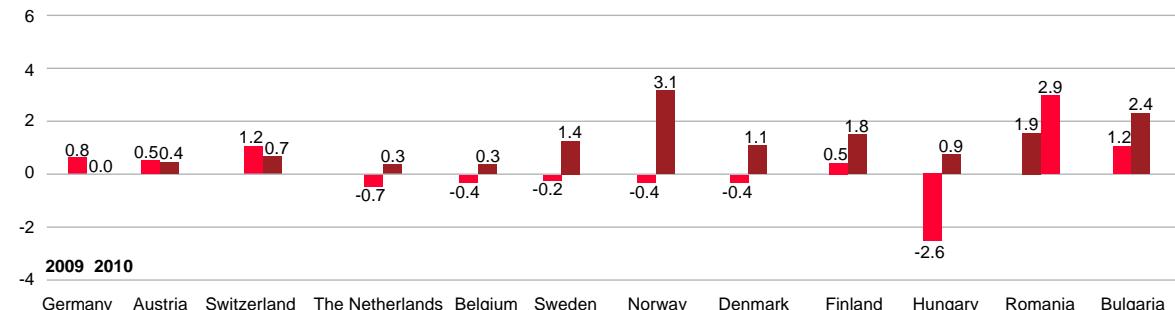
in percent



Sources: European Commission: Interim Forecast January 2009, Norway: Statistics Norway, Switzerland: State Secretariat for Economic Affairs (SECO).

Private consumption

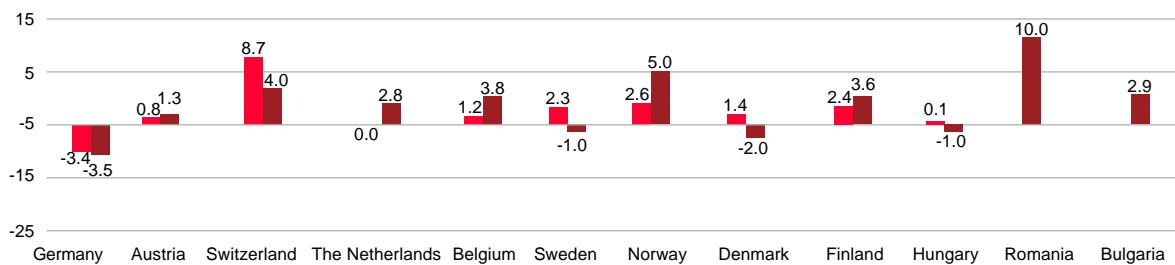
in percent



Sources: European Commission: Interim Forecast January 2009, Norway: Statistics Norway, Switzerland: State Secretariat for Economic Affairs (SECO).

Development of TV advertising markets in countries central for ProSiebenSat.1, changes 08/09

in percent ■ WARC ■ Zenith



Sources: WARC 12/2008, ZenithOptimedia 12/2008, figures extensively harmonized on a net basis, but methodological differences between countries and sources persist.

OPPORTUNITY REPORT

Digital evolution poses great challenges for media companies. But for a content provider like the ProSiebenSat.1 Group, it most of all offers substantial growth opportunities, since attractive content is the crucial factor for success in competing for audiences:

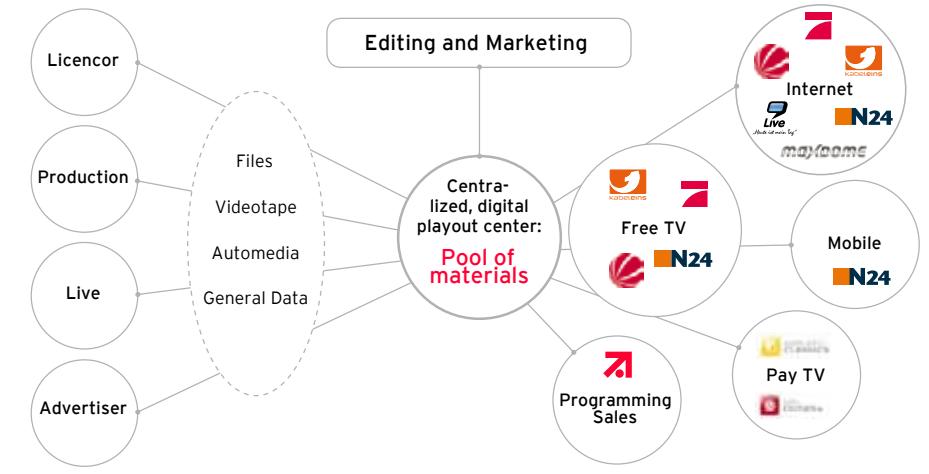
- **Opportunities from the development of the business environment and performance opportunities.** Despite the wide variety of available media, television continues to exercise an unbroken attraction. The German example proves that television is the most popular leisure pursuit, and reaches nearly three-quarters of the population every day. Viewing time among the key demographic for private television - audiences between the ages of 14 and 49 - remained stable at a high level in 2008 compared to 2007: the figure for both years was 178 minutes a day. And it even rose among another important target audience: heads of households between 14 and 49 watched TV for 229 minutes a day in 2007, and 231 minutes in 2008. Viewing time even increased three minutes a day for the Internet-friendly audience between 14 and 29 (2007: 133 minutes/day; 2008: 136 minutes/day). Accordingly, the Internet is by no means taking viewers away from television. The two media are not cannibalizing one another - they complement each other.

Our greatest opportunity in the German TV advertising market - the most important single region for our revenue performance - is to capitalize on our strong audience share to restore our share of the German TV advertising market.

- **Opportunities in corporate strategy.** Our most important strategic goal will remain to strengthen our core business in free TV and to focus on attractive programming content. Integrating SBS expanded our portfolio of brands significantly and opened up interesting new growth opportunities for our company. As Europe's only fully integrated family of broadcasters, we can make optimum use of synergies in such areas as programming development. And we can also profit from economies of scale. Economies of scale will especially result from multi-station production of programming content. Apart from additional opportunities for multiple uses of content, the SBS merger gives us possibilities for broader geographic diversification.

One important factor for future competitiveness will be to position the Group for the digital world by adapting TV concepts to people's changing media use habits. Another will be a balanced revenue mix - meaning an optimum level of independence from individual economic cycles and sources of revenue. For that reason, besides focusing clearly on our core business in commercial television, we will continue diversifying our revenue model by using digital media to extend our TV brands and by expanding our portfolio internationally. ProSiebenSat.1 is setting an important milestone for growth in the digital age by upgrading N24 to become Europe's most up-to-date news station. By building a new play-out center in Munich and setting up a shared, tapeless pool of materials, ProSiebenSat.1 is setting new standards, while at the same time systematically making use of openings to enhance efficiency by centralizing different processes.

Change to a digital Platform >> centralized pool of materials



COMPANY OUTLOOK

Given the current turbulence in the financial markets and its unforeseeable impact on the European economy, any projections about the TV advertising market carry unusually high levels of uncertainty. For that reason, a multi-year forecast for financial key figures is impossible at the moment.

Projected revenue and earnings performance. Assuming that the general economic slump will continue, expectations for the individual segments in fiscal 2009 are as follows::

- **Free TV in German-Speaking Europe segment:** We aim to win back advertising market share in 2009 in an overall weak market to compensate at least partly the economic slowdown. One indication that supports this expectation is the positive outcome of our annual discussions with our advertisers which show that we once again have a competitive marketing model. In addition, our successes with audiences, relative to the performance of the TV advertising market, should also have positive effects on the advertising industry's investments.
- **Free TV International segment:** Our international TV advertising markets also showed distinct signs of slackening in the fourth quarter of 2008. We expect negative growth rates in the international TV business in 2009.
- **Diversification segment:** We expect the Diversification segment to grow further in the online and radio business in particular, especially thanks to the effects of consolidation and new acquisitions. Mainly because of the deconsolidation of C More in December 2008, revenues in 2009 will be below prior year's level.

The Group's future focus, p. 84

In the background of the difficult market environment, keeping costs as low as possible is an important prerequisite of our profitability. For that reason, although our cost management is already rigorous, we have adopted extensive cost cutting measures in our budget for 2009. All in all, operating costs should be about EUR 100 million less than in fiscal 2008. Especially by the setup of the German TV stations under German Free TV Holding, and by pooling German sales operations, we expect to make more efficient use of resources and cut operating costs significantly in fiscal 2009 . Additionally, we are making every effort to derive maximum benefit from the synergies that result from the integration of SBS. Both of these factors will have a positive effect on recurring EBITDA.

Nevertheless we cannot exclude that our earnings performance will be impacted given the difficult economic conditions. In case of a recovery of the advertising markets, our strengthened measures to improve efficiency should help us to increase our operative earnings (recurring EBITDA) in 2010.

Projects for the integration of SBS in fiscal 2009

PROJECTS	MEASURES
Content	<ul style="list-style-type: none"> › Co-productions and back-to-back productions › Internal development of concepts for uses in individual and multiple territories › Expansion of our catalogue of programming concepts
Sales	<ul style="list-style-type: none"> › Expansion of multinational services and new business activities
New Media	<ul style="list-style-type: none"> › Ongoing focus on international projects for synergy and innovations in online, video on demand, mobile, licensing and music operations
Operations	<ul style="list-style-type: none"> › Optimized operating procedures at playout centers and Group-wide applications › Intensified exchange of trailer materials
Supporting Functions	<ul style="list-style-type: none"> › Introduction of efficient procurement structures and processes for Germany › Development of a strategic purchasing function for the entire Group

 **Dividend proposal, p. 25**

Expected financial position and future investments. Following the acquisition of SBS, reducing financial debt and lowering our leverage will be a high priority in the years to come. The lower dividend proposed by the Executive Board for fiscal 2008 takes due account of this goal .

Despite its outstanding debt, the Group has enough leeway to implement the investments required to its operative and strategic goals, and to take advantage of opportunities for acquisitions as they present themselves. The ProSiebenSat.1 Group plans to invest significantly in tangible and intangible assets again in 2009, and most of this investment will again go to programming. Besides expanding our programming operations, another fundamental component in our strategy is our online portals. These portals make a significant contribution toward building audience loyalty, and are an important lever in extending our TV brands. At the same time, with the use of digital platforms the ProSiebenSat.1 Group offers specific added value for viewers and advertisers, because these platforms serve people's changing media usage habits, and offer opportunities for 360-degree communication. For that reason, the Group will invest further in expanding its online activities in 2009. The portals we have acquired in the past few years will be tied in even more closely with our family of stations, and all video content from Sat.1, ProSieben and kabel eins will be gradually packaged up to be offered on the Internet. In this connection, ProSiebenSat.1 will also significantly expand its range of online video services.

Divestments are another part of our strategy for optimizing our portfolio by focusing more sharply on our core competences. In other words, we will invest in strengthening businesses that have high growth potential, and dispose operations that offer little potential for synergy in terms of networking with our free TV activities. In this connection, early in 2009 ProSiebenSat.1 signed an agreement to sell the Billiger.de online portal. The sale was consummated in February.

The Group's future focus. Amid a difficult market environment, we have begun an integration process that has significantly strengthened our market position in Europe. The merger with SBS has made ProSiebenSat.1 a multinational media corporation with a broadly diversified portfolio. Now, in Germany, our largest and most important market, we are in the process of setting our course for the future. For that reason, toward the end of 2008 we began steps to pool operations in our German Free TV and Sales units:

- The stations Sat.1, ProSieben and kabel eins will be part of a matrix organization, and multi-station departments will be established for such tasks as scheduling, production management, controlling and communications. The stations are to be brought together under one roof in Munich by June 2009. The plans for the organizational improvement include relocating Sat.1 from Berlin to the Group's headquarters in Munich. The Sat.1 central editorial department will not be moving to Munich; in tandem with N24 it will provide the Group's journalistic center of competence in Berlin.
- All of the ProSiebenSat.1 Group's holding-company functions in Germany will be headquartered in Munich.
- Because of the rising demand for integrated advertising campaign concepts, the sales companies SevenOne Media GmbH (TV) and SevenOne Interactive GmbH (online) will be combined.

These changes will entail staff reductions of 225 jobs in Germany. The new setup of our companies in Germany will enable us to make more efficient use of our resources. At the same time, we will be better able to meet the market's needs thanks to a closer intermeshing of know-how and creativity. The process is to be completed by June 30, 2009 at the latest.

Programming Outlook 2009

» In 2009, ProSiebenSat.1 will again offer viewers a broad range of TV programming, with up-to-date information, exciting films and series, and major events. This coming fall, for example, the legendary Sat.1 soccer show "ran" will be returning to the screen in Germany. Additionally, in the super election year 2009, Sat.1 will be showing "Wahlarena," with Sabine Christiansen and Stefan Aust. ProSieben will continue to count on blockbuster films, U.S. series and successfull shows like "Germany's next Topmodel - by Heidi Klum" or "Beat the Star" with Stefan Raab. Austrian station PULS 4 will also be scoring with its own version, "Austria's next Topmodel." Another highlight in 2009, both nationally and internationally, will be the exciting action-fun show "WipeOut." "WipeOut" will air in 2009 on ProSieben in Germany, and as a pan-Scandinavian co-production in Sweden, Norway and Denmark. For a short preview of these and other highlights from ProSiebenSat.1's international TV schedule, see below:



01// May is "Star Trek" month at kabel eins. Apart from films, repeat episodes, and documentaries, the German station will also air a show on all aspects of the beloved science fiction adventure series.

02// The new series "Verborgen Gebreken," which airs in 2009 on Dutch station NET 5, is set in the world of real estate.

03// Denmark's Kanal 4 will show the lifestyle documentary "Baronen flytter ind" in 2009, with Danish Baroness Caroline Fleming.

04// Austrian station PULS 4 already found "Austria's next Topmodel" in February - and earned audience shares of up to 13 percent in the process.





05// The exciting show event "WipeOut" debuts in 2009 on ProSieben, as well as on TV NORGE in Norway and Kanal 5 in Sweden and Denmark, through a Scandinavian co-production.

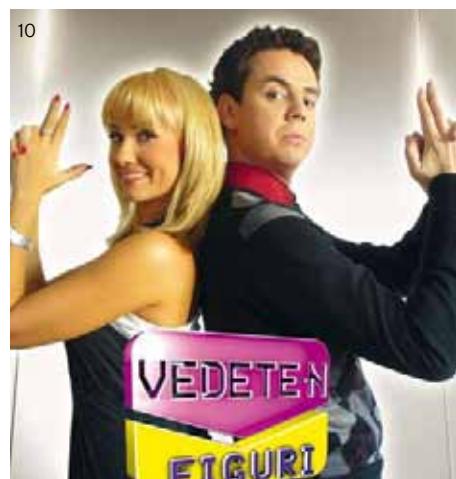
06// On the Norwegian dating show "Age of Love," which starts on TV NORGE in March, a bachelor looks for the right woman to share his life.

07// ProSieben will launch the new U.S. mystery series "Fringe" in March.

08// Since January 2009, Sat.1 has been showing a new round of the improv comedy "Schillerstrasse" with Jürgen Vogel as the new tenant - and has been earning audience shares of up to 17.7 percent.

09// ProSieben will air the second installment of the "Pirates of the Caribbean" saga during the year.

10// International hit show "Hole in the Wall" debuted in January on Prima TV in Romania, under the title "Vedete-n Figuri," and earned audience shares of up to 19.7 percent.



03

- › The Consolidated Financial Statements of ProSiebenSat.1 Group have been prepared in accordance with International Financial Reporting Standards (IFRS). They also take account of all additional requirements under the German Commercial Code (HGB).

The independent auditors have examined the Consolidated Financial Statements and the Group Management Report, as well as the single-entity Financial Statements and Management Report of ProSiebenSat.1 Media AG, and have given them an unqualified audit opinion. The single-entity financial statements of ProSiebenSat.1 Media AG have been prepared in accordance with the German Commercial Code, and have been published separately from the Consolidated Financial Statements at www.prosiebensat1.com

Consolidated Financial Statements

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Consolidated Income Statement of ProSiebenSat.1 Group

EUR k		2008	2007*	Change	Change in %
1. Revenues	[7]	3,054,241	2,710,421	343,820	13%
2. Cost of sales	[8, 17]	-1,867,272	-1,623,380	243,892	15%
3. Gross profit		1,186,969	1,087,041	99,928	9%
4. Selling expenses	[9, 17]	-449,852	-374,486	75,366	20%
5. Administrative expenses	[10, 17]	-533,855	-344,013	189,842	55%
6. Other operating income	[11]	63,230	16,743	46,487	278%
7. Operating profit		266,492	385,285	-118,793	-31%
8. Income from equity interests in associated companies		592	1,914	-1,322	-69%
9. Other financial result	[12]	-2,933	208	-3,141	-1510%
10. Other interest and similar income		18,992	28,009	-9,017	-32%
11. Interest and similar expenses		-274,428	-143,751	130,677	91%
12. Net interest result	[13]	-255,436	-115,742	-139,694	-121%
13. Other finance result	[14]	-77,154	-21,881	-55,273	-253%
14. Financial income		-334,931	-135,501	-199,430	-147%
15. Loss/profit before taxes		-68,439	249,784	-318,223	-127%
16. Income taxes	[15]	-57,051	-153,572	-96,521	-63%
17. Consolidated loss/profit for the year		-125,490	96,212	-221,702	-230%
Attributable to					
Equity holders of ProSiebenSat.1 Media AG		-129,141	89,445	-218,586	-244%
Minority interests		3,651	6,767	-3,116	-46%
EUR					
Basic and diluted earnings per share of common stock according to IAS 33**	[16]	-0.60	0.40	-1.00	-250%
Basic and diluted earnings per share of preferred stock according to IAS 33**	[16]	-0.58	0.42	-1.00	-238%

* ProSiebenSat.1 Produktion GmbH was presented as „Discontinued Operations“ in 2007. As the sale is no longer pursued, figures for 2007 were adjusted.

** based on net profit of EUR -129.1 million for the period (comparable period: EUR 89.4 million); underlying number of common and preferred shares: 217,918 thousand (comparable period: 218,797 thousand)

Consolidated Balance Sheet of ProSiebenSat.1 Group - Assets

EUR k		12/31/2008	12/31/2007*	Change
A. Non-current assets				
I. Intangible assets	[18]	3,004,010	3,540,371	-536,361
II. Property, plant and equipment	[19]	248,945	267,869	-18,924
III. Investments accounted at equity method	[20]	6,868	4,583	2,285
IV. Non-current financial assets	[20]	58,272	70,508	-12,236
V. Programming assets	[21]	1,149,157	917,110	232,047
VI. Accounts receivable and other non-current assets	[23]	7,591	14,091	-6,500
VII. Deferred taxes	[15]	91,528	50,708	40,820
		4,566,371	4,865,240	-298,869
B. Current assets				
I. Programming assets	[21]	230,815	400,575	-169,760
II. Inventories	[22]	5,537	4,849	688
III. Current financial assets	[23]	211	264	-53
IV. Assets for current tax		59,911	34,109	25,802
V. Accounts receivable and other current assets	[23]	434,153	442,962	-8,809
VI. Cash and cash equivalents	[24]	632,871	250,847	382,024
		1,363,498	1,133,606	229,892
Total assets		5,929,869	5,998,846	-68,977

Consolidated Balance Sheet of ProSiebenSat.1 Group - Liabilities and shareholders' equity

EUR k		12/31/2008	12/31/2007*	Change
A. Shareholders' equity	[25]			
I. Subscribed capital		218,797	218,797	- / -
II. Capital reserves		547,139	546,987	152
III. Group equity generated		-56,394	342,646	-399,040
IV. Treasury shares		-15,105	- / -	-15,105
V. Accumulated other Group equity		-234,090	-56,539	-177,551
Subscribed capital and reserves attributable to equity holders of ProSiebenSat.1 Media AG		460,347	1,051,891	-591,544
VI. Minority interests		18,576	10,435	8,141
		478,923	1,062,326	-583,403
B. Non-current liabilities				
I. Long-term loans and borrowings	[28]	3,523,152	3,577,297	-54,145
II. Provisions for pensions and other employee benefits	[26]	6,961	4,344	2,617
III. Other provisions	[27]	1,248	6,964	-5,716
IV. Non-current financial liabilities	[28]	331,831	199,440	132,391
V. Other liabilities	[29]	25,116	- / -	25,116
VI. Deferred taxes	[15]	196,665	207,272	-10,607
		4,084,973	3,995,317	89,656
C. Current liabilities				
I. Short-term loans and borrowings	[28]	516,663	2,196	514,467
II. Other provisions	[27]	178,258	177,819	439
III. Current financial liabilities	[28]	432,043	391,625	40,418
IV. Other liabilities	[29]	239,009	369,563	-130,554
		1,365,973	941,203	424,770
Total liabilities and shareholders' equity		5,929,869	5,998,846	-68,977

* ProSiebenSat.1 Produktion GmbH was presented as „Held for Sale“ as of December 31, 2007. As the sale is no longer pursued, figures for December 31, 2007 were adjusted.

Consolidated Cash-Flow statement of ProSiebenSat.1 Group*

EUR k	2008	2007
Consolidated loss/profit of the year [before minority interests]	-125,490	96,212
Depreciation, amortization and impairment/write-up of non-current and current assets	354,779	137,041
Consumption/write-ups of programming assets	1,224,120	1,127,152
Change in tax provisions [incl. change in deferred taxes]	-84,075	5,733
Change in other provisions	49,758	31,150
Result from equity accounting and other noncash relevant changes within financial assets	1,210	867
Result from sale of fixed assets	-44,532	452
Unrealised currency effects	- / -	21,467
Other noncash income / expenses	55,778	-9,779
Cash-Flow	1,431,548	1,410,295
Change in inventories	-688	-543
Change in non-interest-bearing receivables and other assets	-44,126	-36,861
Change in non-interest-bearing liabilities	-34,315	227,473
Cash-Flow from operating activities	1,352,419	1,600,364
Proceeds from disposals of non-current assets	24,041	4,042
Expenditures for intangible assets and property, plant and equipment	-106,520	-41,462
Expenditures for purchase of financial assets	-2,441	-5,129
Proceeds from disposal of programming assets	44,621	9,110
Expenditures for purchase of programming assets	-1,397,005	-1,176,684
Effects of changes in the scope of consolidation [acquisitions]	-38,601	-2,026,681
Effects of changes in the scope of consolidation [disposals]	298,583	4,264
Other changes in equity	27,526	-43,227
Cash-Flow from investing activities	-1,149,796	-3,275,767
Free Cash-Flow	202,623	-1,675,403
Paid dividends	-269,899	-192,542
Reduction of interest-bearing liabilities	-36,918	-1,485,395
Allocation of interest-bearing liabilities	501,323	3,540,647
Purchase of own shares	-15,105	- / -
Cash-Flow from financing activities	179,401	1,862,710
Change in cash and cash equivalents**	382,024	187,307
Cash and cash equivalents at the beginning of the year	250,847	63,540
Cash and cash equivalents at the end of the reporting period	632,871	250,847
The Cash-Flow includes the following receipts and payments in accordance with IAS 7		
Cash-Flow from income taxes	-118,872	-148,114
Cash-Flow from interest expenses	-235,847	-106,728
Cash-Flow from interest income	17,427	8,195

* Please find the notes to the cash flow statement under note 30. ** includes changes in cash and cash equivalents due to currency effects of EUR -4,609 thousand [2007: EUR -5,886 thousand]

Statement of changes in shareholders' equity of ProSiebenSat.1 Group in 2007

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

Statement of changes in shareholders' equity of ProSiebenSat.1 Group in 2008

EUR k	Subscribed capital	Capital reserves	Group equity generated	Treasury shares	Accumulated other Group equity	Minority interests	Shareholders' equity
					Foreign currency translation adjustment	Valuation from cash flow hedges and interest rate swaps	
December 31, 2007	218,797	546,987	342,646	- / -	-16,073	-40,466	10,435
Dividends paid	- / -	- / -	-269,899	- / -	- / -	- / -	-5,583
Changes in the scope of consolidation	- / -	- / -	- / -	- / -	- / -	- / -	10,018
Stock option plan	- / -	152	- / -	- / -	- / -	- / -	- / -
Purchase of own shares	- / -	- / -	- / -	-15,105	- / -	- / -	- / -
Statement of recognized income and expense	- / -	- / -	- / -	- / -	-80,502	-97,049	55
Consolidated loss of the year	- / -	- / -	-129,141	- / -	- / -	- / -	3,651
December 31, 2008	218,797	547,139	-56,394	-15,105	-96,575	-137,515	18,576
							478,923

Statement of recognized income and expenses*

EUR k	2008	2007
Consolidated profit/loss of the year	-125,490	96,212
Cash flow hedges	-135,586	-40,568
Deferred taxes from cash flow hedges	38,537	9,246
Change in foreign currency translation adjustment	-80,502	-15,615
Minority interests	55	-30
Total income and expenses recognized in equity	-177,496	-46,967
Total income and expenses for the period	-302,986	49,245
attributable to:		
Shareholders of ProSiebenSat.1 Media AG	-306,692	42,508
Minorities	3,706	6,737

* Statement of recognized income and expenses is an integral part of the notes

Notes to the consolidated financial statements

CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS

Basis of preparation

The consolidated financial statements of ProSiebenSat.1 Group for the financial year 2008 have been prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) as adopted by the European Union at the reporting date, December 31, 2008, as well as the supplemental provisions of German commercial law under Sec. 315a (1) of the German Commercial Code. In addition to the IFRS reporting standards, IFRSs also include the International Accounting Standards (IAS) and the Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the former Standing Interpretations Committee (SIC). The German rules that are to be followed by publicly traded companies in addition to IFRS are set forth in Sec. 315a of the German Commercial Code.

On the basis of the recommendations of the Government Commission on the German Corporate Governance Code and the applicable terms of law under Sec. 161 of the Stock Corporation Act, in March 2009 the Executive Board and Supervisory Board issued a Declaration of Compliance, which has been made permanently available to shareholders on the Internet at www.prosiebensat1.com.

The Group management report complies with the requirements of Sec. 315 (1) and (2) of the German Commercial Code, as well as with those for a Financial Review under IAS 1. It also includes the Risk Report required under Sec. 315 of the German Commercial Code.

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

The consolidated financial statements have been prepared under the historical cost convention except in respect of certain financial assets and derivative financial instruments which are shown at fair value.

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

Principles and methods of consolidation

[1] CONSISTENT AND UNIFORM REPORTING WITHIN THE GROUP

The single-entity financial statements of both German and foreign consolidated companies are incorporated into the consolidated financial statements of ProSiebenSat.1 Group using uniform accounting policies. Where options within accounting policies have been exercised, the details on this have been given in the notes.

The recognition, measurement and disclosure policies as well as the explanations and information regarding the consolidated financial statements under IFRS for the financial year 2008 are substantially based on the same accounting policies as the consolidated financial statements for 2007, except for those accounting standards whose application has been mandatory since January 1, 2008, and any accounting standards that have been revised.

A change in measurement policies has been made in respect to foreign currency translation. In the previous year, the balance sheet of the consolidated single-entity financial statements in foreign currencies were translated at the pertinent bid rates or offered rates, as the case may be, as of the reporting date. However, translation in the financial statements as of December 31, 2008, was carried out for the first time at the mid-rate as of the reporting date. The difference between these rates being immaterial, the resulting effects were not clarified exactly.

A further change in accounting policies appears with respect to "Discontinued operations" and "Assets and liabilities held for sale". For the time being, the sale of ProSiebenSat.1 Produktion GmbH is no longer being pursued. Consequently, contrary to the presentation in the consolidated financial statements of the ProSiebenSat.1 Group as of December 31, 2007, this subsidiary is no longer presented as a discontinued operation. The values from the company's income statement and balance sheet have been reclassified and included in the corresponding line items within the continuing operations. The reclassification had no material impact on current profits or losses, or those of previous periods.

The consolidated financial statements for December 31, 2007, included the following for "Assets and liabilities held for sale":

ProSiebenSat.1 Produktion GmbH

EUR k	12/31/2007
ASSETS	
Groups of assets as held for sale	
I. Intangible assets	5,648
II. Property, plant and equipment	22,934
III. Non-current financial assets	35
IV. Inventories	171
V. Receivables and other current assets	2,076
VI. Cash and cash equivalents	21
VII. Deferred tax assets	108
	30,993
LIABILITIES	
Groups of liabilities held for sale	
I. Provisions	300
II. Other liabilities	11,837
III. Deferred tax liabilities	245
	12,382

The following values were shown as discontinued operations in the consolidated financial statements as of December 31, 2007:

ProSiebenSat.1 Produktion GmbH

EUR k	2007
1. Revenues	7,888
2. Cost of sales	-4,591
3. Gross profit	3,297
4. Administrative expenses	-2,296
5. Operating profit	1,001
6. Profit before taxes	1,001
7. Income taxes	-876
8. Profit for the year	125

In addition, the Group has made a change in the presentation of liabilities between financial and other liabilities. Financial liabilities now include only those liabilities under which the ProSiebenSat.1 Group has a contractual obligation to settle with the other party in cash or other financial assets. The figures for the prior year have been revised accordingly. See Notes [28] and [29] for further information on these items of the balance sheet.

[2] APPLICATION OF THE CHANGES IN IFRS

Recently implemented accounting standards

IFRS 8 [Operating Segments] was issued by the IASB in November 2006 and was applied early by the

ProSiebenSat.1 Group. It requires companies to report financial and descriptive information regarding their reportable segments. IFRS 8 converts segment reporting from the "risk and reward" approach under IAS 14 to the "management" approach. Application of IFRS 8 is mandatory for the financial periods beginning on or after January 1, 2009. In connection with the acquisition of the SBS Broadcasting Group, the ProSiebenSat.1 Group decided to apply the standard early during the previous year, beginning with quarterly report for the quarter that ended on September 30, 2007. For more information about segment reporting, see Note [33].

The IASB released a new expanded version of interpretation IFRIC 11 [,IFRS 2 - Group and Treasury Share Transactions'] in 2007. IFRIC 11 provides guidance on how to recognize Group-wide share-based payments in the single-entity financial statements (and sub-group consolidated financial statements) of the entities concerned, and how to classify share-based payments in which an entity does not grant its own equity instruments but buys them from third parties instead, or in which the shareholders of the entity arrange for settlement. Application of IFRIC 11 is mandatory for financial periods beginning on or after March 1, 2007. The adoption of the interpretation is not expected to have an impact on ProSiebenSat.1 Group's financial statements.

The interpretations IFRIC 12 [,Service Concession Arrangements'] and IFRIC 14 [,The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'] were issued by IFRIC in November 2006 and June 2007 respectively. Application of these interpretations is mandatory for financial periods beginning on or after January 1, 2008. The adoption of the interpretations is not expected to have an impact on ProSiebenSat.1 Group's financial statements.

Recently published IFRS that are not yet mandatory and have not been applied early

In September 2007, the IASB published an amended version of IAS 1 [,Presentation of Financial Statements (revised 2007)]. The revision is intended to enhance users' ability to analyze and compare annual financial statements. IAS 1 governs the principles of the presentation and structure of the financial statements. It also includes minimum requirements for the content of the financial statements. The new standard is to be applied for financial periods beginning on or after January 1, 2009. It is allowed to be applied early. Since the amendment to IAS 1 relates to disclosure requirements, it doesn't have an effect on ProSiebenSat.1 Group's results of operations or financial position.

In January 2008, the IASB published the amended standards of IFRS 3 [,Business Combinations' (revised 2008)] and IAS 27 [,Consolidated and Separate Financial Statement' (revised 2008)].

IFRS 3 (2008) provides new rules for applying the acquisition method in business combinations. Significant changes relate to the measurement of "non-controlling interests" (minority interests), the recognition of step acquisitions, and the treatment of contingent consideration and incidental costs. Under the new version, non-controlling interests may be measured either at fair value ("full goodwill method"), or at the fair value of the non-controlling interest's proportionate share of identifiable net assets. In step acquisitions, interests held prior to the date on which control is obtained must be remeasured at fair value as of that date, and any adjustments must be recognized in profit or loss. Future changes to contingent consideration shown as a liability as of the date of acquisition must be recognized in profit or loss. Incidental costs associated with the acquisition must be expensed as of the date when they arise.

Material changes in **IAS 27 (2008)** relate to the recognition of transactions that do not result in a change of control, and those in which a loss of control occurs. Transactions that do not result in a change of control are recognized directly in equity, with no gain or loss. Retained ownership interests are to be fair valued at the date when control is lost. In the case of non-controlling interests, negative balances may be recognized - in other words, the entity must attribute their share of total comprehensive income to the non-controlling interests without limitation.

The revised standards are mandatory for financial periods beginning on or after July 1, 2009. IFRS 3 (2008) may be applied early for transactions in financial periods beginning on or after June 30, 2007. Entities that exercise this option must disclose that fact, and must apply revised standard IAS 27 (2008) at the same time. The same applies in the converse case, i.e., if the option under IAS 27 (2008) is exercised, application of IFRS 3 (2008) is also mandatory. ProSiebenSat.1 Group is currently analyzing the effects of the amendments to Group's financial statements.

In January 2008, the IASB adopted the revised version of **IFRS 2 [,Share-based Payment - Vesting Conditions and Cancellations' (revised 2008)]**. The addition unequivocally lays down that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. At the same time, the addition makes clear that

an entity must recognize cancellations by parties other than the entity itself in the same way as cancellations by the entity itself. Companies must apply the amended version retroactively for financial periods beginning on or after January 1, 2009. It may be applied earlier. The adoption of the amendment of IFRS 2 is not expected to have a material impact on ProSiebenSat.1 Group's financial statements.

In March 2007, the IASB adopted a revised version of **IAS 23 [,Borrowing Costs' (revised 2007)]**. Under the amended rules of IAS 23, borrowing costs that can be directly attributed to the acquisition, construction or production of "qualifying assets" must be capitalized. Under the previous version of IAS 23, capitalization of these borrowing costs was optional. The former "benchmark method," which permitted such borrowing costs to be expensed, has been eliminated in the revised version of IAS 23. The new standard is to be applied for financial periods beginning on or after January 1, 2009. It may be applied early, and in that case must be reported accordingly in the notes to the financial statements. The adoption of the amendment of IAS 23 is not expected to have a material impact on ProSiebenSat.1 Group's financial statements.

IFRIC 13 [,Customer Loyalty Programs'] was adopted by IFRIC in June 2007. It deals with the recognition of certain kinds of customer loyalty programs, and makes clear which regulations of IAS 18 [,Revenue'] should be applied to them, and how liabilities in the form of customer bonus entitlements under these customer loyalty programs should be recognized. The interpretation is applicable for financial periods beginning on or after July 1, 2008. It may be applied earlier. ProSiebenSat.1 Group is currently analyzing the effects of the amendments to Group's financial statements.

[3] SCOPE OF CONSOLIDATION

The number of subsidiaries included in the consolidated financial statements changed as follows in the financial year 2008:

	Domestic Market	Foreign Market	Total
Included at 12/31/2007	46	130	176
Newly founded/consolidated companies	7	7	14
Merged/deconsolidated companies	-3	-25	-28
Included at 12/31/2008	50	112	162

ProSiebenSat.1 Media AG directly or indirectly holds a majority of voting rights in these companies. Fifteen (prior year: 15) associated companies and three joint ventures in terms of IAS 31 are consolidated using the equity method.

All consolidated companies prepared their annual financial statements as of December 31, 2008.

Affiliated companies are listed on pages 133 through 136, along with the specific percentage of their capital held by the ProSiebenSat.1 Group.

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

Effective March 1, 2008, SBS Radio Norge AS acquired 100 percent of Radiostasjonen 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 23.0 percent of its stake in SBS Radio Norge AS to the former owner of Radiostasjonen Radio Norge AS. Thus the ProSiebenSat.1 Group now owns 77.0 percent of SBS Radio Norge AS. The selling agreement includes put and call option for the sold 23.0 percent stake exercisable from 2010 onward.

Radiostasjonen Radio Norge AS was fully consolidated into the consolidated financial statements of ProSiebenSat.1 Group for the first time as of March 1, 2008. Radiostasjonen Radio AS operates a radio station in Norway.

The company had revenues of EUR 5,756 thousand during the period for which it has been consolidated; the net loss for the same period was EUR 4,275 thousand.

Acquisition of Fem Media GmbH (formerly Feeem Media GmbH)

By a purchase agreement dated April 17, 2008, SevenOne Intermedia GmbH, an indirect wholly-owned subsidiary of ProSiebenSat.1 Group, acquired 100 percent of Fem Media GmbH. The purchase price for the acquired interest was EUR 5,630 thousand, which is to be paid in four installments through 2011. The first installment of EUR 1,000 thousand was paid until December 31, 2008. The purchase agreement also includes an earn-out clause with a term of 36 months that runs until April 30, 2011. The achievement of the goal under that clause is depending on certain profit targets. Since the company is still building up its business operations at present, no reliable estimate of whether the targets will be achieved is possible as of the reporting date. Hence only the minimum purchase price indicated above was recognized as of December 31, 2008.

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

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

During the time for which it has been consolidated, the company had revenues of EUR 119 thousand; the net loss for 2008 was EUR 1,002 thousand, of which EUR 921 thousand applies to the period for which the company was consolidated.

Acquisition of a further stake in Lokalisten Media GmbH

On May 15, 2008, SevenOne Intermedia GmbH increased its stake in subsidiary Lokalisten Media GmbH, formerly consolidated at equity, from 29.8 percent to 90.0 percent, and at the same time entered into a put and call option for the remaining 10.0 percent, exercisable on July 31, 2009, and April 30, 2011. The total purchase price for the additional ownership interest was EUR 19,545 thousand. Of this figure, EUR 15,525 thousand went to increase the stake to 90.0 percent, and EUR 4,020 thousand will go for the additional 10.0 percent under the put and call option. The additional purchase price resulting from the put and call option depends on achieving certain profit targets, and has been measured using the best estimate as of the reporting date.

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

Lokalisten Media GmbH and its subsidiaries had revenues of EUR 3,350 thousand for the financial year 2008; the net loss for the same period was EUR 773 thousand, of which EUR 488 thousand applies to the period for which the company was consolidated.

Founding of the Maxdome GmbH & Co. KG joint venture

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 the United Internet Group.

Maxdome is the ProSiebenSat.1 Group's video-on-demand portal, and allows users to download feature films, series, comedies, cartoons, documentaries and sports via DSL straight to their PC, or to their television by way of a special Set-Top Box.

In the transaction, SevenSenses GmbH contributed assets with carrying amounts of EUR 570 thousand, and that were fair valued at EUR 9,068 thousand. Here a contribution profit of 50.0 percent, or EUR 4,249 thousand, was realized. The investment value of Maxdome

GmbH & Co, KG as of the date of first time consolidation in the consolidated financial statements of ProSiebenSat.1 Group is EUR 4,887 thousand. Maxdome GmbH & Co, KG is accounted as a joint venture under IAS 31, using the equity method in the consolidated financial statements of ProSiebenSat.1 Group.

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

Effective July 1, 2008, SBS Broadcast Danmark 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 the radio license, and SBS Broadcast Danmark A/S contributed equivalent financing of EUR 6,705 thousand. SBS Broadcast Danmark A/S holds 80.0 percent and TV2 Radio A/S rest of the new company.

Acquisition of Autoplenum GmbH

(first-time consolidation at equity)

By a purchase agreement dated August 21, 2008, SevenOne Intermedia GmbH acquired 25.1 percent of Autoplenum GmbH for a purchase price of EUR 760 thousand. A put and call option was also entered into, under which SevenOne Intermedia GmbH can increase its equity interest to 50.1 percent in the first step and on future periods to 100 percent. These options have not been exercised to date.

Since that time, Autoplenum has been accounted using the equity method in the consolidated financial statements.

Acquisition of Best Webnews GmbH

SevenOne Intermedia GmbH acquired the company by a purchase and transfer agreement dated August 22, 2008. The purchase price amounted to EUR 868 thousand. The purchase agreement came effective on October 8, 2008. The company's share capital at the acquisition date was EUR 69 thousand, and was increased to EUR 113 thousand by a shareholder resolution as of October 10, 2008. This capital increase was carried out by issuing new shares. The smaller of the two new ownership interests, in the amount of EUR 8 thousand, was issued to SevenOne Intermedia GmbH. The larger, at EUR 37 thousand, is held by Holtzbrink Ventures GmbH, of Munich. Thus SevenOne Intermedia GmbH's stake in the capital has amounted to 67.64 percent since the capital increase of October 10, 2008. The company generated revenues of EUR 17 thousand in 2008; the loss for the year was EUR 170 thousand.

Founding of ProSiebenSat.1 Berlin Produktion GmbH

The company was formed as of December 17, 2008, and its founding process was still in progress as of the re-

porting date. The share capital of the entity is EUR 25 thousand, and the founding shareholder is ProSiebenSat.1 Produktion GmbH i.F. The purpose of the company is to produce audiovisual productions and provide related services, particularly in TV and multimedia productions and design, to develop and implement communication solutions; furthermore to provide and develop all broadcasting and information technology services, and to conduct technical execution of broadcasting operations for the programming of broadcasters approved under the broadcasting laws, together with the associated Content-Management.

Fair value reconciliation

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

EUR k	Step up	Fair value
Goodwill	- / -	24,092
Intangible assets	9,850	6,243
Non-current assets	1,042	- / -
Current assets	2,503	- / -
Provisions and liabilities including deferred tax liabilities	-3,437	-1,810
Total		38,483
Purchase price		35,894
Carrying amount of equity		2,636
Minority interests		-47
Total		38,483

Deconsolidation of Broadcast Text International AB (BTI)

On August 13, 2008, SBS Broadcasting Europe B.V. sold all of its stake 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 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, since the IFRS criteria for that classification are not met.

The company was sold because its business model does not fall within the Group's core competences. It

is Europe's largest provider of subtitling for television, videos, theatrical films and DVDs, and is included in the Free TV International segment. The profit on deconsolidation and the proceeds from the sale are as follows:

Deconsolidation effect of BTI

EUR k	
Goodwill	8,221
Intangible assets	188
Property, plant and equipment	213
Other non-current assets	280
Receivables and other current assets	6,660
Other liabilities	-2,987
Net assets disposed of	12,575
Cumulative exchange loss	-138
Transaction costs	2,149
Net gain on disposal	3,768
Consideration received in cash	18,354
Cash disposed of	-3,204
Net cash inflow on sale	15,150

Deconsolidation of the C More Group

On June 15, 2008, Kanal 5 Holding AB, in Sweden, signed a purchase agreement with TV4 AB, part of Sweden's Bonnier Group, for the sale of the Scandinavian pay TV unit C More. The purchase agreement came effective as of December 2, 2008. The selling price for the C More Group, including all ownership interests held by C More, came to SEK 3,293,235 thousand which was translated at the closing date with a spot rate of 10.294 SEK [EUR 319,918 thousand].

The profit on deconsolidation and the proceeds from the sale are as follows:

Deconsolidation effect of C More Group

EUR k	
Goodwill	135,543
Intangible assets	54,479
Programming assets	52,317
Property, plant and equipment	1,238
Receivables and other current assets	81,202
Other liabilities	-69,591
Net assets disposed of	255,188
Transaction costs	-30,943
Other effects	4,809
Net gain on disposal	21,190
Consideration received in cash	319,918
Thereof:	
Purchase price	302,512
Compensation payment	17,406
Cash disposed of	-36,235
Net cash inflow on sale	283,683

Finalization of purchase price allocation for the SBS Broadcasting Group

In the finalization of the purchase price allocation ("step up") for the acquisition of the SBS Broadcasting Group, an adjustment of EUR 4,738 thousand to goodwill of EUR 2,363,200 thousand as of December 31, 2007 was made resulting to goodwill amounting to EUR 2,367,938 thousand as of 30 June, 2008. In addition, a reallocation of goodwill amounting to EUR 57,299 thousand from cash generating unit (CGU) Radio to Free TV CEE was required.

The consolidation of the SBS Broadcasting Group particularly affects the comparability of the 2008 results with those from the year before. While the SBS group's results are fully consolidated for the financial year under review, the figures for the year before include SBS only on a pro-rated basis (initial consolidation in July 2007). The same applies for the interest expenses for financing the acquisition of the SBS Broadcasting Group.

[4] CONSOLIDATION METHODS

In accordance with IFRS 3 [,Business Combinations'] all business combinations are accounted for using the purchase method in which the acquisition cost of a subsidiary is offset against the fair value of that subsidiary's assets, liabilities and contingent liabilities as of the date of its acquisition. Any excess of the acquisition cost over the net fair value of the acquired entity is capitalized under goodwill. In accordance with IAS 36, goodwill is no longer under scheduled amortizations. Instead, the goodwill is allocated to the cash generating units (CGUs) that are expected to benefit from synergies through the business combination.

If a negative difference is found to arise from a business combination, the fair values of the acquiree's assets and liabilities are reassessed. Any negative difference remaining after the reassessment is recognized in profit and loss.

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

Interests held in companies over whose business policies the Group has significant influence (associated companies at equity) are measured using the equity method under IAS 28 [,Investments in Associates']. Equity interests held in associated companies are reported at a figure equivalent to the proportion of the adjusted equity held in each such company. There is no price quoted on any active market for the companies measured using

the equity method. The differences between the acquisition cost and the equity interest acquired are treated as within the purchase method.

Receivables, provisions, liabilities, expenses and income between consolidated companies, as well as the profits incorporated, are eliminated in the consolidation. Where individual companies recognise write-downs or write-offs on intra-Group receivables, such changes have been eliminated in the consolidated financial statements of ProSiebenSat.1 Group.

[5] FOREIGN CURRENCY TRANSLATION

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

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

Expense of EUR 81,714 thousand resulting from foreign exchange translation differences (vs. EUR 11,948 thousand the year before) was recognized in the income statement for the year under review. The majority of the foreign exchange translation differences are connected with the foreign subsidiaries of the SBS Broadcasting Group.

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

Exchange rate: 1 EUR equals	Spot rate		Average rate	
	12/31/2008	12/31/2007	2008	2007
Swiss Franc	1.49	1.66	1.58	1.65
Swedish Krona	10.93	9.44	9.69	9.25
Norwegian Krone	9.81	7.96	8.29	8.02
Danish Krone	7.45	7.46	7.46	7.45
United States Dollar	1.40	1.47	1.47	1.37
Brit. Pound Sterling	0.96	0.73	0.80	0.68
Hungarian Forint	264.20	253.73	250.83	251.32
Romanian Leu	4.00	3.60	3.70	3.34
Bulgarian Lev	1.96	1.96	1.96	1.96

[6] ACCOUNTING POLICIES

Recognition of revenues

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

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

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

Recognition of income and expenses

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

Impairment of assets

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

ProSiebenSat.1 Group tests the Group’s goodwill for impairment at least once a year, in compliance with the Group’s reporting policies. Deciding the recoverable amount of a line of business to which goodwill is attributed involves management estimates. The recoverable amount is the higher of the fair value less costs to sell, and the value in use. The Company normally determines these values using methods based on discounted cash flows. These discounted cash flows are founded on five-year projections built on financial plans approved by management. The cash flow projections take account of past experience, and are based on management’s best estimates of future developments. Cash flows beyond the planning period are extrapolated using individual growth rates. The most important assumptions underlying the changes in value in use involve estimates of growth rates, weighted average costs of capital, and tax rates. These assumptions, as well as the method employed, may have a material effect on the resulting values, and ultimately on the amount of a possible impairment of goodwill. If property, plant and equipment and intangible assets are tested for impairment, determining the recoverable amount of the assets likewise involves management estimates that may have a significant influence on the resulting values and ultimately on the amount of a potential impairment. Impairment losses for goodwill cannot be reversed.

Financial instruments

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

Derivative Financial instruments and Hedge Accounting

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

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

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

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

The ProSiebenSat.1 Group had no hedges designated at fair value as of December 31, 2008.

Intangible assets

Intangible assets primarily comprise goodwill from the acquisition of fully consolidated subsidiaries, together

with software and licenses, trademarks and patents, as well as licenses to such assets and rights.

Under IFRS 3, goodwill and separable intangible assets with an indefinite useful life expectancy are not to be amortized, but instead must be reviewed at least annually for impairment, which is known as the impairment-only approach. A review is also performed if triggering events occur that indicate the possibility of an impairment. If the recoverable amount of the asset (the higher of the net realisable value and the present value of future benefits) is below the carrying amount, the asset is written down.

Acquired assets are capitalized under IAS 38 [Intangible Assets'] if it is probable that the future economic benefits will flow to the Company and the cost of the asset can be measured reliably. Unless an asset has an indefinite useful life, it is amortized, and where applicable, impaired. Capitalized is also internally created software that derives, for example, from service relationships among ProSiebenSat.1 Group affiliates and meets the criteria of IAS 38. This software is recognized at its capitalizable cost. Based on the pattern of usage, amortization is recognized on a straight-line basis over the following useful lives.

Purchased software and internally created software is amortized as a rule on a straight-line basis over three to eight years. Licenses and other intellectual property rights are amortized on a straight-line basis over ten years or over the term of the license agreement.

Property, plant and equipment

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

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

Programming assets

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

Consumption of licenses and of commissioned productions intended for multiple runs begins at the start of the first broadcast, and depends on the number of transmissions permitted or planned, as the case may be. Consumption resulting from transmissions is measured using a declining-balance method according to a standardized matrix. Commissioned productions intended for only one run are fully consumed as of their broadcasting.

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

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

Receivables and other current assets

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

Deferred taxes

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

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

Inventories

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

Financial assets available for sale

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

Loans and receivables

Financial assets classified as loans and receivables are measured at their amortized cost, applying the effective interest rate method, less impairment. Impairment of trade accounts receivable is recognized in separate allowance account. Impairment criteria have been presented under accounting policies for receivables and other current assets.

Cash and cash equivalents

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

Financial liabilities

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

Provisions

Provisions are formed if a present obligation to third parties has arisen as a result of a past event, if payment is probable, and if the amount of the payment can be estimated reliably. Provisions represent uncertain li-

abilities that are recognized in an amount measured by a best estimate.

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

	2008	2007
Actuarial interest rate	5.8%	5.5%
Rate of salary progression	0.0%	0.0%
Rate of pension progression	1.0%	1.0%

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

Provisions for contingent losses are recognized primarily for programming assets whose license term begins after December 31, 2008, and which current programming analyses indicate will not generate the originally anticipated future audience shares or revenues. Individual license agreements are measured as a function of the quality and age of the programming, restrictions on use under media laws, and strategic program scheduling.

Leases

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

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

Use of estimates

Preparing financial statements in accordance with IFRS requires use of assumptions and estimates that may have an impact on related amounts and information that are reported. The assumptions and estimates apply primarily to the recognition and measurement of programming assets, intangible assets resulting from purchase price allocations, provisions, discounting of long-term low-interest loans, and the possibility of realizing future tax advantages. Both the initial measurement and subsequent valuations of programming assets are based on estimated earnings potential. This earnings potential reflects various scenarios for the use of programming assets (see Note [27], "Provisions"). Although these estimates are made with all due attention to current events and conditions, actual results may deviate from these estimates. Any necessary changes will be recognized, with an impact on the income statement, at the time when further knowledge is received.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

[7] REVENUES

EUR k	2008	2007
Advertising revenues	2,468,116	2,289,153
Barter revenues	35,545	29,361
Other revenues	550,580	391,907
Total	3,054,241	2,710,421

The ProSiebenSat.1 Group's revenues of EUR 3,054,241 thousand comprise mainly advertising revenues.

Group revenues increased by EUR 343,820 thousand, or 12.7 percent, from EUR 2,710,421 thousand in 2007 to EUR 3,054,241 thousand in the financial year 2008.

Overall, the Group's advertising revenues increased by EUR 178,963 thousand, from EUR 2,289,153 thousand to EUR 2,468,116 thousand. This corresponds to a gain of 7.8 percent.

[8] COST OF SALES

Cost of sales primarily comprises consumption of programming assets and expenses for licenses, transmission fees and materials. The cost of sales increased by EUR 243,892 thousand, from EUR 1,623,380 thousand in 2007 to EUR 1,867,272 thousand in 2008. Consumption of programming assets, including the consumption from provisions for contingent losses, increased by EUR 108,208 thousand, to EUR 1,242,798 thousand in the financial year 2008.

[9] SELLING EXPENSES

Selling expenses are mainly broadcasting expenses, distribution fees and advertising expenses. Selling expenses rose EUR 75,366 thousand against the year before, from EUR 374,486 thousand to EUR 449,852 thousand in the financial year 2008.

[10] ADMINISTRATIVE EXPENSES

Administrative expenses include all costs of general administration activities. These contain personnel expenses, impairment losses of goodwill, IT expenses and building management expenses. Administrative expenses increased from EUR 344,013 thousand in 2007 to EUR 533,855 thousand in 2008. The increase resulted primarily from the impairment loss of EUR 180,000 thousand recognized on goodwill.

[11] OTHER OPERATING INCOME

Other operating income rose by EUR 46,487 thousand, or 277.7 percent, from EUR 16,743 thousand in 2007 to EUR 63,230 thousand in 2008. Most of the increase resulted from the proceeds from the sale of the C More Group and BTI in the financial year 2008.

[12] OTHER FINANCIAL INCOME

EUR k	2008	2007
Expenses/Income from equity interests	-13	76
Income from other current financial assets and loans in non-current financial assets	37	132
Write downs of non-current financial assets	-2,957	- / -
Total	-2,933	208

The write-downs on non-current financial assets result primarily from impairment of an ownership interest and write-downs on fund shares.

[13] NET INTEREST

EUR k	2008	2007
Other interest and similar income	18,992	28,009
included from hedge derivatives	8,738	13,393
Interest and similar expenses	-274,428	-143,751
included from hedge derivatives	-2	-2,559
Total	-255,436	-115,742

The net interest expense increased to EUR -255,436 thousand in 2008, following the previous year's EUR -115,742 thousand.

Interest expenses grew from EUR 143,751 thousand to EUR 274,428 thousand. The rise of EUR 130,677 thousand resulted substantially from EUR 225,130 thousand for financing of the acquisition of the SBS Broadcasting Group.

The primary interest expense items pertain to interest on loans drawn, interest for issued bonds and interest paid on taxes and finance leases.

The largest single items under other interest and similar income were interest income of EUR 7,203 thousand [previous year: EUR 13,393 thousand] from the termination and remeasurement of interest rate swaps as part of the refinancing process, interest income of EUR 3,155 thousand from term deposits [previous year: EUR 4,129 thousand], and interest income of EUR 1,535 thousand from swaps [previous year: EUR 80 thousand].

[14] OTHER FINANCE RESULT

The other finance result decreased by EUR 55,273 thousand in the financial year 2008, from EUR -21,881 thousand to EUR -77,154 thousand.

The item includes expenses of EUR 81,714 thousand [previous year: EUR 10,016 thousand] from realized foreign currency translation differences, and costs of EUR 7,985 thousand [previous year: EUR 11,865 thousand] from the issue of financial liabilities. The expenses were countered by an income of EUR 12,545 thousand [previous year: EUR 0] from hedging of the proceeds from the sale of C More.

[15] INCOME TAXES

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

Taxes on income comprise the following:

EUR k	2008	2007
Current income tax expenses	69,477	174,418
Deferred tax income	-12,426	-20,846
Total	57,051	153,572

The deferred tax income item for the financial year 2008 includes a deferred tax expense of EUR 1,925 thousand resulting from the change in deferred taxes on loss carry-forwards.

In the German corporate tax reform, the corporate income tax rate was lowered from the prior year's 25.0 percent to 15.0 percent in 2008. The German reunification surtax ["solidarity surtax"] remains unchanged from the prior year at 5.5 percent of the corporate income tax charge. Including the trade tax with an average basis factor of 380.0 percent, the total tax rate for 2008 was 29.0 percent [prior year: 38.0 percent].

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

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

EUR k	2008	2007
Consolidated loss/profit before taxes	-68,439	249,784
Statutory tax rate	29%	38%
Expected tax expense	-19,847	94,918
Adjustments to the expected tax expense:		
Effect of changes in statutory tax rates	-486	-1,975
Effects due to tax rate differences	-3,557	879
Non-deductible interest expenses	21,528	4,318
Other non-deductible expenses	8,494	48,981
Tax-free revenues	-16,006	-2,227
Non taxable disposal effects	-11,295	584
Impairment of goodwill	52,282	- / -
Change in the realisation of deferred tax assets	25,613	-1,282
Tax effects from prior years	-1,063	8,256
At equity valuation	1,366	707
Other effects	22	413
Actual total tax expenditure	57,051	153,572

Deferred taxes relate to the following items:

EUR k	Assets	Liabilities	Assets	Liabilities
Intangible assets	18,649	187,224	20,177	221,278
Property, plant and equipment	6,738	36,533	6,067	34,796
Non-current financial assets	2,870	726	2,687	117
Inventories and other assets	10,636	10,572	15,583	5,210
Programming assets	3,810	8,885	263	13,230
Pension provisions	- / -	58	29	246
Other provisions	10,075	1,049	8,765	1,202
Liabilities	91,183	17,882	45,758	13,793
Loss carry-forwards	13,831	- / -	33,979	- / -
Netting effects	-66,264	-66,264	-82,600	-82,600
Total	91,528	196,665	50,708	207,272

Deferred tax assets on tax loss carry-forwards were recognized and measured on the basis of projected future taxable income. Deferred tax assets for tax loss carry-forwards decreased EUR 20,148 thousand against the year before. Most of the decrease came from the utilization of loss carry-forwards, and from changes in the scope of consolidation. For 2008, a total of EUR 2,633 thousand in deferred tax assets was recognized from loss carry-forwards.

Deferred tax assets on temporary differences and tax loss carry-forwards are recognized only to the extent that it is probable that sufficient taxable profit will be available to allow the benefit of the deferred tax asset to be utilized. In total, no deferred tax assets were recognized from tax loss carry-forwards amounting to EUR 172,340 thousand [prior year: EUR 122,866 thou-

sand] or from tax credits of EUR 17,702 thousand [prior year: EUR 5,739 thousand] as of December 31, 2008.

A deferred tax liability for planned future dividend distributions was recognized for ownership interests in subsidiaries [outside basis differences] in accordance with IAS 12.38. In terms of IAS 12.39, no deferred tax items for other temporary differences were recognized, since the reversal of temporary differences can be controlled and it is not likely that the temporary differences will be reversed in the foreseeable future.

Deferred tax assets recognized directly in equity with no impact on profit or loss, relate particularly to currency derivatives and interest rate swaps and amounted to EUR 38,537 thousand, compared to the previous year's deferred tax assets of EUR 9,246 thousand.

[16] EARNINGS PER SHARE

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

EUR k	2008	2007
Consolidated net profit/loss	-125,490	96,212
Less minority interests	-3,651	-6,767
Consolidated net profit/loss attributable to shareholders of ProSiebenSat.1 Media AG	-129,141	89,445
Weighted average number of shares outstanding	217,917,756	218,797,200
Share of profits attributable to common stock	-65,921	43,566
Share of profits attributable to preferred stock	-63,220	45,754
Weighted average number of shares of common stock outstanding	109,398,600	109,398,600
Weighted average number of shares of preferred stock outstanding	108,519,156	109,398,600
EUR		
Basic [=diluted] earnings per share of common stock	-0.60	0.40
Basic [=diluted] earnings per share of preferred stock	-0.58	0.42

The additional dividend of EUR 0.02 per preferred share was taken into account in calculating earnings per preferred share. The diluted earnings per share were equivalent to the basic earnings per share. Dilution effects neither appeared in the past financial year nor in the comparison period.

[17] OTHER INFORMATION

Personnel expenses

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

EUR k	2008	2007
Wages and salaries	382,954	280,350
[thereof expenses for the stock option plan]	[138]	[5,412]
Social security contributions and expenses for pensions and other employee benefits	61,240	43,297
[thereof pension provisions]	[2,123]	[484]
Total	444,194	323,647

Personnel expenses increased by 37.2 percent against the previous year, from EUR 323,647 thousand in 2007 to EUR 444,194 thousand in 2008. The increase for the past financial year resulted from the first full-year consolidation of the SBS Broadcasting Group and from expenses relating to site relocation.

Employer contributions to the public retirement insurance system increased by EUR 772 thousand, from EUR 18,266 thousand to EUR 19,038 thousand for the past financial year.

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

EUR k	2008	2007
Employees	5,464	4,528
Trainees and interns	383	324
Total	5,847	4,852

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

Depreciation, amortization and impairment

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

EUR k	2008	2007
Depreciation of intangible assets	96,276	100,373
Depreciation of property, plant and equipment	42,996	36,402
Impairment of intangible assets	182,001	199
Impairment of property, plant and equipment	30,549	34
Total	351,822	137,008

Depreciation, amortization and impairment of intangible non-current assets and of property, plant and equipment went up from EUR 137,008 thousand for the previous period to EUR 351,822 thousand for the period under review. This represents an increase of EUR 214,814 thousand, or 156.8 percent. The increase resulted primarily from the impairment loss of EUR 180,000 thousand recognized on goodwill.

**NOTES TO THE CONSOLIDATED BALANCE
SHEET**

[18] INTANGIBLE ASSETS

EUR k	Licenses, trademarks and patents, as well as licenses to such assets and rights	Goodwill	Advances paid on intangible assets	Total
Acquisition cost				
Initial inventory 1/1/2007	110,206	354,166	3,005	467,377
Exchange rate differences	-7,832	-15,940	- / -	-23,772
Changes in the scope of consolidation	945,082	2,392,751	- / -	3,337,833
Additions	14,281	- / -	2,419	16,700
Reclassifications	1,949	- / -	-1,934	15
Disposals	981	- / -	416	1,397
Final inventory 12/31/2007 / Initial inventory 1/1/2008	1,062,705	2,730,977	3,074	3,796,756
Exchange rate differences	-37,311	-110,371	- / -	-147,682
Changes in the scope of consolidation	-54,168	-112,824	- / -	-166,992
Additions	42,678	438	8,585	51,701
Reclassifications	1,918	-3,363	-1,474	-2,919
Disposals	10,384	6,595	322	17,301
Final inventory 12/31/2008	1,005,438	2,498,262	9,863	3,513,563
Depreciation and amortization				
Initial inventory 1/1/2007	54,510	85,310	- / -	139,820
Exchange rate differences	-2,828	- / -	- / -	-2,828
Changes in the scope of consolidation	22,916	-3,135	- / -	19,781
Additions*)	100,572	- / -	- / -	100,572
Reclassifications	18	- / -	- / -	18
Disposals	978	- / -	- / -	978
Final inventory 12/31/2007 / Initial inventory 1/1/2008	174,210	82,175	- / -	256,385
Exchange rate differences	-1,327	- / -	- / -	-1,327
Changes in the scope of consolidation	-13,698	-1,044	- / -	-14,742
Additions*)	98,277	180,000	- / -	278,277
Reclassifications	372	-369	- / -	3
Disposals	9,112	-69	- / -	9,043
Final inventory 12/31/2008	248,722	260,831	- / -	509,553
Carrying amount 12/31/2008	756,716	2,237,431	9,863	3,004,010
Carrying amount 12/31/2007	888,495	2,648,802	3,074	3,540,371

*) Of this amount impairment of EUR 118 thousand [2007 EUR 0] is included in cost of sales, EUR 1,000 thousand [2007 EUR 0] in selling expenses and 180,883 thousand Euro [2007 EUR 199 thousand] in administrative expenses.

Intangible assets comprise software, intellectual property rights, brands and trademarks, customer relationships, broadcasting licenses, goodwill and advance payments made on intangible assets. The depreciation on these are shown in the income statement as part of cost of sales, selling expenses and administrative expenses. For purposes of testing impairment, goodwill, as well as brands, trademarks and other rights with indefinite useful lives, are allocated to cash-generating units (CGUs). The following table shows the goodwill and brands or trademarks of the ProSiebenSat.1 Group that are allocated to CGUs:

EUR m	12/31/2008		12/31/2007	
	Brands / Trademarks	Goodwill	Brands / Trademarks	Goodwill
Cash-generating unit				
Segment Free-TV german-speaking				
Free-TV german-speaking	3.4	433.1	3.4	432.8
Segment Free-TV International				
Free-TV Netherlands/Belgium	171.6	588.7	171.6	654.6
Free-TV Nordic	131.4	457.0	144.8	555.9
Free-TV CEE	25.7	206.3	22.7	261.5
Total Segment Free-TV International	328.7	1,252.0	339.1	1,472.0
Segment Diversification				
Premium Pay-TV	- / -	- / -	- / -	151.0
Radio	40.8	84.3	54.3	146.4
Print	- / -	93.1	- / -	93.2
Other Media	17.4	375.0	17.4	353.4
Total Segment Diversification	58.2	552.4	71.7	744.0

At least once a year, ProSiebenSat.1 reviews goodwill for impairment in conformity with the approach described in Note [Accounting Policies]. The recoverable amount of a CGU is determined by calculating its value in use on the basis of estimated future cash flows derived from future projections. The projections are based on a financial planning horizon of five years. To determine the value to be added for the terminal value (value to be added from the financial year 2014 onward), sustained cash flows with a CGU-specific growth rate from -2.5 percent to 1.5 percent are assumed. The growth rate reflects the long-term expectation for each CGU. The discount rates are calculated on the basis of the weighted rate of the cost of capital for the Group, taking into account specific characteristics to the CGUs in question. The resulting after-tax discounting factors were from 7.7 to 9.7 percent and before-tax factors respectively from 10.6 to 11.6 percent in financial year 2008, and from 7.0 to 9.8 percent in 2007. The Company determines the plausibility of the calculated values in use on the basis of sensitivity analyses. For a discussion of fundamentals regarding the estimation uncertainties associated with these impairment tests, see Note 6 [Accounting Policies].

The impairment tests showed that the carrying amounts of the Free TV BLX and Free TV CEE CGUs were higher than their current values in use. For that reason, impairments of EUR 86.0 million were taken on the goodwill of the Free TV BLX CGU, and EUR 94.0 million on the goodwill of the Free TV CEE CGU. These impairments are recognized in the administrative expenses.

Based on the impairment test in accordance with Note 6 [Accounting Policies] for brands with an indefinite useful life, an impairment of EUR 1 million was recognized for a brand acquired. The impairment is included within selling expenses.

The value of intangible assets decreased by EUR 536,361 thousand, from EUR 3,540,371 thousand on December 31, 2007, to EUR 3,004,010 thousand on December 31, 2008. Most of the decrease resulted from the sale of C More Group AB, larger foreign currency translation effects, and EUR 180,000 thousand impairment loss on goodwill.

EUR k	Buildings on land owned by others	Technical equipment and machinery	Other equip- ment, office furniture and equipment	Advances paid on property, plant and equipment	Total
Acquisition cost					
Initial inventory 1/1/2007	306,355	144,129	62,287	784	513,555
Exchange rate differences	-378	-2,195	-155	- / -	-2,728
Changes in the scope of consolidation	25,025	126,099	15,730	- / -	166,854
Additions	856	18,236	5,057	618	24,767
Reclassifications	50	2,479	-2,170	-301	58
Disposals	1,768	7,253	2,462	142	11,625
Final inventory 12/31/2007 / Initial inventory 1/1/2008	330,140	281,495	78,287	959	690,881
Exchange rate differences	-333	-2,249	-362	-1	-2,945
Changes in the scope of consolidation	-149	-8,446	-644	2	-9,237
Additions	11,347	31,085	5,413	10,906	58,751
Reclassifications	-535	-1,340	1,258	-416	-1,033
Disposals	4,695	56,090	2,301	858	63,944
Final inventory 12/31/2008	335,775	244,455	81,651	10,592	672,473
Depreciation and amortization					
Initial inventory 1/1/2007	109,290	122,069	53,550	- / -	284,909
Exchange rate differences	-82	-1,443	-108	- / -	-1,633
Changes in the scope of consolidation	9,803	92,241	12,208	- / -	114,252
Additions	10,389	22,602	3,478	- / -	36,469
Reclassifications	- / -	-9	46	- / -	37
Disposals	1,783	7,134	2,105	- / -	11,022
Final inventory 12/31/2007 / Initial inventory 1/1/2008	127,617	228,326	67,069	- / -	423,012
Exchange rate differences	-56	-2,692	-395	- / -	-3,143
Changes in the scope of consolidation	-180	-7,522	-843	- / -	-8,545
Additions	43,309	25,316	4,920	- / -	73,545
Write-up	- / -	-51	- / -	- / -	-51
Reclassifications	-425	914	-511	- / -	-22
Disposals	4,280	54,989	1,999	- / -	61,268
Final inventory 12/31/2008	165,985	189,302	68,241	- / -	423,528
Carrying amount 12/31/2008	169,790	55,153	13,410	10,592	248,945
Carrying amount 12/31/2007	202,523	53,169	11,218	959	267,869

[19] PROPERTY, PLANT AND EQUIPMENT

The value of property, plant and equipment decreased from EUR 267,869 thousand on December 31, 2007, to EUR 248,945 thousand as of December 31, 2008. Most of the reduction of EUR 18,924 thousand results from lower capital expenditures on this category of assets, in comparison to the according depreciation.

Property, plant and equipment includes leased real estate for a value of EUR 120,737 thousand (vs. EUR 119,965 thousand) which qualify as finance leases under IAS 17, and are therefore reported as assets of which the Group has beneficial ownership. The underlying leases primarily cover land and buildings at the Unterföhring site, and are for terms of 22 years each. The earliest expiration is scheduled for 2019, but the interest rate conversion points (the end of the lock-down period for

interest rates) may be earlier. The real estate leases were signed on prevailing market terms. Other leases exist for a property in Berlin and for technical equipment, and likewise qualify as finance leases in terms of IAS 17.

The interest expense on the above finance leases in financial year 2008 amounted to EUR 6,377 thousand (vs. EUR 6,436 thousand) and the associated depreciation was EUR 3,199 thousand (vs. EUR 2,232 thousand).

The minimum lease payments comprise the following:

EUR k	Remaining term 1 year or less	Remaining term from 2 to 5 years	Remaining term over 5 years	Total	
				12/31/2008	12/31/2007
Property, plant and equipment					
Minimum lease payments	12,842	48,657	69,318	130,817	121,413
Share of interest ref. to minimum lease payments	6,408	21,496	21,659	49,563	57,204
Present value of minimum lease payments	6,434	27,162	47,659	81,254	64,209

Additionally, long-term lease obligations of EUR 37,352 thousand exist which under the repayment plan will not be paid until the year 2019 or 2023 respectively.

[20] FINANCIAL ASSETS

The following table of financial assets includes both "investments accounted for using the equity method" and the "non-current financial assets," which are shown separately in the balance sheet.

EUR k	Interests in Group companies	Investments in associates	Other equity interests	Loans to associates	Investment securities	Other loans	Total	
							12/31/2008	12/31/2007
Acquisition cost								
Initial inventory 1/1/2007	88	12,523	264	- / -	2,738	1,910	17,523	
Changes in the scope of consolidation	40	-4,404	64,144	-300	- / -	- / -	59,480	
Additions	- / -	1,304	342	300	3,192	48	5,186	
Disposals	- / -	2,085	- / -	- / -	272	1,010	3,367	
Final inventory 12/31/2007 / Initial inventory 1/1/2008	128	7,338	64,750	- / -	5,658	948	78,822	
Exchange rate differences	- / -	5	66	- / -	- / -	- / -	71	
Changes in the scope of consolidation	-24	1,889	- / -	- / -	- / -	- / -	1,865	
Additions	- / -	- / -	341	- / -	2,301	32	2,674	
Reclassifications	-40	40	- / -	- / -	- / -	- / -	- / -	
Disposals	- / -	1,211	12,670	- / -	275	10	14,166	
Final inventory 12/31/2008	64	8,061	52,487	- / -	7,684	970	69,267	
Write-downs								
Initial inventory 1/1/2007	- / -	3,199	80	- / -	1	895	4,175	
Changes in the scope of consolidation	- / -	-444	- / -	- / -	- / -	- / -	-444	
Additions	- / -	- / -	- / -	- / -	- / -	- / -	- / -	
Disposals	- / -	- / -	- / -	- / -	- / -	- / -	- / -	
Final inventory 12/31/2007 / Initial inventory 1/1/2008	- / -	2,755	80	- / -	1	895	3,731	
Changes in the scope of consolidation	- / -	-2,562	- / -	- / -	- / -	- / -	-2,562	
Additions	- / -	1,000	341	- / -	1,616	- / -	2,957	
Disposals	- / -	- / -	- / -	- / -	- / -	- / -	- / -	
Final inventory 12/31/2008	- / -	1,193	421	- / -	1,617	895	4,126	
Carrying amount 12/31/2008	64	6,868	52,066	- / -	6,067	75	65,140	
Carrying amount 12/31/2007	128	4,583	64,670	- / -	5,657	53	75,091	

Please see the carrying amounts of financial assets in accordance with IFRS 7 categories from Note [32]. Please note that interests in subsidiaries and associates are not in the scope of IFRS 7 and therefore have not been presented in any of the categories.

The associated companies appear in the list of affiliated companies on pages 133 through 136. The carrying amounts of investments in associated companies recognized at equity and joint ventures comprise the following:

EUR k	12/31/2008	12/31/2007
maxdome GmbH & Co, KG	3,847	- / -
Autoplenum GmbH	765	- / -
TV 10 Holdings LLC	564	638
Poolside Reise GmbH	434	- / -
Privatfernsehen in Bayern GmbH & Co. KG	208	208
VG Media Gesellschaft zur Verwertung der Urheber- und Leistungs- schutzrechte von Medienunternehmen mbH	189	189
LOVESEARCH DP AB	155	154
Österjöns Reklamradio AB	104	106
Big Brother Kommanditbolag	59	65
Privatfernsehen in Bayern Verwaltungs-GmbH	28	28
Radio Silkeborg af 1997 A/S	3	148
lokalisten media GmbH	- / -	2,937
IP Multimedia (Switzerland) AG	- / -	14
Other associated companies	512	96
Total	6,868	4,583

[21] PROGRAMMING ASSETS

The following is a summary of the Group's current and non-current programming assets:

EUR k	Free-TV rights	Pay-TV rights	Advance payments	Total
Carrying amount 1/1/2007	816,889	8,799	230,629	1,056,317
Changes in the scope of consolidation	212,363	16,021	- / -	228,384
Additions	1,034,275	76,014	66,396	1,176,685
Disposals	5,833	1,759	1,519	9,111
Reclassifications	149,585	521	-150,106	- / -
Consumption*	1,084,798	49,792	- / -	1,134,590
Carrying amount 12/31/2007 / 1/1/2008	1,122,481	49,804	145,400	1,317,685
thereof non-current Programming assets				917,110
thereof current Programming assets				400,575
Exchange rate differences	4,664	3,293	-2,940	5,017
Changes in the scope of consolidation	- / -	-52,317	- / -	-52,317
Additions	1,170,133	101,007	125,866	1,397,005
Disposals	14,287	- / -	30,334	44,621
Reclassifications	91,873	-24,445	-67,428	- / -
Consumption*	1,174,431	68,367	- / -	1,242,798
Carrying amount 12/31/2008	1,200,433	8,975	170,564	1,379,972
thereof non-current Programming assets				1,149,157
thereof current Programming assets				230,815

* includes additions to provisions for contingent losses

Programming assets as of December 31, 2008, amounted to EUR 1,379,972 thousand which corresponds to an increase of EUR 62,287 thousand (2007: EUR 1,317,685 thousand). The programming assets include EUR 248,916 thousand for the SBS Broadcasting Group (prior year: EUR 252,777 thousand). Investments in programming assets increased by EUR 225,337 thousand,

from EUR 1,176,685 thousand in 2007 to EUR 1,397,005 thousand in the financial year 2008. During the year, unscheduled consumption of programming assets, including allocations to provisions for contingent losses, amounted to EUR 58,612 thousand (vs. EUR 72,347 thousand) for the Group.

[22] INVENTORIES

EUR k	12/31/2008	12/31/2007
Raw materials and supplies	242	198
Unfinished goods and merchandise	863	- / -
Finished goods and merchandise	4,432	4,651
Total	5,537	4,849

Inventories consist primarily of licenses for games and commercial goods at subsidiary MM MerchandisingMedia Holding GmbH.

[23] RECEIVABLES AND OTHER CURRENT ASSETS

Non-current receivables and other non-current assets comprise the following:

EUR k	12/31/2008	12/31/2007
Trade accounts receivable	1,227	611
Receivables from entities in which the Group has a significant interest	- / -	63
Other assets	6,364	13,417
Total	7,591	14,091

The current receivables and other current assets shown in the balance sheet comprise the following:

EUR k	12/31/2008	12/31/2007
Trade accounts receivable	292,760	358,281
Receivables from Group companies	87	- / -
Receivables from entities in which the Group has a significant interest	21,448	17,964
Other assets	119,858	66,717
Total	434,153	442,962

Please see the carrying amounts of receivables in accordance with IFRS 7 categories from note [32].

The following table shows the changes in write-downs of current and non-current receivables:

EUR k	12/31/2008	12/31/2007
Write-downs at the beginning of the year	28,851	20,130
Additions from first-time consolidation	- / -	5,622
Additions	5,049	5,956
Release	-2,097	-1,851
Consumption	-2,475	- / -
Discounting effects	- / -	-14
Exchange rate differences	-31	- / -
Write-backs	-291	-992
Write-downs at the end of the year	29,006	28,851

Theoretical interest income from accrued interest on payments expected to be received in the future is disclosed only if interest has been accrued in determining impairment write-downs on financial assets. It is assumed that most of the expected cash flows will be realized within one year, and therefore interest was not accrued in determining the impairment write-downs, because of its minor effect.

As of December 31, 2008 gross trade accounts receivable for the Group had the following aging structure:

EUR k	12/31/2008
Amounts not due at the reporting date	248,361
Amounts due in the following periods	
Less than 3 months	50,079
Between 3 and 6 months	5,868
Between 6 and 9 months	3,334
Between 9 and 12 months	2,396
Over 12 months	12,955
Total	322,992

Non-current and current other assets comprise the following:

EUR k	12/31/2008	12/31/2007
Prepaid expenses	28,139	30,781
Finance costs	7,071	8,357
Security deposits	1,815	2,247
Derivatives	28,718	- / -
Other	60,479	38,749
Total	126,222	80,134
[thereof non-current]	[6,364]	[13,417]
[thereof current]	[119,858]	[66,717]

The "Other" item in the above table essentially consists of prepaid expenses and miscellaneous tax receivables.

Current financial assets, at EUR 211 thousand, comprise primarily securities.

Please see the carrying amounts of other assets in accordance with IFRS 7 categories from Note [33]. From the items presented above, deposits, derivatives and securities are financial assets in terms of IFRS and have been included in the categories.

[24] CASH AND CASH EQUIVALENTS

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

[25] SHAREHOLDERS' EQUITY

Shareholders' equity decreased by EUR 583,403 thousand, or 54.9 percent, from EUR 1,062,326 thousand at the beginning of the financial year to EUR 478,923 thousand at year's end. Most of the decrease was caused by a dividend payment of EUR 269,899 thousand, by an impairment loss of EUR 180,000 thousand on goodwill, and by the recognition of negative fair values for hedging derivatives in accumulated other equity. Additionally, 1,127,500 shares of preferred stock were bought back during the year, which reduced equity by a further EUR 15,105 thousand.

At year's end, the subscribed capital of the ProSiebenSat.1 Group amounted to EUR 218,797,200. This capital is divided into 109,398,600 registered shares of common stock with no par value, and 109,398,600 nonvoting bearer shares of preferred stock with no par value, each share representing a notional value of EUR 1.00 of the share capital. Thus, as of December 31, 2008, the number of shares outstanding was 218,797,200, of which the Company itself held 1,127,500.

Capital reserves amounted to EUR 547,139 thousand, compared to EUR 546,987 thousand on December 31, 2007. The EUR 152 thousand increase resulted from the issue of stock options in 2008.

The Group equity generated amounting to EUR -56,394 thousand [vs. EUR 342,646 thousand] includes the profit carried forward before the dividend distribution [EUR 342,646 thousand] and the net loss for the period [EUR -129,141 thousand] less the dividend paid out during the year amounting to EUR 269,899 thousand.

The accumulated other Group equity of the ProSiebenSat.1 Group, in the amount of EUR -234,090 thousand [vs. EUR -56,539 thousand] results from the measurement of financial instruments with no impact on profit or loss, and from currency translation differences for the financial statements of foreign subsidiaries. The measurement of financial instruments with no impact on profit or loss pertains to currency hedges in

the amount of EUR 9,358 thousand [vs. EUR -23,002 thousand the year before] and interest rate hedges in the amount of EUR -146,873 thousand [vs. EUR -17,464 thousand], including the associated deferred taxes.

Allocation of profits

Last financial year, under the decision of the shareholders' meeting as of June 10, 2008, a dividend of EUR 269,899 thousand was paid out to the holders of preferred and common stock, out of ProSiebenSat.1 Media AG's 2007 distributable net profit of EUR 3,105,743 thousand. This represents a payout of EUR 1.25 per bearer share of preferred stock, and EUR 1.23 per registered share of common stock.

In accordance with the German Stock Corporation Act, the dividend payable to shareholders depends on the distributable net profit shown in the annual financial statements of ProSiebenSat.1 Media AG under the German Commercial Code. The Executive Board of ProSiebenSat.1 Media AG will propose that the distributable net profit of EUR 1,899,901 thousand for 2008 should be allocated as follows:

EUR	
Distribution of a dividend of EUR 0.02 per preferred share	2,165,422.00
Distribution of a dividend of EUR 0.00 per common share	-/-
Balance to be carried forward to the next accounting period	1,897,735,235.51
Distributable net profit	1,899,900,657.51

Authorized Capital

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

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

Treasury shares

At the Shareholders' Meeting of May 13, 2005, the shareholders of ProSiebenSat.1 Media AG authorized the Company for the first time to buy back its own stock. The Company was authorized to acquire its own common and/or preferred stock on or before November 12, 2006, up to a notional value of 10 percent of the Company's share capital at the time of the authorization. This authorization for the Company to acquire its own stock was replaced by a new authorization at the shareholders' meeting on July 17, 2007. The Company was authorized to acquire its own common and/or preferred stock on or before January 16, 2009, up to a total notional value of 10 percent of the Company's share capital at the time of the authorization. The Company exercised this authorization up to December 31, 2008, and acquired a total of 1,127,500 shares of preferred stock.

The authorization for the Company to acquire its own stock was replaced by a new authorization at the shareholders' meeting on June 10, 2008. The Company is authorized to acquire its own common and/or preferred stock on or before December 9, 2009, up to a total notional value of 10 percent of the Company's share capital at the time of the authorization. The June 10 authorization may be exercised by the Executive Board for any legal purpose, especially in pursuit of the objectives stated in the authorization resolution itself.

Minority interests

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

EUR k	12/31/2008	12/31/2007
wer-weiss-was GmbH	2,995	3,080
Sat.1 Privatrundfunk-und Programmgesellschaft m.b.H.	2,731	2,534
Sat.1 Switzerland AG	2,288	2,255
solute GmbH	739	866
Wetter Fernsehen-Meteos GmbH	736	798
wetter.com AG	358	344
Producers at work GmbH	537	307
PS Event GmbH	251	239
best webnews GmbH	103	- / -
SBS Radio Norge AS	3,930	- / -
MTM SBS Televízió Részvénnyt.	3,590	- / -
SBS Radio A/S	-1,873	- / -
Radio Nova A/S	767	- / -
Radio Daltid SBS AB	380	- / -
Miracle Sound Oy	330	- / -
S.C. Canet Radio SRL	307	- / -
Radiostasjonen Radio Norge AS	147	- / -
Other companies	260	12
Total	18,576	10,435

The minority interests for entities acquired in the acquisition of SBS Broadcasting Group were eliminated from the equity as a part of the first time consolidation. Consequently there are no comparable figures for the previous year. Additionally, further minority interests have been recognized because of additional acquisitions in the financial year 2008. For further information on these transactions, please refer to Note [3].

Information about capital management

The primary capital management tools used in the ProSiebenSat.1 Group are capital arrangements, dividend payments to the shareholders, share buy-backs, and external financing.

The ProSiebenSat.1 Group's capital management pursues the goal of safeguarding the Company's survival for the long term, and of generating a fair return for its equity holders. In this regard, due account is taken of changes in economic conditions and risks resulting from the underlying business operations. It is also important to the ProSiebenSat.1 Group to safeguard its unrestricted access to various borrowing options in the capital market, and its ability to manage its financial liabilities.

As part of active management of borrowings, particular attention is given to managing leverage, measured as the ratio of net financial debt to recurring EBITDA, as well as needs for capital and liquidity, and to matching the timing of refinancing measures. The ProSiebenSat.1

Group currently has long-term corporate financing under contracts that run until mid-2014 and mid-2015.

The ProSiebenSat.1 Group's capital structure as of the balance sheet date was as follows:

EUR k	12/31/2008	12/31/2007
Equity (Group)	478,923	1,062,326
Share from total capital	8.1%	17.7%
Non-current financial liabilities	3,523,152	3,577,297
Current financial liabilities	516,663	2,196
Financial liabilities total	4,039,815	3,579,493
Share from total capital	68.1%	59.7%
Total capital	5,929,869	5,998,846

The consolidated shareholders' equity of the ProSiebenSat.1 Group under IFRS decreased 54.9 percent during the year. Most of this decrease resulted from the dividend payment of EUR 269.9 million in June 2008, and from the recognition of negative fair values for interest rate derivatives under "other comprehensive income," as required under IFRS. Additionally, in 2008 the ProSiebenSat.1 Group bought back 1,127,500 shares of its own preferred stock, thus reducing the consolidated equity by EUR 15.1 million. The stock buy-back serves to meet future obligations under the stock option plan for selected members of management of the ProSiebenSat.1 Group. In addition, the consolidated loss of the period amounting to EUR 125,490 thousand decreased the equity. This includes the goodwill impairment of EUR 180,000 thousand.

The reduction in the percentage of equity relative to total capital results in part from the absolute reduction in consolidated equity, but also from draws of EUR 497.2 million from the revolving credit facility (compared to cash of EUR 632.9 million). These draws are recognized under short-term financial liabilities.

The ProSiebenSat.1 Group is striving to improve its financial profile. For this purpose, the Group has initiated further measures to improve profitability, among other steps. A significantly reduced dividend for 2008 will be proposed to the shareholders of ProSiebenSat.1 Media AG.

No capital arrangements were carried out during the financial year 2008. The ProSiebenSat.1 Group and its financial liabilities are not officially rated by international rating agencies.

[26] PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

EUR k	12/31/2008	12/31/2007
Provisions for benefits obligations	6,961	4,344

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

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

EUR k	12/31/2008	12/31/2007
Present value of the obligation 1/1/	4,344	2,574
Service cost	717	738
Interest cost	274	115
Actuarial gains (-) losses (+)	1,706	917
Pension payments	80	- / -
Present value at 12/31/	6,961	4,344
Unrecognized past service cost	- / -	- / -
Unrecognized actuarial losses	- / -	- / -
Present value at 12/31/2008	6,961	4,344

The interest expense for pension obligations is reported as part of the net interest expense. Actuarial gains and losses result from a change in the quantity structure and an adjustment of the calculation interest rate. They were recognized immediately in the income statement in the year of their occurrence. The measurement date for the present value of obligations is December 31. The parameters and assumptions indicated in Note [6], 'Accounting policies', were used for this purpose.

These parameters will also apply over the course of the year for measuring the interest expense and service cost for the current year.

The expected contribution expenses for defined-benefit pension plans in 2009 are EUR 627 thousand. Pension payments of EUR 80 thousand were made in the financial year 2008. Pension payments of EUR 323 thousand are expected in 2009.

[27] PROVISIONS

EUR k	Additions								12/31/2008
	1/1/2008	Exchange rate differences	from the first time consolidation	Increase	Consumption	Release	Reclassification	Deconsolidation effects	
Tax provisions	111,617	158	6	94,695	113,072	13,750	-138	28	79,488
Provisions for contingent losses	24,903	- / -	- / -	23,247	19,003	487	- / -	- / -	28,660
Other miscellaneous provisions	48,263	21	58	50,245	21,505	3,664	-78	1,982	71,358
Total	184,783	179	64	168,187	153,580	17,901	-216	2,010	179,506
thereof current provisions	177,819								178,258
thereof non-current provisions	6,964								1,248

Provisions decreased a total of EUR 5,277 thousand, from EUR 184,783 thousand on December 31, 2007, to EUR 179,506 thousand on December 31, 2008.

Provisions for contingent losses are formed almost exclusively for programming assets whose license term begins after December 31, 2008, and which current programming analyses indicate will not generate the originally anticipated future audience shares or revenues.

Provisions comprise long-term provisions of EUR 1,248 thousand (vs. EUR 6,964 thousand), almost all of which are set aside for contingent losses, and short-term provisions of EUR 178,258 thousand (vs. 177,819 thousand).

Other miscellaneous provisions comprise the following:

EUR k	Additions from the first time consolidation								12/31/2008
	1/1/2008	Exchange rate differences		Increase	Consumption	Release	Reclassification	Deconsolidation effects	
Provisions for business operations	12,978	- / -	- / -	11,570	13,161	425	367	401	10,928
Provisions for litigation costs	1,073	24	- / -	1,626	598	588	724	- / -	2,261
Other miscellaneous provisions	34,212	-3	58	37,050	7,747	2,649	-1,171	1,581	58,169
Total	48,263	21	58	50,246	21,506	3,662	-80	1,982	71,358

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

[28] FINANCIAL LIABILITIES

EUR k	Remaining term 1 year or less	Remaining term 1 to 5 years	Remaining term over 5 years	Total 12/31/2008
Liabilities to banks	516,663	2,975	3,520,177	4,039,815
Total loans and borrowings	516,663	2,975	3,520,177	4,039,815
Total current/non-current	516,663	- / -	3,523,152	4,039,815
Trade accounts payable	386,958	3,247	- / -	390,205
Liabilities from finance leases	6,071	27,596	85,013	118,680
Liabilities from hedge derivatives	10,510	68,932	118,309	197,751
Liabilities from independent hedging instruments	2,669	962	- / -	3,631
Liabilities to holders of preferred stock	- / -	- / -	27,771	27,771
Accrued interests	23,472	- / -	- / -	23,472
Liabilities to entities in which the Group has a significant interest	2,363	- / -	- / -	2,363
Total financial liabilities	432,043	100,738	231,093	763,874
Total current/non-current	432,043	- / -	331,831	763,874
Total	948,706	103,713	3,751,270	4,803,689
(amounts secured by real estate charges)				(30,541)

EUR k	Remaining term 1 year or less	Remaining term 1 to 5 years	Remaining term over 5 years	Total 12/31/2007
Liabilities to banks	2,196	7,967	3,569,330	3,579,493
Total loans and borrowings	2,196	7,967	3,569,330	3,579,493
Total current/non-current	2,196	- / -	3,577,297	3,579,493
Trade accounts payable	341,146	31,602	1	372,749
Liabilities from finance leases	3,521	16,440	94,639	114,600
Liabilities from hedge derivatives	13,510	24,899	4,088	42,497
Liabilities from independent hedging instruments	8,892	- / -	- / -	8,892
Liabilities to holders of preferred stock	- / -	- / -	27,771	27,771
Accrued interests	22,948	- / -	- / -	22,948
Liabilities to entities in which the Group has a significant interest	1,608	- / -	- / -	1,608
Total financial liabilities	391,625	72,941	126,499	591,065
Total current/non-current	391,625	- / -	199,440	591,065
Total	393,821	80,908	3,695,829	4,170,558
(amounts secured by real estate charges)				(35,042)

The carrying amounts of financial liabilities according to IFRS 7 categories are disclosed in Note [33].

Loans and borrowings

Loans and borrowings comprise all interest-bearing liabilities not included under finance lease liabilities. As of December 31, 2008, the ProSiebenSat.1 Group had loans and borrowings totaling EUR 4,039,815 thousand. Of this figure, EUR 516,663 thousand was short-term liabilities with terms of less than one year, and EUR 3,523,152 thousand was long-term liabilities. The principal components of financial liabilities are as follows:

EUR 4.2 billion syndicated credit facility

The loan agreement covers a number of term loans totaling EUR 1.8 billion, with an original term of seven

years (Term Loan B) and loans for a total of another EUR 1.8 billion with an original term of eight years (Term Loan C). Term Loan B matures on July 3, 2014, and Term Loan C on July 3, 2015. The agreement also includes a new revolving credit facility with a term of seven years and a total limit of EUR 600 million. It may be drawn in variable amounts. The new loan agreement was made with an international banking syndicate and institutional investors. A portion of the loans can also be drawn in currencies other than the euro. As of December 31, 2008, loans had been drawn in Swedish Krona for the equivalent of approximately EUR 246 million.

Under the loan agreement, the ProSiebenSat.1 Group has pledged as security equity interests in various subsidiaries categorized as significant. A number of compa-

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

The international financial crisis has also affected the financing of the ProSiebenSat.1 Group. Two lenders are either currently unable to meet their obligations under the loan agreement, or unable to meet them at all.

- Through a subsidiary, Lehman Commercial Paper Inc., Lehman Brothers Inc. held 0.9 percent of the secured term loans (equivalent to about EUR 29.6 million) and 3.8 percent of the revolving credit facility (RCF) (equivalent to EUR 22.7 million) as a lender. The Lehman Brothers holding company applied for protection from creditors on September 15, 2008, and Lehman Commercial Paper Inc. filed its own application for protection on October 5, 2008. As of that date, Lehman Commercial Paper Inc. will no longer provide funds for new drafts under the RCF. However, existing drafts on the RCF can be renewed for the same amount without any early repayment of the Lehman component. Retirements of drafts on Lehman credit facilities under the RCF would cause them to lapse. The 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 of the revolving credit facility (equivalent to EUR 10.0 million) as a lender. Glitnir was nationalized in October as a consequence of the financial crisis, and will not participate in future drafts until further notice. This change has no effect on outstanding drafts. However, retirement of any existing drafts would cause them to lapse.

Taking Lehman and Glitnir into account, EUR 5.3 million was no longer available for drafts under the revolving credit facility as of December 31, 2008. Thus the revolving line of credit that is currently available comes to EUR 594.7 million. The ProSiebenSat.1 Group can draw variably on the revolving lines of credit for general operating purposes. Allowing for draws under guarantees of EUR 43.4 million EUR 54.1 million of the revolving credit facility was unused as of December 31, 2008 (December 31, 2007: EUR 555.8 million).

Sat.1 mortgage loans

Obligations to banks furthermore include an annuity loan taken out by Sat.1 Satelliten Fernsehen GmbH as well as by Sat.1 Grundstücksverwaltungs GmbH & Co. KG., using mortgage liens as collateral. The term of the loans run longest to July 2021. Liabilities of EUR 30.5 million under this loan existed as of December 31, 2008.

[29] MISCELLANEOUS LIABILITIES

Miscellaneous liabilities break down as follows:

EUR k	12/31/2008	12/31/2007
Liabilities for cartel office fine	- / -	120,000
Received prepayments	34,913	48,445
Value added tax liabilities	32,667	53,546
Liabilities from fees and toward employees	22,651	22,418
Liabilities for Gema / GVL	4,124	16,454
Vacation payment accruals	14,402	15,621
Liabilities for other taxes	13,551	11,712
Accruals for social security payments	2,829	2,570
Other	138,989	78,798
Total	264,126	369,563
thereof non-current	25,116	- / -
thereof current	239,010	369,563

ADDITIONAL NOTES

[30] NOTES TO THE CASH FLOW STATEMENT

The Group's cash flow statement is prepared in accordance with IAS 7 ['Cash Flow Statements']. It shows how cash and cash equivalents have changed as a result of cash inflows and outflows during the year, distinguishing between cash flow for operating activities, cash flow for investing activities and cash flow for financing activities. The cash flow statement appears on page 92.

The funds covered by the cash flow statement include all cash and cash equivalents from the balance sheet with terms of not more than three months. The changes in cash and equivalents include EUR -4,609 thousand for the current financial year as a consequence of changes in foreign exchange rates (vs. EUR -5,886 thousand for the previous year).

[31] CONTINGENT LIABILITIES

At December 31, 2008 the German entities had guarantees of EUR 6,805 thousand for external liabilities. Thereof EUR 2,268 thousand relate to financial period 2009. Furthermore, foreign companies had a total of EUR 3,463 thousand in contingent liabilities under issued guarantees.

[32] OTHER FINANCIAL LIABILITIES

EUR k	Remaining term 1 year or less	Remaining term 2 to 5 years	Remaining term over 5 years	Total
Programming assets	931,308	1,463,056	160,003	2,554,367
Leasing and long-term rental commitments	23,476	58,363	37,846	119,685
Royalties	87,593	169,472	70,055	327,120
Other liabilities	113,159	138,728	84,592	336,479
Total	1,155,536	1,829,619	352,496	3,337,651

Other financial liabilities exist in addition to provisions, liabilities and contingent liabilities. These derive from contractual agreements entered into before December 31, 2008, and pertain to payment obligations due on or after January 1, 2009. The agreements have remaining terms up to 15 years.

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

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

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

[33] FURTHER NOTES ON FINANCIAL RISK MANAGEMENT

The ProSiebenSat.1 Group's operations and financing needs expose it to various financial risks. Fluctuation of interest rates and foreign exchange rates may affect the Group's assets and liabilities, financial position, and profit or loss. The acquisition of the SBS Broadcasting Group in 2007 has significantly changed the Corporation's risk structure. Interest rate risks in particular have risen. Financial risks are managed and monitored centrally as a part of financial risk management. For the Group's German-speaking regions, the principles, duties and responsibilities of financial risk management are governed by the Group's internal corporate financial guidelines. One of the primary tasks for 2008 was to fully integrate the SBS Broadcasting Group into the ProSiebenSat.1 Group's financial risk management system, and to incorporate it into Group-wide regulations. The objective of financial risk management is to cushion the adverse effects that fluctuations in financial risk factors may have on the Company's assets and liabilities, financial position and profit or loss. The derivative financial instruments employed for this purpose serve solely to hedge existing risk positions, not for speculation. Risk positions are assessed regularly, and existing risks are quantified using sensitivity analyses. Currency risks are based on an assumed appreciation of 10 percent in the value of the U.S. dollar. The ProSiebenSat.1 Group's interest rate risk is calculated by increasing the relevant interest rates by one percentage point. The ProSiebenSat.1 Group does not believe it is exposed to any material concentrations of risk.

Currency risks

The ProSiebenSat.1 Group signs a substantial number of its license agreements with production studios in the United States. As a rule, the Group generally meets its financial obligations deriving from these programming rights purchases in U.S. dollars. Consequently fluctuations in the exchange rate between the euro and the dollar may adversely affect the ProSiebenSat.1 Group's financial position and profit or loss. Receivables and liabilities in other foreign currencies were not considered because of their low volumes (app. 0.5 percent).

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

	Year of maturity			Nominal amount as of 12/31/2008 USD k	Market value as of 12/31/2008 EUR k
	2009 USD k	2010-2013 USD k	from 2014 USD k		
Currency forwards	297,221	603,894	37,000	938,115	11,600
[thereof cash-flow hedges]	233,117	556,570	37,000	826,687	13,100
Currency options	9,500	29,000	- / -	38,500	2,106
[thereof cash-flow hedges]	7,500	29,000	- / -	36,500	2,084

Forwards are unconditional contractual agreements to exchange two currencies. The total par value, exchange rate and maturity date are specified when the contract is entered into. As of December 31, 2008, ProSiebenSat.1 Media AG had forwards worth a par value of USD 938 million in its portfolio. As of the same date, it had options for the purchase of dollars covering a total nominal value of USD 39 million. As the purchaser of a currency option, ProSiebenSat.1 Media AG has the right, but not the obligation, to buy U.S. dollars for euros in return for paying an option premium. As with a forward, in a currency option the total par value, exchange rate and maturity date are also laid down at the time the contract is made. Market values for forwards are measured using the discounted cash flow method. Market values for currency options are measured using the Black and Scholes option pricing formula. Differences may arise where other methods are used. Measurement was based on market figures (mid-rates) on December 31, 2008. Because of the crisis in the financial markets and market uncertainty, other fair values may be realizable on the market. However, there is no intent to square positions, since the transactions are for hedging purposes.

Most license payments on a hedged dollar-denominated license agreement, together with the associated hedging instruments, are gathered and managed in what are known as "hedge books" if the hedging relationship qualifies as a hedge under IAS 39.88 and hedge accounting can be applied. As of December 31, 2008, there were 15 hedge books covering a total of USD 1,151 million in pending license payments. Equity as of December 31, 2008, included EUR 13.2 million for hedge accounting. In 2008, EUR 13.7 million was removed from equity and applied directly to the purchase cost of the underlying license agreement. The average hedge ratio varies from one defined hedge book to another. As a rule the hedge ratio is between 60 percent and 80 percent. A separate hedging strategy is developed for each portfolio on the basis of current market assessments and the overall risk position. The hedge books are constantly monitored under a system of limits, and any applicable open positions are closed to stop poten-

tial losses or take advantage of a favorable change in exchange rates. No hedge accounting was applied for a certain portion of the foreign currency exposure in U.S. dollars. In these cases, liabilities for pending license payments came to USD 505 million at December 31, 2008. The average hedge ratio at December 31, 2008, was 59 percent.

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

The following table shows the change in the impact of the exchange rate for the U.S. dollar on cash flows in dollars in economic terms, and is therefore not an accounting analysis, which we would consider unrepresentative because of the structure of our business.

USD k	as of 12/31/2008	as of 12/31/2007
Gross foreign currency exposure in U.S. dollars	-1,655,872	-1,405,917
thereof Mikro Hedge	-1,150,863	-973,439
thereof Makro Hedge	-505,009	-432,478
Currency hedges	981,415	817,025
thereof Mikro Hedge	863,187	697,592
thereof Makro Hedge	113,428	118,932
thereof Makro Hedge bank deposits	4,800	500
Net exposure	-674,457	-588,892
Hedge ratio	59%	58%
Spot rate	1.3976	1.3396
USD increase by 10%	1.2705	1.2178
EUR k		
Change in future payments resulting from a 10% rise in the U.S. dollar	-48,258	-43,960

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

Interest rate risks

Through its financial obligations, the ProSiebenSat.1 Group is exposed to an interest rate risk. The acquisition of the SBS Broadcasting Group was financed entirely through a new loan agreement. The loan agreement covers a number of term loans totaling EUR 1.8 billion, with a term of seven years (Term Loan B) and loans for a total of another EUR 1.8 billion with a term of eight years (Term Loan C). Through these variable-interest financial obligations, the ProSiebenSat.1 Group is exposed to an increased interest rate risk. For that reason, the ProSiebenSat.1 Group has hedged 78 percent of this liability with interest-rate swaps. In interest rate swaps, variable-rate interest payments are exchanged for fixed-rate interest payments. Uncertain, variable-rate interest payments on the borrowings described above are compensated and replaced with fixed-rate interest payments. Market values for interest rate swaps are measured using the discounted cash flow method. Differences may arise where other methods are used. Because of the crisis in the financial markets and market uncertainty, other fair values may be realizable on the market. However, there is no intent to square positions, since the transactions are for hedging purposes. The interest rate swaps have a total value of EUR 2.8 billion, with an average fixed rate of 4.574 percent. The swaps have remaining terms of approximately 3.5 years for a total of EUR 1.2 billion and 5.5 years for a total of EUR 1.6 billion. [These transactions contributed a positive net balance of EUR 2.2 million to the net interest result.] The interest rate swaps qualify as cash flow hedges that are covered by hedge accounting under IAS 39.88. As of December 31, 2008, the swaps had a negative market value of EUR 186.9 million. Of this amount, EUR 2.5 million is recognized as an interest expense because of the ineffectiveness of the hedges. The remainder of EUR 184.4 million is recognized in equity. Because of the terms of the interest rate swaps (fixed interest against 3-month EURIBOR), the interest rate curve for swap rates quoted against the 3-month EURIBOR was used to value the transactions.

The ProSiebenSat.1 Group had also entered into an interest rate swap with Lehman Brothers International Eu-

rope. Because of the counterparty's insolvency, this interest rate swap no longer qualified as a cash flow hedge under the terms of IAS 39.88 as of September 2008. Until that time, accumulated measurement losses of EUR 1.6 million were recognized in equity. This amount is reclassified to the consolidated income statement proportionately over the term, in each case at the maturity of the interest payment on the originally hedged borrowing. The interest rate swap was terminated under the terms of the ISDA agreement, because of insolvency. At the date of termination, the interest rate swap had a positive market value of EUR 4.1 million, which was carried as a receivable from Lehman. This receivable was written off completely.

The remaining variable interest rate risk results not only from the unhedged portion of the term loan, but also from any draws the Group may take on its revolving credit facility. As of December 31, 2008, EUR 497.2 million had been drawn on this credit facility. An interest rate risk in the sense of a change in market value is of no relevance here, since the ProSiebenSat.1 Group's financial liabilities are reported at cost, and thus any change in market value will have no effect on the balance sheet.

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

The following table shows the change in the impact of the one percentage-point increase in economic terms, and is therefore not an accounting analysis, which we would consider unrepresentative because of the structure of our business.

EUR k	Type of interest	as of 12/31/2008	as of 12/31/2007
Deposits with banks	variable	632,871	250,826
Liabilities to banks	variable	-4,009,292	-3,543,742
Bonds	fixed	- / -	- / -
Construction financing	fixed	-30,523	-35,042
Gross exposure	variable	-3,376,421	-3,292,916
	fixed	-30,523	-35,042
Interest rate hedges		2,800,000	3,000,000
Net exposure	variable	-576,421	-292,916
Hedge ratio		83%	91%
Annual potential loss from increase of 100 basis points (1 percentage point) in short term interest rates*		-5,764	-2,929

* Because of the short positions, scenario assumes an increase of 100 basis points in interest rates

The Sat.1 construction loan comprises multiple term expirations. The next interest rate lock-in, covering a total of EUR 8.9 million, ends on November 30, 2009.

Credit risks

In any transaction, the ProSiebenSat.1 Group incurs a risk that the opposite party may become insolvent. To minimize that risk, the ProSiebenSat.1 Group has endeavored to enter into financial transactions and derivative transactions only with parties with good to first-class credit ratings. The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the ProSiebenSat.1 Group's maximum exposure to credit risk. The Group does not have any significant credit risk exposure concentrations to any single counterparty or any group of counterparties. As of the reporting date, there are no significant agreements reducing the maximum credit risk exposure.

The market value of all derivative financial instruments having a positive market value was EUR 27.6 million as of December 31, 2008. The largest share of these derivatives with a positive market value, at EUR 5.6 million, was entered into with a single partner, which has a credit rating of Aa2 (long term) from the Moody's rating agency. Concerning trade receivables and other financial assets that are neither impaired nor past due, there were no indications as of the reporting date, that defaults in payment obligations will occur. For further information regarding the aging analysis and allowances of trade accounts receivables, see Note [23].

Liquidity risks

As part of its liquidity management, the ProSiebenSat.1 Group ensures that adequate cash and cash equivalents are available at all times, in spite of the indus-

try's sharp seasonal fluctuations in revenues. One of the integral parts of the loan agreement to finance the acquisition of the SBS Broadcasting Group was a revolving credit facility with a term of seven years and a total credit line of EUR 600 million. At present two lenders, Lehman Brothers Inc. (through its subsidiary, Lehman Commercial Paper Inc.) and the Icelandic bank Glitnir banki hf, are no longer able to meet their contractual obligations. As of December 31, 2008, Lehman and Glitnir were no longer available for drafts under the revolving credit facility for a total of EUR 5.3 million. Thus the revolving line of credit that is currently available comes to EUR 594.7 million. As of December 31, 2008, drafts of EUR 497.2 million had been taken on the revolving credit facility. Allowing for draws under guarantees, EUR 54.1 million of the revolving credit facility was unused as of December 31, 2008 (December 31, 2007: EUR 555.8 million). Moreover, as of December 31, 2008, the ProSiebenSat.1 Group had total cash and cash equivalents of EUR 632.9 million (December 31, 2007: EUR 250.8 million). Thus as of December 31, 2008, the Group had a total of EUR 687.2 million in cash funds and unused credit facilities (December 31, 2007: EUR 806.6 million).

Basically, the credit risks for ProSiebenSat.1 Group arise from the risk of bad debt losses. Due to the first-class creditworthiness of our debtors, in the past there have been no material bad debt losses. Therefore, the ProSiebenSat.1 Group does not consider the risk of a default to be material.

Information on the carrying amount and market value of financial instruments

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

EUR k	Items presented in the consolidated balance sheet	12/31/2008		12/31/2007	
		Fair Value	Carrying amount	Fair Value	Carrying amount
Financial assets					
Cash and cash equivalents	Cash and cash equivalents	632,871	632,871	250,847	250,847
Loans and receivables	Accounts receivable and other assets	317,337	317,337	379,543	379,543
Financial assets designated at fair value*	Non-current financial assets	6,059	6,059	5,649	5,649
Financial assets held for trading	Accounts receivable and other assets	2,153	2,153	64	64
Financial assets available for sale**	Non-current financial assets	- / -	52,360	- / -	64,992
Hedge derivatives	Accounts receivable and other assets	26,565	26,565	- / -	- / -
		984,985	1,037,345	636,103	701,095
Financial liabilities					
Financial liabilities at amortized costs***	Financial liabilities	4,661,995	4,602,307	4,119,169	4,119,169
Financial liabilities held for trading	Financial liabilities	3,631	3,631	8,892	8,892
Hedge derivatives	Financial liabilities	197,751	197,751	42,497	42,497
		4,863,377	4,803,689	4,170,558	4,170,558

*Includes only securities. **Includes financial assets available for sale, which fair value cannot be reliably determined by ProSiebenSat.1 Group and that are valued at costs. ***Includes liabilities to banks and finance lease liabilities. ProSiebenSat.1 Group assumes that the EUR 4.2 billion credits quote below the notional amount. However, these quotations can not be used as reliable reference in order to derive at a fair value. Therefore, the fair values are calculated by discounting expected future cash-flows according to the method used for other financial liabilities.

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

The market value of listed bonds is based on price quotes as of the reporting date. The market value of

liabilities to banks and other long-term financing debt, liabilities from finance leases, and other financial liabilities is determined by discounting the expected future cash flows at the interest rates applicable for similar financial debt with comparable terms to maturity.

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

EUR k	At fair value	Impairment	From	From	Net gain (loss)	
			derec- ognition	currency translation	2008	2007
Financial assets available for sale	- / -	-1,957	- / -	- / -	-1,957	-1,111
Financial assets designated at fair value	36	- / -	- / -	- / -	36	68
Loans and receivables	- / -	-7,370	- / -	-2,263	-9,633	-4,105
Financial liabilities at amortized cost	- / -	- / -	- / -	-60,112	-60,112	1,932
Financial assets and liabilities held for trading	25,502	- / -	- / -	-1,885	23,617	-15,043

The impairment loss taken in the category of financial assets available for sale is for impairments of assets for pension plans.

The net gains or losses under loans and receivables include measurement changes, reversals of previous write-downs and effects from changes in exchange rates at foreign subsidiaries of the ProSiebenSat.1 Group.

The foreign currency effects on financial liabilities at amortized cost occur primarily at the foreign subsidiaries of the ProSiebenSat.1 Group. The increase resulted from the weakening of functional currencies of foreign Group entities.

The net gains or losses under financial assets and liabilities held for trading consist of changes in the market value of derivative financial instruments for which no hedge accounting was applied, together with currency effects.

The net gains or losses concerning financial instruments are shown under the other financial result, except for write-downs that are included under selling expenses.

[34] SEGMENT REPORTING

Explanatory notes regarding segment reporting

In accordance with IFRS 8 [Operating Segments'], certain figures in financial statements must be presented separately by business segments and geographical segments. The basis of segmentation is to be the company's own internal reporting, which permits a reliable assessment of the group's risks and earnings. Segmentation is intended to provide transparency as to the profitability and prospects for success of the group's individual ac-

tivities. 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 region and Free TV International.

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

Segment information

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

Recurring EBITDA stands for EBITDA adjusted with the exceptional one-time effects.

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

securities, and cash and cash equivalents. Additionally receivables from affiliated companies are included which are not netted with payables respectively.

Segment investments relate to intangible assets including purchased goodwill, and to property, plant and equipment. Interest income and interest expenses include all interest-bearing transactions in the Group. Internal interest income and interest expenses are eliminated in the reconciliation column. Depreciation, amortization and impairment apply to the segment as-

sets allocated to each segment, except for amortization of financial investments and current securities. Amortizations and impairments have been presented separately. Noncash expenses largely comprise consumption of programming assets, allocations to provisions, expenses for the valuation of option premiums, and write-downs of receivables. Noncash income consists primarily of the release of provisions. Intra-segment receivables, provisions, income and expenses, and profits are eliminated in the reconciliations.

Segment reporting of ProSiebenSat.1 Group 2008

EUR k	Free-TV			Segment Diversification	Total Segments	Transitions	Total consolidated financial statements 2008
	Segment Free-TV German-speaking	Segment Free-TV International	Total Free-TV				
Revenues	1,787,936	806,809	2,594,745	532,723	3,127,468	-73,227	3,054,241
External revenues	1,735,700	797,341	2,533,041	521,200	3,054,241	- / -	3,054,241
Internal revenues	52,236	9,468	61,704	11,523	73,227	-73,227	- / -
Recurring EBITDA	406,560	193,467	600,027	73,949	673,976	572	674,548
Interest income	15,784	8,018	23,802	6,232	30,034	-11,042	18,992
Interest expense	176,437	103,371	279,808	5,389	285,197	-10,769	274,428
Depreciation and amortization	32,769	56,586	89,355	50,082	139,437	-165	139,272
Impairment	31,373	180,000	211,373	1,178	212,551	- / -	212,551
Noncash expenses	933,638	363,203	1,296,841	115,856	1,412,697	-358	1,412,339
Noncash income	1,006	2,023	3,029	1,120	4,149	- / -	4,149
Segment assets	1,988,158	2,566,610	4,554,768	1,044,067	5,598,835	331,034	5,929,869
Segment investments	52,022	22,227	74,249	33,635	107,884	-164	107,720
Income from associated companies	2,013	17	2,030	-1,438	592	- / -	592
Interests in associated companies	236	778	1,014	5,854	6,868	- / -	6,868

Segment reporting of ProSiebenSat.1 Group 2007

EUR k	Free-TV			Segment Diversification	Total Segments	Transitions	Total consolidated financial statements 2007
	Segment Free-TV German-speaking	Segment Free-TV International	Total Free-TV				
Revenues	1,971,377	406,067	2,377,444	405,631	2,783,075	-72,654	2,710,421
External revenues	1,907,733	403,895	2,311,628	398,793	2,710,421	- / -	2,710,421
Internal revenues	63,644	2,172	65,816	6,838	72,654	-72,654	- / -
Recurring EBITDA	485,401	112,023	597,424	65,628	663,052	-118	662,934
Interest income	7,615	25,973	33,588	12,882	46,470	-18,461	28,009
Interest expense	97,395	56,339	153,734	8,406	162,140	-18,389	143,751
Depreciation and amortization	30,641	70,126	100,767	36,113	136,880	-105	136,775
Impairment	34	206	240	-7	233	- / -	233
Noncash expenses	987,700	170,391	1,158,091	54,387	1,212,478	-1,391	1,211,087
Noncash income	1,378	3,780	5,158	1,652	6,810	- / -	6,810
Segment assets	1,895,433	2,447,755	4,343,188	1,499,269	5,842,457	156,389	5,998,846
Segment investments	22,099	11,423	33,522	7,923	41,445	- / -	41,445
Income from associated companies	1,691	1,160	2,851	-937	1,914	- / -	1,914
Interests in associated companies	250	939	1,189	3,394	4,583	- / -	4,583

The reconciliation between the segment report and the consolidated values is shown below:

Reconciliations to the segment reporting of ProSiebenSat.1 Group

EUR k	2008	2007
Revenues		
Revenues of reported segments	3,127,468	2,783,075
Intercompany elimination of income and expenses	-73,227	-72,654
Group revenues	3,054,241	2,710,421
Profit / Loss		
Recurring EBITDA of reported segments	673,976	663,052
Not allocable to segments	736	- / -
Elimination of intercompany profit and loss	-164	- / -
Debt consolidation	- / -	-118
Total group	674,548	662,934
Non Recurring result	-56,233	-140,641
Financial result	-334,931	-135,501
Depreciation	-139,272	-136,775
Impairment	-212,551	-233
Profit before tax	-68,439	249,784
Interest income		
Interest income of reported segments	30,034	46,470
Intercompany elimination of income and expenses	-11,042	-18,461
Interest income	18,992	28,009
Interest expense		
Interest expense of reported segments	285,197	162,140
Intercompany elimination of income and expenses	-10,769	-18,389
Interest expense	274,428	143,751
Depreciation and amortization		
Depreciation and amortization of reported segments	139,437	136,880
Elimination of intercompany profit and loss	-165	-105
Depreciation and amortization	139,272	136,775
Noncash expenses		
Noncash expenses of reported segments	1,412,697	1,212,478
Elimination of intercompany profit and loss	-98	-558
Intercompany elimination of income and expenses	- / -	-817
Consolidation bookings, not allocable to segments	-260	-16
Noncash expenses	1,412,339	1,211,087
Assets		
Assets of reported segments	5,598,835	5,842,457
Financial assets	65,140	75,091
Deferred taxes	91,528	50,708
Cash	633,082	251,111
Tax receivables	57,034	34,109
Consolidation bookings, not allocable to segments	-23,376	10,525
Elimination of intercompany profit and loss	-48	- / -
Debt consolidation	-492,326	-265,155
Group Assets	5,929,869	5,998,846
Segment investments		
Investments of reported segments	107,884	41,445
Elimination of intercompany profit and loss	-164	- / -
Segment investments	107,720	41,445

Entity-wide disclosures of the ProSiebenSat.1 Group are provided below. Here distinctions are made among the German-speaking region (Germany, Austria, Switzerland), "B/NL" (the Netherlands and Belgium), Nordic (Denmark, Finland, Norway, Sweden), and CEE (Bulgaria, Greece, Romania, Hungary).

Entity-wide disclosures for ProSiebenSat.1 Group

Geographical breakdown, EUR k	German Speaking	B/NL	Nordic	CEE	Total in consolidated financial statements 12/31/2008
External revenues	1,978,687	418,933	490,697	165,924	3,054,241
Non-current segment assets	1,938,269	1,171,883	841,613	450,348	4,402,113

Entity-wide disclosures for ProSiebenSat.1 Group

Geographical breakdown, EUR k	German Speaking	B/NL	Nordic	CEE	Total in consolidated financial statements 12/31/2007
External revenues	2,163,396	217,906	250,181	78,938	2,710,421
Non-current segment assets	1,915,778	1,106,283	1,065,814	637,356	4,725,231

In 2008, 62 percent of consolidated external revenues (EUR 1.791 billion) were generated in Germany, 11 percent (EUR 331.8 million) in the Netherlands (region Benelux), and 9 percent (EUR 286.7 million) in Sweden (region Nordic). By comparison, in 2007 76 percent (EUR 2.053 billion) of consolidated external revenues were generated in Germany, 7 percent (EUR 176.3 million) in the Netherlands, and 6 percent (EUR 158.4 million) in Sweden.

More than 10 percent of consolidated revenues were generated with each of two clients in the financial year 2008 (Client A 2008: EUR 407.7 million, 2007: EUR 427.8 million; Client B 2008: EUR 304.3 million, 2007: EUR 302.2 million). These revenues are allocated in various proportions to the Free TV in German-Speaking Europe and Diversification segments.

[35] STOCK OPTION PLAN

As of December 31, 2008, ProSiebenSat.1 Media AG had two stock option plans. The 2005 Long-Term Incentive Plan (LTIP 2005) was introduced by consent of the shareholders' meeting of May 13, 2005, and the 2008 Long-Term Incentive Plan (LTIP 2008) was introduced by consent of the shareholders' meeting of June 10, 2008.

Number of options

As of December 31, 2008, total of 1,127,500 stock options were still outstanding under LTIP 2005, all of which had been issued in 2006. No further options will be issued under LTIP 2005. The options issued in 2005

were called in by the Company in 2007 by paying out the cash value of the option.

A total of up to another 4,400,000 options are permitted to be issued under LTIP 2008. Of this total, 1,941,250 had been issued up to December 31, 2008.

Authorized beneficiaries

The stock options are intended exclusively for purchase by members of the Executive Board of ProSiebenSat.1 Media AG, senior members of other managements, and other selected executives of ProSiebenSat.1 Media AG and its dependent Group companies. The individual beneficiaries and the number of stock options to be granted to them are decided by the Executive Board of ProSiebenSat.1 Media AG, subject to the consent of the Supervisory Board, or - where the Executive Board members themselves are concerned - by the Supervisory Board.

Issue periods

The stock options for LTIP 2008 may be issued in one or more annual portions. Options must be issued during the first three months of a calendar year and/or during the period between the annual meeting of the Company's shareholders and the end of the calendar year. Stock options under LTIP 2008 could be issued for the first time in 2008 and cannot be issued later than 2009.

Exercise periods

Stock options may be exercised only when a vesting period has elapsed at the time of exercise. This vesting period is to commence on January 1st of the year in which the pertinent stock options are issued. The vesting period has already expired for the options issued under LTIP 2005. For stock options issued under LTIP 2008, the vesting period for one-fifth of the options issued to a given beneficiary will expire at the end of each full year after January 1st of the year in which the options were issued. Furthermore, the statutory lock-up period of two years from the grant date of the options must have expired at the time of exercise.

If unexercised, stock options issued under LTIP 2005 will expire without compensation six years after the January 1st of the year in which they were issued, and those under LTIP 2008 will expire without compensation seven years after January 1st of the year in which they were issued.

Strike price

Each stock option carries the right to purchase one preferred share of ProSiebenSat.1 Media AG stock in return for payment of a "strike price." The strike price is the volume weighted average closing auction price of ProSiebenSat.1 preferred stock in trading on the XETRA system over the last 30 days of trading on the Frankfurt Stock Exchange prior to January 1st of the year in which the stock options were issued. As an exception from this rule, the strike price for options issued in 2008 under LTIP 2008 is EUR 16.00.

In the event that the volume weighted average closing auction price of ProSiebenSat.1 preferred stock in trading on the XETRA system over the last 30 days of trading on the Frankfurt Stock Exchange prior to the exercise date exceeds the strike price by more than 200 percent, the strike price for the options concerned is to be increased by the amount in excess of 200 percent. In addition, to protect option holders in the event of changes in the Company's share capital, dividend distributions, and other measures that may dilute the options' value, the strike price may be adjusted accordingly.

Incentive target

As an incentive target, stock option plans are to specify that the stock's trading price at the time of exercise of the options must exceed the strike price by at least 30 percent. As an exception from this rule, the incentive target for the options issued under LTIP 2008 will be achieved when the stock's trading price is at least 22.40 Euro at the time of exercise of the options.

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

	SOP 2006	SOP 2008
Stock options granted in 2008	- / -	1,941,250
Strike price	13.99	16.00
Absolute threshold	18.19	22.40
Maximum exercise gain	27.98	32.00
End of vesting period *	08/02/2008	12/31/2008
Outstanding stock options at the beginning of the year	1,127,500	- / -
Options exercised	- / -	n.a**
Options expired / forfeited	- / -	- / -
including: expired prior to end of vesting period	- / -	- / -
including: expired because performance targets were not met	Exercise period still running	Still investing period
including: expired after end of vesting period	Exercise period still running	Still investing period
Outstanding stock options at the end of the year	1,127,500	1,941,250
Exercisable stock options to the end of the year	1,127,500	n.a**

* SOP 2008: Earliest end of vesting period for the first fifth of issued options. Each additional fifth is one year later. ** Not yet exercisable.

ProSiebenSat.1 Media AG uses the binomial model of Cox/Ross/Rubinstein (1979) to calculate the actuarial values of stock options. The expected volatility is calculated from historical volatilities over periods of from one to six years. The expected volatility of 50 percent is generally consistent with the capital markets' own estimates at the issue date of LTIP 2008. The implicit volatilities from negotiated warrants for ProSiebenSat.1 stock were used to check the plausibility of the expected volatility. Other factors taken into account in calculating the value of options are the value of the underlying instruments, the strike price, the exercise threshold, the maximum exercise gain, suboptimal premature exercise, the dividend yield, the basis interest rate, the exercise windows, the contractual time periods, the graduated vesting periods, and turnover among beneficiaries.

The expense for the financial year 2008 came to EUR 138 thousand (vs. EUR 5,412 thousand), and is included under personnel expenses.

[36] EXECUTIVE BOARD AND SUPERVISORY BOARD

The members of the Executive Board and Supervisory Board of ProSiebenSat.1 Media AG are listed on pages 137 through 138 of this report. Details of the system of compensation for members of the Executive Board and the Supervisory Board of ProSiebenSat.1 Media AG are explained below.

In addition to their functions as directors and officers of the Company, the members of the Executive Board of ProSiebenSat.1 Media AG also have contractual relationships with the Company. The Supervisory Board is responsible for making the employment agreements with the members of the Executive Board. The employment agreements between ProSiebenSat.1 Media AG and the members of its Executive Board have a maximum term of five years. These contracts establish the Board members' rights and duties, including their compensation.

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

- Under their employment contracts, all Executive Board members receive a fixed base salary, paid monthly, that is determined with reference to the individual member's area of responsibilities.
- In addition to this base component, each member also receives a performance-based variable component in the form of an annual bonus. The specific terms of this annual bonus vary among the contracts of the individual board members. One portion of the bonus is decided by the Supervisory Board, and depends on the achievement of predefined performance targets composed of Group EBITDA, the net debt of the ProSiebenSat.1 Group, and personal goals.
- Additionally, the members of the Executive Board participate in a ProSiebenSat.1 Media AG stock option plan (the 2008 Long-Term Incentive Plan), which has replaced the stock option plan introduced in 2005. The change has no effect on outstanding stock options from the 2005 Long-Term Incentive Plan. Thus the Company has created an additional compensation component, focused on the Company's long-term success, so as to encourage shareholders' value. As of December 31, 2008, current members of the Executive Board held 665,000 stock options from the 2006 Cycle and 865,000 stock options

from the 2008 Cycle. Each stock option carries the right to purchase one share of preferred stock.

- Furthermore, the Company has signed pension agreements with most members of the Executive Board, under which those members are entitled to payment of a retirement pension if they reach age 60 and leave the Company's employ after the contractual vesting period has elapsed.
- Finally, the members of the Executive Board receive other compensation in the form of noncash benefits, including company cars, insurance coverage, and coverage of relocation expenses if they must relocate.

The Company has extended neither loans nor guarantees or warranties to the members of the Executive Board.

Compensation paid to active members of the Executive Board of ProSiebenSat.1 Media AG came to EUR 6,878 thousand in 2008 (vs. EUR 5,983 thousand in 2007). These figures include both a variable component of EUR 2,834 thousand (vs. EUR 2,765 thousand) and benefits of EUR 149 thousand (vs. EUR 33 thousand).

Executive Board members who left the company during the financial year 2008 received EUR 325 thousand in compensation after their departure, as well as severance pay of EUR 1,700 thousand.

In past financial years, ProSiebenSat.1 Media AG set aside pension provisions totaling EUR 1,221 thousand (prior year: EUR 4,344 thousand) for pension commitments to active members of the Executive Board. The pension provisions for former members of the Executive Board came to EUR 5,739 thousand as of December 31, 2008. The accrued pension entitlement as of December 31, 2008, was EUR 111 thousand per year for active members of the board, and EUR 198 thousand per year for former members. Payments of EUR 80 thousand were made to former members of the Executive Board in the financial year 2008 (previous year: EUR 0). Funds have been endowed to safeguard these pension provisions.

Members of the Executive Board received EUR 0 thousand for buy-backs of stock options (vs. EUR 8,999 thousand). The fair value at the grant date of the options was EUR 144 thousand for the 865,000 options issued in 2008, and EUR 3,997 thousand for the 665,000 options issued in 2006.

Payments to management, except for pension entitlements, are all payable within short terms.

A resolution by the shareholders' meeting of August 2, 2006, released the Company from the statutory obligation to disclose the individual compensation of Executive Board members in the consolidated financial statements for a period of five years. However, this resolution of the shareholders' meeting poses no obstacle to the voluntary disclosure of individual Board members' compensation otherwise. The Executive Board and Supervisory Board have decided to exercise this option of voluntary disclosure in the compensation report for 2008, which is included in the Corporate Governance Report of the Executive Board and Supervisory Board. That report therefore states figures for the compensation paid to individual members of the Company's Executive Board for the past financial year.

Expenses for the Supervisory Board of ProSiebenSat.1 Media AG came to EUR 1,747 thousand in the year under review (previous year: EUR 1,666 thousand). The members of the Supervisory Board receive a fixed compensation. The Chairman and Vice-Chairman of the Supervisory Board each receive twice the amount of this fixed base figure. Members of the Supervisory Board's committees are compensated with a separate meeting honorarium, payable for participating at each committee meeting. Committee chairs receive twice the standard meeting honorarium. The compensation of the Supervisory Board is laid down in the articles of incorporation of ProSiebenSat.1 Media AG.

The compensation paid individually to current and former members of the Supervisory Board is as follows:

Current Members of the Supervisory Board

EUR k	Compensation
Bell-Jones, Robin	118
Dyke, Greg	107
Dziarski, Stefan	56
Freise, Philipp	115
Gorenflos, Reinhard	33
Hollick, Lord Clive	190
Huth, Johannes	131
Krenz, Thomas	100
Mäuser, Götz	239
Röttele, Christoph	18
Scheiber, Silke	56
Sloan, Harry	100
Swartjes, Adrianus Johannes	105
van Lent, Marinus Maria Petrus	100
Wiedmann, Prof. Dr. Harald	119

Former members of the Supervisory Board

EUR k	Compensation
Döpfner, Dr. Mathias	4
Neubürger, Heinz-Joachim	67
Nienhaus, Christian	4
Wehr-Seiter, Katrin	85

Members of the Supervisory Board received no remuneration or other consideration for personal services, especially consulting and mediation services, during 2008. Altogether, the current members of the Executive Board and Supervisory Board held 202,500 shares of preferred stock in ProSiebenSat.1 Media AG as of December 31, 2008. This is equivalent to 0.1 percent of the company's share capital.

[37] RELATED-PARTY TRANSACTIONS

Apart from the subsidiaries included in the consolidated financial statements, in the course of its normal business operations ProSiebenSat.1 Media AG conducts transactions directly or indirectly with affiliated unconsolidated companies and associated companies. In ordinary business activities, all transactions with companies not included in the scope of consolidation were conducted on prevailing market terms and conditions, such as are also customary with third parties unrelated to the Group. All related parties under IAS 24 [„Related Party Disclosures“] that are controlled by ProSiebenSat.1 Media AG, or over which the Group may exercise a significant influence, are listed among the shareholdings on pages 133 through 136, along with the percentage interest held.

Effective September 1, 2007, ProSiebenSat.1 Media AG signed a services management agreement for business services with Lavena Holding 1 GmbH, Lavena Holding 4 GmbH, and Lavena Holding 5 GmbH jointly. The agreed compensation is consistent with the prevailing market terms for comparable services. The total for the financial year 2008 was EUR 300 thousand; as of December, 31, 2008, the receivable of ProSiebenSat.1 Media AG was EUR 89 thousand. Lavena Holding 1 GmbH through Lavena Holding 4 GmbH are indirect majority shareholders of ProSiebenSat.1 Media AG, and Lavena Holding 5 GmbH is the direct majority shareholder of ProSiebenSat.1 Media AG.

During the financial year 2008, the wife of former Executive Board member Peter Christmann provided services to various companies in the ProSiebenSat.1 Group for a charge of EUR 160 thousand (prior year: EUR 155 thousand). These were training and coaching services for on-air personalities. As of December 31, 2008, there was no amount outstanding for these services.

Harry Evans Sloan is a member of the Supervisory Board of ProSiebenSat.1 Media AG, and the Chairman of the Board of Directors and CEO of Metro-Goldwyn-Mayer Holdings, Inc. (MGM). A number of license agreements were signed between MGM Holdings Inc. and ProSiebenSat.1 Media AG during the period, in the normal course of business. The agreements are consistent with prevailing market terms. The total for 2008 was EUR 27,649 thousand; as of December, 31, 2008, ProSiebenSat.1's liability was EUR 287 thousand.

Götz Mäuser is a member of the Supervisory Board of ProSiebenSat.1 Media AG, and among other positions is also a co-owner of ADT Telefonservice GmbH & Co. KG. A service agreement exists in the normal course of business between ProSiebenSat.1 Media AG and ADT Telefonservice GmbH & Co. KG. The contract is consistent with prevailing market terms. The total for the financial year 2008 was EUR 104 thousand; as of December, 31, 2008, the receivable of ProSiebenSat.1 Media AG was EUR 17 thousand.

There were no other reportable transactions with related parties under IAS 24 in 2008.

Employer contributions to the public pension insurance system for members of the Executive Board of ProSiebenSat.1 Media AG, top management of other Group companies, and other members of executive management, totaled EUR 100 thousand for 2008 (prior year: EUR 96 thousand).

Under Sec. 15a of the German Securities Trading Act (WpHG) and Item 6.6 of the German Corporate Governance Code, the members of the Executive Board and Supervisory Board of ProSiebenSat.1 Media AG are required to report securities transactions relating to ProSiebenSat.1 stock. They are furthermore required to report securities transactions by family members. In 2008, a total of 32 transactions were reported to ProSiebenSat.1 Media AG, in which members of the Executive Board or Supervisory Board and their family members acquired a total of 319,000 shares of ProSiebenSat.1 Media AG and sold a total of EUR 113,000 shares of ProSiebenSat.1 Media AG. In compliance with Sec. 15a of the Securities Trading Act, ProSiebenSat.1 Media AG reported each of these transactions immediately on its Internet site [www.prosiebensat1.com].

Transactions with the key management personnel in German and foreign subsidiaries of the ProSiebenSat.1 Group, or with companies managed by these persons, came to EUR 1.8 million in 2008. These transactions re-

lated to legal and consulting services, and were based on arm's-length terms. The balance as of December 31, 2008 of these transactions amounted to EUR 106 thousand. Furthermore, guarantees amounting to EUR 651 thousand exist at the reporting date.

Joint ventures and associated companies

As of December 31, 2008, receivables from joint ventures and associated companies came to EUR 21,488 thousand (vs. EUR 17,372 thousand). Liabilities of EUR 2,363 thousand (vs. EUR 317 thousand) have been recognized.

The amounts outstanding from joint ventures and associated companies are not secured with collateral and are paid in cash. No material guarantees were either provided or received in this regard. There were no write-downs in connection with these relationships.

[38] GROUP AFFILIATION

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

Disclosures of all such ownership interests have been duly published by ProSiebenSat.1 Media AG in compliance with Section 26 (1) of the Securities Trading Act, and can be viewed at the Company's Web site in the Annual Document required under Section 10 of that Act.

[39] PROFESSIONAL FEES OF THE INDEPENDENT AUDITORS

The professional fees for the services of the Group's independent auditor, KPMG, totaled EUR 2,652 thousand for the financial year 2008. The figure for 2007 was EUR 2,639 thousand. Of the total, EUR 1,544 thousand was for audit fees (vs. EUR 1,070 thousand in 2007), EUR 556 thousand was for audit-related fees (vs. EUR 373 thousand), EUR 10 thousand was for tax consulting services (vs. EUR 51 thousand), and EUR 542 thousand was for other fees (vs. EUR 1,145 thousand).

[40] EVENTS AFTER THE REPORTING DATE

Effective January 20, 2009, SBS Radio AB acquired 100 percent of the radio business of Stampen Group in Sweden. In the transaction Stampen Group contributed their equity interest in a holding company Produktionsaktiebolaget Göteborg Ett in exchange for a 20 percent stake in SBS Radio AB. Produktionsaktiebolaget Göteborg Ett AB will be fully consolidated into the financial statements of ProSiebenSat.1 Group for the first time as of January 20, 2009.

Thomas Ebeling took over the responsibilities as CEO at ProSiebenSat.1 Media AG as of March 1, 2009.

Release date for publication

The Supervisory Board will release the consolidated financial statements for publication on March 26, 2009.

March 10, 2009

The Executive Board

ProSiebenSat.1 Group as of December 31, 2008

No.	Company	Location	Country	Interest %	via No.
Affiliated company					
1	ProSiebenSat.1 Media Aktiengesellschaft	Unterföhring	Germany		
2	9Live Fernsehen GmbH	Unterföhring	Germany	100	1
3	9Live International GmbH	Unterföhring	Germany	100	2
4	Agency Atlantic EOOD	Sofia	Bulgaria	100	157
5	Agency Vitosha EOOD	Sofia	Bulgaria	100	157
6	Aktuelt Nyheter AS	Oslo	Norway	100	150
7	Amerom Television Ltd.	New York	USA	100	103
8	Anonimi Radiofoniki Etaireia Lampsí A.E. (Lampsí Radio Company S.A.)	Athens	Greece	100	107
9	ArtMerchandising & Media AG	Unterföhring	Germany	100	47
10	AT Fun B.V.	Amsterdam	Netherlands	100	116
11	best webnews GmbH	Cologne	Germany	67.64	135
12	Broadcast Norge AS	Oslo	Norway	100	100
13	Carthage I B.V.	Amsterdam	Netherlands	100	116
14	CBO Media B.V. (formerly Brainstation B.V.)	Amsterdam	Netherlands	100	116
15	Cutting Edge Production AS	Oslo	Norway	100	121
16	easy 107,5 Stockholm AB	Stockholm	Sweden	100	122
17	E-FM Sverige AB	Stockholm	Sweden	100	19
18	EBS International N.V.	Zaventem	Belgium	99.94	103
19	Euradio i Sverige AB	Stockholm	Sweden	100	123
20	European Broadcasting System S.à r.l.	Luxembourg	Luxembourg	100	103
21	European Radio Investments Limited	London	Great Britain	100	107
22	Evroark EOOD	Sofia	Bulgaria	100	157
23	Face your Brand! GmbH	Unterföhring	Germany	100	71
24	Fem Media GmbH	Munich	Germany	100	135
25	Fria Media I Blekinge AB	Karlskrona	Sweden	100	119
26	Fria Radiobilaget i Borås AB	Borås	Sweden	100	119
27	German Free TV Holding GmbH	Unterföhring	Germany	100	1
28	Hellas Radio Service Ltd.	Athens	Greece	100	103
29	ICS SBS Broadcasting S.R.L. (formerly: I.M. Radio Contract S.R.L.)	Chisinau	Moldova	100	132
30	INTERAKTÍV-FICTION Műsorkészítő és Filmgyártó Kft.	Budapest	Hungary	100	31
31	INTERAKTÍV Televíziós Műsorkészítő Kft.	Budapest	Hungary	100	103
32	kabel eins Fernsehen GmbH	Unterföhring	Germany	100	27
33	Kanal 5 AB	Stockholm	Sweden	100	34
34	Kanal 5 Holding AB	Stockholm	Sweden	100	104
35	Kanal 5 Limited	London	Great Britain	100	107
36	Kiss FM DOO	Belgrad	Serbia	49	103
37	Kommunikationsanpartsselskabet af 2/4 1990	Arthus C	Denmark	100	84
38	lokalisten media GmbH	Munich	Germany	90	135
39	MAGIC Internet Holding GmbH	Berlin	Germany	100	135
40	MAGIC Internet GmbH	Berlin	Germany	100	39
41	Meteos TV Holding GmbH	Unterföhring	Germany	100	162
42	Miracle Sound Oy	Helsinki	Finland	51	58
43	Miracle Sound Oulu Oy	Oulu	Finland	100	42
44	Miracel Sound Tampere Oy	Helsinki	Finland	51	58
45	Mix Megapol.se AB	Stockholm	Sweden	100	119
46	MM MerchandisingMedia GmbH	Unterföhring	Germany	100	9
47	MM MerchandisingMedia Holding GmbH	Unterföhring	Germany	100	1
48	MTM Produkció Műsorgyártó és Filmforgalmazó Kft.	Budapest	Hungary	96.667	103
49	MTM-SBS Televízió Zrt.	Budapest	Hungary	81.51	103
50	MyVideo Broadband S.R.L.	Bucharest	Romania	100	39

ProSiebenSat.1 Group as of December 31, 2008

No.	Company	Location	Country	Interest %	via No.
Affiliated company					
51	N24 Gesellschaft für Nachrichten und Zeitgeschehen mbH	Unterföhring	Germany	100	27
52	Niknet EOOD	Sofia	Bulgaria	100	157
53	P7S1 Broadcasting S.à r.l.	Luxembourg	Luxembourg	80	54
54	P7S1 Erste SBS Holding GmbH	Unterföhring	Germany	100	1
55	P7S1 Creative Productions Holding GmbH (formerly: ProSiebenSat.1 Siebte Verwaltungsgesellschaft mbH)	Unterföhring	Germany	100	1
56	P7S1 Zweite SBS Holding GmbH	Unterföhring	Germany	100	1
57	Producers at work GmbH	Potsdam	Germany	67	1
58	Pro Radio Oy	Helsinki	Finland	100	100
59	ProSiebenSat.1 Applications GmbH	Unterföhring	Germany	100	1
60	ProSieben Austria GmbH	Vienna	Austria	100	137
61	ProSieben Digital Media GmbH	Unterföhring	Germany	100	1
62	ProSieben Television GmbH	Unterföhring	Germany	100	27
63	ProSieben (Switzerland) AG	Küschnacht	Switzerland	100	139
64	ProSiebenSat.1 Erste Verwaltungsgesellschaft mbH	Unterföhring	Germany	100	1
65	ProSiebenSat.1 Achte Verwaltungsgesellschaft mbH	Unterföhring	Germany	100	1
66	ProSiebenSat.1 Neunte Verwaltungsgesellschaft mbH (future name: Maz & More GmbH)	Unterföhring	Germany	100	51
67	ProSiebenSat.1 Berlin Produktion GmbH (still in formation process at 12/31/2008)	Berlin	Germany	100	68
68	ProSiebenSat.1 Produktion GmbH	Unterföhring	Germany	100	1
69	ProSiebenSat.1 Welt GmbH	Unterföhring	Germany	100	1
70	PS Event GmbH	Cologne	Germany	67	71
71	PSH Entertainment GmbH	Unterföhring	Germany	100	1
72	Puls 4 TV GmbH	Vienna	Austria	100	137
73	Puls 4 TV GmbH & Co. KG	Vienna	Austria	100	137
74	Radio Nova A/S (formerly Radio 2 A/S)	Copenhagen	Denmark	80	102
75	Radio City AB	Stockholm	Sweden	100	122
76	Radio Daltid SBS AB	Stockholm	Sweden	51	119
77	Radio Express EAD	Sofia	Bulgaria	100	5
78	Radio HIT FM Melodicum AB	Växjö	Sweden	100	119
79	Radio Match AB	Jönköping	Norway	100	119
80	Radioasjjonen Radio Norge AS (formerly: TV2 Saturn AS)	Oslo	Norway	100	121
81	Radio Stella AB	Helsingborg	Sweden	100	119
82	Radio Veselina EAD	Plovdiv	Bulgaria	100	103
83	Radio Zita Radiohonikes Epichiriseis Anonimi Etairia	Salonika	Greece	100	93
84	Radioreklame A/S	Arhus C.	Denmark	95.2	120
85	Radio VLR A/S	Taastrup	Denmark	100	120
86	Redseven Entertainment GmbH	Unterföhring	Germany	100	55
87	Reklamradio-FMK AB	Kalmar	Sweden	100	119
88	RIS Vinyl Skane AB	Stockholm	Sweden	100	123
89	Ritmo Plovdiv EOOD	Plovdiv	Bulgaria	100	157
90	Rockklassiker Sverige AB	Stockholm	Sweden	100	88
91	Romanian Broadcasting Corporation Limited	London	Great Britain	100	107
92	Salonika Radio Investments Holding S.A.	Luxembourg	Luxembourg	100	103
93	Salonika Radio Investments S.à r.l.	Luxembourg	Luxembourg	100	92
94	Sat.1 Bayern GmbH	Unterföhring	Germany	100	151
95	Sat.1 Grundstücksverwaltungs GmbH & Co. KG	Unterföhring	Germany	100	98
96	Sat.1 Norddeutschland GmbH	Hannover	Germany	100	98
97	SAT.1 Privatrundfunk und -programmgesellschaft m.b.H	Vienna	Austria	51	98
98	Sat.1 Satelliten Fernsehen GmbH	Berlin	Germany	100	27
99	Sat.1 Schweiz AG	Zürich	Switzerland	50	98
100	SBS Belgium N.V.	Zaventem	Belgium	99.97	103

ProSiebenSat.1 Group as of December 31, 2008

No.	Company	Location	Country	Interest %	via No.
Affiliated company					
101	SBS Broadcasting B.V.	Amsterdam	Netherlands	100	116
102	SBS Broadcast Danmark A/S	Skovlunde	Denmark	100	100
103	SBS Broadcasting Europe B.V.	Amsterdam	Netherlands	100	106
104	SBS Broadcasting Europe B.V. the Netherlands svensk Filial	Stockholm	Sweden	100	103
105	SBS Broadcasting Holding I B.V.	Amsterdam	Netherlands	100	53
106	SBS Broadcasting Holding II B.V.	Amsterdam	Netherlands	100	105
107	SBS Broadcasting (UK) Limited	London	Great Britain	100	103
108	SBS Broadcasting Networks Limited	London	Great Britain	100	107
109	SBS Broadcasting (Sweden) AB	Stockholm	Sweden	100	103
110	SBS Danish Television Limited	London	Great Britain	100	107
111	SBS European Pay TV Services S.á r.l.	Luxembourg	Luxembourg	100	103
112	SBS Finance B.V.	Amsterdam	Netherlands	100	103
113	SBS Finland Oy	Helsinki	Finland	100	58
114	SBS Interactive AB (under Liquidation)	Stockholm	Sweden	100	104
115	SBS Magyarországi Befektetési Kft.	Budapest	Hungary	98.34	103
116	SBS Nederland B.V.	Amsterdam	Netherlands	100	103
117	SBS Productions B.V.	Amsterdam	Netherlands	100	101
118	SBS Publishing & Licensing B.V.	Amsterdam	Netherlands	100	101
119	SBS Radio AB	Stockholm	Sweden	100	123
120	SBS Radio A/S	Copenhagen	Denmark	100	102
121	SBS Radio Norge AS	Oslo	Norway	77	100
122	SBS Radio Sweden AB	Stockholm	Sweden	100	123
123	SBS Radio Sweden Holding AB	Stockholm	Sweden	100	104
124	SBS Records Aps	Copenhagen	Denmark	100	120
125	SBS Services B.V.	Amsterdam	Netherlands	100	116
126	SBS Services (UK)	London	Great Britain	100	103
127	SBS TV A/S	Skovlunde	Denmark	100	102
128	Scandinavian Broadcasting System (Jersey) Ltd.	Jersey	Channel islands	100	101
129	S.C. Canet Radio SRL	Bucharest	Romania	20	132
130	S.C. Media Group Services International S.R.L.	Bucharest	Romania	95	132
131	S.C. Prime Time Productions S.R.L.	Bucharest	Romania	99	132
132	S.C. SBS Broadcasting Media S.R.L.	Bucharest	Romania	84.38	21
133	SevenOne Brands GmbH	Unterföhring	Germany	100	1
134	SevenOne Interactive GmbH	Unterföhring	Germany	100	133
135	SevenOne Intermedia GmbH	Unterföhring	Germany	100	61
136	SevenOne International GmbH	Unterföhring	Germany	100	1
137	SevenOne Media Austria GmbH	Vienna	Austria	100	133
138	SevenOne Media GmbH	Unterföhring	Germany	100	133
139	SevenOne Media (Switzerland) AG	Küschnacht	Switzerland	100	133
140	SevenPictures Film GmbH	Unterföhring	Germany	100	1
141	SevenSenses GmbH	Unterföhring	Germany	100	1
142	Seven Scores Musikverlag GmbH	Unterföhring	Germany	100	1
143	solute GmbH	Karlsruhe	Germany	74.8	135
144	Starwatch Music GmbH	Unterföhring	Germany	100	47
145	Stichting Administratiekantoor Melida (in liquidation)	Amsterdam	Netherlands	100	53
146	Svensk Radiopartner Radio City AB	Karlstad	Sweden	100	119
147	Teledirekt Vermarktungsgesellschaft für Fernsehempfang mbH	Unterföhring	Germany	100	1
148	Turun Ensitorppa Oy	Helsinki	Finland	100	58
149	TV5 Finland Oy	Helsinki	Finland	100	58
150	TV Norge AS	Oslo	Norway	100	12

ProSiebenSat.1 Group as of December 31, 2008

No.	Company	Location	Country	Share %	via No.
Affiliated company					
151	tv-weiß-blau Rundfunkprogrammabnehmer GmbH	Unterföhring	Germany	100	98
152	V8 Broadcasting B.V.	Amsterdam	Netherlands	100	101
153	Veronica Broadcasting VOF	Amsterdam	Netherlands	99	152
154	Veronica Litho B.V.	Hilversum	Netherlands	100	101
155	Veronica Uitgeverij B.V.	Hilversum	Netherlands	100	101
156	Vinyl AB	Stockholm	Sweden	100	123
157	Vitosha FM EOOD	Sofia	Bulgaria	100	103
158	VT4 Limited	London	Great Britain	100	103
159	VT4 Marketing & Sales N.V.	Zaventem	Belgium	99.96	158
160	VT4 Network N.V.	Zaventem	Belgium	99.2	158
161	wer-weiss-was GmbH	Hamburg	Germany	74.8	135
162	wetter.com AG	Singen	Germany	73	135
163	Wetter Fernsehen - Meteos GmbH	Singen	Germany	100	41
Affiliated companies, not consolidated					
164	Anadolu Televizyon Ve Radyo Yayincilik Ve Ticaret Anonim Sirketi	Istanbul	Turkey	98	125
165	Balkans Media Investments EOOD	Sofia	Bulgaria	100	157
166	maxdome Verwaltungs GmbH	Unterföhring	Germany	100	141
167	Merchandising Prague spol. s r o.	Prague	Czech Republic	100	47
Associated companies -at equity-					
168	Autoplenum GmbH	Munich	Germany	25.1	135
169	Big Brother AB	Stockholm	Sweden	50	104
170	Big Brother Kommanditbolag	Stockholm	Sweden	49	33
171	IP Multimedia (Switzerland) AG	Küschnacht	Switzerland	23	139
172	maxdome GmbH & Co. KG	Unterföhring	Germany	50	141
173	LOVESEARCH DP AB	Stockholm	Sweden	95.09	33
174	Österjöns Reklamradio AB	Visby	Sweden	40	119
175	Poolside Reise GmbH	Munich	Germany	40	135
176	Privatfernsehen in Bayern Verwaltungs-GmbH	Munich	Germany	49.9	151
177	Privatfernsehen in Bayern GmbH & Co. KG	Munich	Germany	49.9	151
178	Radiobokningen i Västmanland Handelsbolag	Västerås	Sweden	20	119
179	Radio Silkeborg af 1997 A/S	Silkeborg	Denmark	34	84
180	TV 10 B.V.	Amsterdam	Netherlands	100	180
181	TV10 Holdings LLC	Wilmington	USA	50	101
182	Veronica/Jetix Text VOF	Amsterdam	Netherlands	50	152
183	VG Media Gesellschaft zur Verwertung der Urheber- und Leistungsschutzrechte von Medienunternehmen mbH	Berlin	Germany	50	1
Other equity interests					
184	AFK Aus- und Fortbildungs GmbH für elektronische Medien	Munich	Germany	12	1
185	Berliner Pool TV Produktionsgesellschaft mbH	Berlin	Germany	50	51
186	Deutscher Fernsehpreis GmbH	Cologne	Germany	25	1
187	ZeniMax Media Inc.	Rockville	USA	8.03	103

Members of the Executive Board

THOMAS EBELING

CEO since March 1, 2009

Management department: Group Content, Production and Acquisitions
Human Resources and Corporate

GUILLAUME DE POSCH

CEO until December 31, 2008

Management department: Group Content Production and Acquisitions, Corporate, Human Resources

AXEL SALZMANN

CFO since June 11, 2008

Member of the Executive Board since May 1, 2008

Management department: Group Controlling, Finance / Investor Relations, Legal Affairs, Regulatory Affairs, Administration

LOTHAR LANZ

CFO until June 10, 2008

Member of the Executive Board until June 10, 2008

Management department: Group Controlling, Finance / Investor Relations, Legal Affairs, Human Resources, Regulatory Affairs, Administration

Mandate:

- Siltronic AG (Member of the Supervisory Board until April 2008)

ANDREAS BARTL

Member of the Executive Board since June 17, 2008

Management department: German Free TV

PETER CHRISTMANN

Member of the Executive Board until June 30, 2008

Management department: Sales & Marketing

DR. MARCUS ENGLERT

Member of the Executive Board since August 1, 2006

Management department: New Media & Diversification, Transaction TV, Business Development

KLAUS-PETER SCHULZ

Member of the Executive Board since September 1, 2008

Management department: Sales & Marketing

PATRICK TILLIEUX

COO

Member of the Executive Board since July 1, 2007

Management department: Group Operations, International Free TV, International Pay TV, Radio, Print

Members of the Supervisory Board

GÖTZ MÄUSER

Chairman (since March 2007)

Permira Beteiligungsberatung GmbH (Partner)

JOHANNES PETER HUTH

Vice-Chairman

(since October 2008, Member of the Supervisory Board since March 2007)

Kohlberg Kravis Roberts & Co. Ltd. (Partner and Head of Europe)

Mandate:

- A.T.U. Auto-Teile Unger Holding GmbH, Germany (non-executive)
- Rally Lux Holding One S.à r.l., Luxembourg (executive)
- Rally Lux Holding Two S.à r.l., Luxembourg (executive)
- KION Holding 1GmbH, Germany (non-executive)
- KKR & Co. Limited, UK (executive)
- KKR & Co. SAS, France (executive)
- NXP BV, Netherlands (non-executive)

LORD CLIVE HOLICK

(Vice-Chairman from March 2007 until September 2008)

Kohlberg Kravis Roberts & Co. Ltd. (Partner)

Mandate:

- Diageo PLC (non-executive)
- Honeywell Inc. (non-executive)
- The Nielsen Co. (non-executive)

ROBIN BELL-JONES

(since March 2007)

Permira Advisors LLP, London (Investment Advisor)

Mandate:

- ALL3Media Holdings Ltd., UK (non-executive)

DR. MATHIAS DÖPFNER

(from December 2001 until January 2008)

Axel Springer AG (CEO)

Mandate:

- dpa Deutsche Presse Agentur GmbH (non-executive)
- Leipziger Verlags- und Druckereigesellschaft mbH & Co. KG (non-executive)
- B.Z. Ullstein GmbH (non-executive)
- Axel Springer Digital TV GmbH (non-executive)
- Time Warner Inc. (non-executive)
- Brilliant 310 GmbH (executive)

GREG DYKE

(since May 2004)

Company Director

Mandate:

- World Film Collective (non-executive)
- UK Film Council (non-executive)
- Brentford FC (Lionel Road) Limited (non-executive)
- Brentfort Football Club (non-executive)
- Ducks Walk Management Company Ltd. (non-executive)
- Sunshine Holdings & Ltd. (non-executive)
- Powder Creek Limited (non-executive)
- DGCC Limited (non-executive)
- Vine Leisure Ltd. (non-executive)
- Vine Development Limited (non-executive)

STEFAN DZIARSKI

(since June 2008)

Permira Beteiligungsberatung GmbH

(Private Equity Professional)

PHILIPP FREISE

(since March 2007)
Kohlberg Kravis Roberts & Co. Ltd. (Director)
Mandate:

- Demag Holdings S.à r.l. (non-executive)
- A.T.U. GmbH (non-executive)
- DSD GmbH (non-executive)

REINHARD GORENFLOS

(since September 2008)
Kohlberg Kravis Roberts & Co. Ltd. (Partner)
Mandate:

- A.T.U. GmbH & Co. KG (non-executive)
- Pages Jaunes SA (non-executive)
- DSD GmbH (non-executive)
- Van Gansewinkel BV (non-executive)
- Blacksmith SA (non-executive)
- Demag Holdings S.à r.l. (non-executive)

THOMAS KRENZ

(since March 2007)
Permira Beteiligungsberatung GmbH (Partner)

HEINZ-JOACHIM NEUBÜRGER

(from July 2007 until September 2008)
Kohlberg Kravis Roberts & Co. Ltd. (Private Equity Professional)

CHRISTIAN NIENHAUS

(from May 2004 until January 2008)
WAZ Mediengruppe (CEO)
Mandate:

- WAZ Mediengruppe (executive)

MARINUS MARIA PETRUS VAN LENT

(since July 2007)
Telegraaf Media Groep N.V. (President)
Mandate:

- Telegraaf Media International B.V. (executive)

CHRISTOPH RÖTTELE

(since November 2008)
Permira Beteiligungsberatung GmbH (Portfolio Director)

SILKE SCHEIBER

(since June 2008)
Kohlberg Kravis Roberts & Co. Ltd. (Director)
Mandate:

- Torkett SA (non-executive)
- KKR International Flooring 1 S.à r.l. (non-executive)
- KKR International Flooring 2 S.à r.l. (non-executive)
- A.T.U. GmbH (non-executive)
- KION Group GmbH (non-executive)
- KION Holding 1 GmbH (non-executive)

HARRY EVANS SLOAN

(since March 2007)
MGM Holdings Inc. (Chairman of the Board and CEO)
Mandate:

- MGM Holdings Inc. (executive)
- ZeniMax Media Inc. (non-executive)

ADRIANUS JOHANNES SWARTJES

(since July 2007)
Telegraaf Media Groep N.V. (CEO)
Mandate:

- Telegraaf Media Groep N.V. (executive)

KATRIN WEHR-SEITER

(from July 2007 until November 2008)
Permira Beteiligungsberatung GmbH (Principal)
Mandate:

- Hugo Boss AG (non-executive)

PROF. DR. HARALD WIEDMANN

(since March 2007)
Gleiss Lutz Hootz Hirsch Partnergesellschaft von Rechtsanwälten und Steuerberatern (Auditor/Attorney)
Mandate:

- Berenberg Bank (non-executive)
- Wincor Nixdorf AG (non-executive)
- Praktiker Baumärkte (non-executive)
- Prime Office AG (non-executive)
- Merz GmbH & Co. KG (non-executive)

RESPONSIBILITY STATEMENT OF THE EXECUTIVE BOARD

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

Unterföhring, March 10, 2009



THOMAS EBELING (CEO)



AXEL SALZMANN (CFO)



PATRICK TILLIEUX (COO)



ANDREAS BARTL (German Free TV)



DR. MARCUS ENGLERT (New Media)



KLAUS-PETER SCHULZ (Sales)

AUDITOR'S REPORT

We have granted the unqualified auditor's report as follows:

We have audited the consolidated financial statements prepared by ProSiebenSat.1 Media Aktiengesellschaft, Unterföhring, comprising the balance sheet, the income statement, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report for the business year from January 1 to December 31, 2008. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a, para. 1 HGB are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

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

Our audit has not led to any reservations.

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

Munich, March 13, 2009

KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft


KOZIKOWSKI
Auditor


PAPENBERG
Auditor

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› The ProSiebenSat.1 Group on the Internet

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

Forward-looking statements. This report contains forward-looking statements regarding ProSiebenSat.1 Media AG and the ProSiebenSat.1 Group. Such statements may be identified by the use of such terms as "expects," "intends," "plans," "assumes," "pursues the goal," and similar wording. Various factors, many of which are outside the control of ProSiebenSat.1 Media AG, could affect the Company's business activities, success, business strategy and results. Forward-looking statements are not historical facts, and therefore incorporate known and unknown risks, uncertainties and other important factors that might cause actual results to differ from expectations. These forward-looking statements are based on current plans, goals, estimates and projections, and take account of knowledge only up to and including the date of preparation of this report. Given these risks, uncertainties and other important factors, ProSiebenSat.1 Media AG undertakes no obligation, and has no intent, to revise such forward-looking statements or update them to reflect future events and developments. Although every effort has been made to ensure that the provided information and facts are correct, and that the opinions and expectations reflected here are reasonable, ProSiebenSat.1 Media AG assumes no liability and offers no warranty as to the completeness, correctness, adequacy and/or accuracy of any information or opinions contained herein.

Financial calendar

March 4, 2009 Press conference / IR conference on preliminary figures for 2008

March 30, 2009 2008 Annual Report

May 14, 2009 Quarterly Report for Q1 2009

June 4, 2009 2009 Annual Shareholders' Meeting

August 6, 2009 Semiannual Report for H1 2009

November 5, 2009 Quarterly Report for Q3 2009

ProSiebenSat.1 Group

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ProSiebenSat.1 Media AG

Notes and Management Report 2008

Content



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Management Report of ProSiebenSat.1 Media AG for Fiscal 2008

I. Business Operations and Business Conditions

1.1 Overall assessment of fiscal 2008

The ProSiebenSat.1 Group's business performance in 2008 was impacted by difficulties following the launch of a new sales model for the German TV advertising market – our most important single region. An additional aggravating factor was that economic uncertainty significantly reduced advertisers' willingness to invest during the second half of the year, both in Germany and in the rest of Europe. The current tense economic situation is making it clear just how heavily the performance of the TV advertising market depends on economic conditions. The business performance of ProSiebenSat.1 Media AG was significantly affected by revenue losses in the German TV business.

However, in difficult economic conditions, important entrepreneurial decisions were made that allowed the ProSiebenSat.1 Group to achieve major goals in 2008: The German family of stations increased its audience share significantly – in spite of vigorous competition from the Olympics and the European Soccer Championships, as well as strict requirements to optimize programming expenses. The expansion of the Group's online presence and the construction of a new playout center improved the Group's future competitive position. Following the integration of SBS, our top priority is to improve our profitability. To place ProSiebenSat.1 back in a position of maximum effectiveness, in 2008 we initiated extensive steps to optimize the setup of the TV group in Germany both strategically and organizationally, and we adjusted our budgets early to the difficult conditions in the market.

1.2 Legal and organizational structure of the Company

1.2.1 A brief portrait of the ProSiebenSat.1 Group

Business activities and market position. The ProSiebenSat.1 Group is one of Europe's leading media corporations. The Group's programming offers audiences first-class entertainment and up-to-date information on every screen and every platform. Its core business is free TV, financed through advertising. With its station brands Sat.1, ProSieben, kabel eins and N24, ProSiebenSat.1 is the largest commercial TV corporation in Germany. The Group also has strong market positions in free TV in other countries, such as the Netherlands (Veronica, Net 5 and SBS 6), Hungary (TV 2), and Sweden (Kanal 5 and Kanal 9). Reaching more than 78 million households using TV, ProSiebenSat.1 is the second largest broadcasting group in Europe. In addition to classic distribution channels like TV and radio, the ProSiebenSat.1 Group also relies on innovative technologies and new media. Online digital services are among the business operations that ProSiebenSat.1 has added to its portfolio in order to diversify its sources of income.

1.2.2 Explanatory remarks about ProSiebenSat.1 Media AG

ProSiebenSat.1 Media AG is the holding company for the ProSiebenSat.1 Group. It is a stock corporation in Aktiengesellschaft form, and is domiciled in Germany. Consequently ProSiebenSat.1 Media AG is subject to German law, and particularly the German laws governing corporations and securities, employee co-determination, and the capital markets. It is bound by the German Corporate Governance Code.



- **Management and oversight:** As required by German corporate law, ProSiebenSat.1 Media AG has a dual management system characterized by a strict separation of persons between its managing body and its oversight body. The Company is managed by the Executive Board. The Supervisory Board supervises and advises the Executive Board in the latter's management of the Company's business. For that reason, the Supervisory Board is directly involved in all corporate decisions of major importance. The basic rules for managing ProSiebenSat.1 Media AG are set forth in its articles of incorporation.
- **Management and corporate structure:** This European media group, headquartered in the Munich suburb of Unterföhring, is managed centrally. As the Group's ultimate parent company, ProSiebenSat.1 Media AG manages key functions that affect multiple segments, such as license purchases, accounting, controlling, corporate planning, human resources, finance, investor relations, legal affairs and corporate communications. At the same time, the individual subsidiaries in their various countries have a large degree of autonomy. With this arrangement, decisions can be made quickly, and the subsidiaries can respond flexibly to the needs of their target audiences and markets.

Significant direct subsidiaries of ProSiebenSat.1 Media AG include German Free TV Holding and ProSiebenSat.1 Erste und Zweite SBS Holding GmbH. German Free TV Holding GmbH, headquartered in the Munich suburb of Unterföhring, pools the Group's companies that conduct free TV operations in Germany, Austria and Switzerland. These companies include not only the stations Sat.1, ProSieben, kabel eins and N24 in Germany, but also SAT.1 Privatrundfunk und Programmgesellschaft mbH Österreich and SAT.1 Schweiz AG. ProSiebenSat.1 Erste und Zweite SBS Holding GmbH, likewise headquartered in Unterföhring, combines the international companies of the former SBS Broadcasting Group.

1.2.3 Material events in fiscal 2008

Changes in the membership of the Executive Board. Lothar Lanz resigned from his position as a member of the Executive Board of ProSiebenSat.1 Media AG as of the end of the annual shareholders' meeting on June 10, 2008. The Supervisory Board appointed Axel Salzmann as a member of the Executive Board as of May 1, 2008. Mr. Salzmann took office as Chief Financial Officer on June 11. Andreas Bartl was appointed to the Executive Board of ProSiebenSat.1 Media AG as of June 17, 2008, and assumed responsibility for the newly created Board position for German Free TV. Klaus-Peter Schulz was appointed to the Executive Board as of September 1, 2008. As the successor of Peter Christmann, who had resigned from the Board as of June 30 2008, Mr. Schulz is in charge of Sales and Marketing.

A further change in the Executive Board took place as of the end of the fiscal year. Effective December 31, 2008, Guillaume de Posch resigned as a member of the Executive Board and CEO of ProSiebenSat.1 Media AG. Effective March 1, 2009, the Supervisory Board appointed Thomas Ebeling a member of the Executive Board and CEO. The Supervisory Board appointed Axel Salzmann as acting CEO of ProSiebenSat.1 Media AG for the period from January 1 through February 28, 2009.



Material organizational changes

- **New strategic setup of the TV group in Germany.** At the end of 2008, the ProSiebenSat.1 Group adopted an extensive program for optimizing the setup of the TV group in Germany. The aim is to match TV operations better with the market's requirements, while at the same time making a more efficient use of resources. One step toward that end is to combine all the German-language TV stations into a "matrix" organization under German Free TV Holding. Following the example of the Group's marketing operations, which were set up newly in June 2008, centralized units will be formed to perform certain functions for all the stations. Further information can be found in the outlook.
- **ProSiebenSat.1 and IBM establish first European digital platform.** In April 2008, ProSiebenSat.1 and IBM Deutschland GmbH, of Stuttgart, signed a ten-year outsourcing agreement for more than EUR 200 million, under which IBM took over all IT business applications, as well as IT and media systems, from ProSiebenSat.1 Produktion GmbH. For that reason the sale of all of ProSiebenSat.1 Produktion GmbH was not pursued further in fiscal 2008.

The IBM agreement is the foundation for a modernization of the ProSiebenSat.1 Group's technical infrastructure – one of the media corporation's three core strategic goals. In June, ProSiebenSat.1 Produktion began setting up a new playout center in the Munich suburb of Unterföhring. Once various test phases have been completed – including simulated broadcasting operations – the playout center is expected to go on the air as scheduled, in the first quarter of 2009. For the long term, the Group plans to distribute all its video content in tapeless form, so that programming content can be edited simultaneously by different employees at different sites. At the same time, that will make the content available earlier for use on a variety of platforms. The result will be substantial advantages in time, efficiency and quality.

- **N24 upgrades.** With news station N24's switch to an all-digital platform, the German free TV channel has opened a new chapter in its history. Reports will now be filed on new production equipment that makes N24 Europe's most up-to-date news station. All reports can be edited and released for broadcast digitally. The networking of the editing and production systems is also a step into the future. Now it will be possible to prepare content for TV airing, websites, and mobile services in parallel. The implementation of the new systems and the construction of the new news studio on Potsdamer Platz in Berlin were completed on schedule, so that N24 went on the air with the latest equipment in October 2008.
- **Production company Redseven Entertainment founded.** ProSiebenSat.1 founded Redseven Entertainment GmbH in May 2008. The company is headquartered in the Munich suburb of Unterföhring, and produces light entertainment programming for the entire European TV group. Another emphasis at Redseven is the production of Web content. Having its own separate production company for nonfiction programming also makes it easier for the Group to get access to rights, while further developing its own or acquired programming rights and building artists' careers in cooperation with the Group's stations. Light entertainment concepts are especially well suited for interactive exploitation on multiple platforms.



1.2.4 The internal management system

The Executive Board of ProSiebenSat.1 Media AG manages the Company on the basis of a number of key performance indicators. The management system includes both financial key figures and non-financial performance indicators that reflect how well the Group and its operations are doing. In addition to internal key figures, for purposes of guidance and planning the system also regularly consults external indicators, such as current figures on the economy. The Executive Board furthermore guides its decisions by the corporate strategy of the ProSiebenSat.1 Group.

Corporate management, goals, strategy

The ProSiebenSat.1 Group's internal management system has primarily the following components:

- A guidance system based on key figures
- A coordinated management and planning system
- Ongoing risk and chance management
- Management by objectives at all levels of the Company
- Monthly reporting to the Supervisory Board and regular meetings of the Supervisory Board.

A guidance system based on key figures. The central financial figures for management are recurring EBITDA, recurring EBITDA margin, and free cash flow. Recurring EBITDA is EBITDA – earnings before interest, taxes, depreciation and amortization – after adjustment for one-time effects. The recurring EBITDA margin is the ratio between recurring EBITDA and revenues. These key figures make possible a meaningful assessment of operating performance, and simplify profitability comparisons among companies internationally, since they factor out the influence of national taxes and of depreciation and amortization. For that reason, they are an important indicator in assessing the profitability of the ProSiebenSat.1 Group and its segments. Free cash flow shows the surplus cash generated during a period, and can be interpreted as a financial surplus that is available to service equity and debt. A further important management parameter is the ratio of net debt to recurring EBITDA (leverage), which the ProSiebenSat.1 Group uses in long-term financial planning.

Along with purely financial parameters, the ProSiebenSat.1 Group has also defined performance figures that cannot be measured directly in financial terms. These particularly include the free TV stations' audience shares. These shares are analyzed constantly as a part of early risk detection, and at the same time serve as performance indicators of the stations' programming quality and brand value in the eyes of the advertising industry. In the Diversification unit, important parameters include the number of unique users.

A coordinated planning and management system. Planning and management are closely interrelated. Plans are prepared on the basis of the Company's strategic and operating goals; as already explained, Group-wide planning processes focus on recurring EBITDA, recurring EBITDA margin, and free cash flow. Earnings plans include both long-term corporate planning and operational planning. The individual planning processes are coordinated systematically and adopted over time. This is a matter of fundamental importance for effective management of the defined target figures, but also for the Group-wide detection of risks and opportunities:



- **Five-year plan on annual basis (long-term corporate plan):** Each year the ProSiebenSat.1 Group sets its long-term goals for the upcoming five-year period. The five-year plan is adopted by the Executive Board and Supervisory Board; responsibility lies with Controlling and Corporate Planning. The long-term plan particularly includes planning for volumes and prices (revenues), programming (license purchases) and cost and capital expenditure planning, along with the resulting calculation of free cash flow.
- **Annual operational planning (budgeting):** The starting point for the five-year plan is the operational plan (budget plan), which maps out the month-by-month budget for the coming fiscal year for all Group companies and the Group as a whole. It is drawn up at the end of each fiscal year.
- **Earnings forecasts during the year:** Earnings forecasts over the course of the year present and analyze the expected development of revenues and earnings for the year as a whole in comparison to the budget. These reports provide an additional management tool, since they help management take quick action to counteract any negative changes.
- **Reporting:** Any potential risks are reported by the decentralized risk managers to the Group Risk and Compliance Officer as part of the quarterly reporting process.

ProSiebenSat.1 Group Strategy

Our slogan, “the power of television,” clearly states both our accomplishments and our aspirations. ProSiebenSat.1 offers first-class entertainment and up-to-the-minute information – whenever the consumer wants them, and wherever the consumer goes. The ProSiebenSat.1 Group has set itself the following strategic objectives:

- 1. Concentration on core business in free TV / Content development:** The most important strategic goal is growth, through a focus on the Group’s core line of business: commercial television. Attractive content is the foundation of this strategy. Highquality programming and strong TV brands provide a further foundation for expanding the value chain by way of geographic and cross-media diversification.
- 2. Diversification / Expansion in new media:** By distributing our programming on all available media platforms throughout Europe, 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. Putting content and brands to work in multiple ways also enables the ProSiebenSat.1 Group to make substantially more efficient use of its resources, and to realize synergies.
- 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.

1.2.5 Principles of compensation of the Executive Board and the Supervisory Board

Compensation of the Executive Board

Structure of compensation of the Executive Board. In addition to their functions as directors and officers of the Company, the members of the Executive Board of ProSiebenSat.1 Media AG



also have contractual relationships with the Company. The Supervisory Board is responsible for signing the employment agreements with the members of the Executive Board. The employment agreements between ProSiebenSat.1 Media AG and the members of its Executive Board have a maximum term of five years. These contracts establish the Board members' rights and duties, including their compensation.

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

- Under their employment contracts, all Executive Board members receive a fixed base salary, paid monthly, that is determined with reference to the individual member's area of responsibilities.
- In addition to this base component, each member also receives a performance-based variable component in the form of an annual bonus. The specific terms of this annual bonus vary among the contracts of the individual board members. One portion of the bonus is decided by the Supervisory Board, and depends on the achievement of predefined performance targets composed of Group EBITDA, the Group net debt, and personal goals.
- Additionally, the members of the Executive Board also participate in a stock option plan of ProSiebenSat.1 Media AG (the 2008 Long-Term Incentive Plan), which has replaced the stock option plan introduced in 2005. The change has no effect on outstanding stock options from the 2005 Long-Term Incentive Plan. Thus the Company has created an additional compensation component, focused on the Company's long-term success, so as to cultivate shareholder value. Each stock option under the LTIP entitles the holder to buy one share of ProSiebenSat.1 preferred stock. Stock options under LTIP 2005 (2006 Cycle) were not eligible for exercise until August 2008, assuming all other requirements for exercise were met; stock options under LTIP 2008 cannot be exercised until July 2010 at the earliest. As of December 31, 2008, members of the Executive Board held 665,000 stock options from the 2006 Cycle and 865,000 stock options from the 2008 Cycle. No stock options were exercised in 2008.
- Furthermore, the Company has signed pension agreements with most members of the Executive Board, under which those members are entitled to payment of a retirement pension if they reach age 60 and leave the Company's employ after the contractual vesting period has elapsed.
- Finally, the members of the Executive Board receive other compensation in the form of noncash perquisites, including company cars, insurance coverage, and coverage of relocation expenses if they must relocate.



The Company has extended neither loans nor guaranties or warranties to the members of the Executive Board. The Notes to the consolidated financial statements include further information about the ProSiebenSat.1 Media AG stock option plan.

Individualized reporting of Executive Board compensation. A resolution of the shareholders' meeting on August 2, 2006, exempted the Company for a term of five years from the statutory obligation to disclose the compensation of the individual members of the Executive Board in the parent-company and consolidated financial statements, on the basis of the information specified in Section 285 No. 9 a) Sentences 5 through 9 and Section 314 (1) No. 6 a) Sentences 5 through 9 of the German Commercial Code (HGB). However, the Executive Board and the Supervisory Board have decided to voluntarily disclose the compensation paid by the Company to the individual members of the Executive Board last fiscal year. The following table gives an individualized breakdown of this compensation:

EUR k	Annual salary		Total	Other compensation	Pensions	
	Fixed component	Bonus		Perquisites ⁽⁶⁾	Accrued pension provision ⁽⁷⁾	Annual payment entitlement ⁽⁸⁾
Guillaume de Posch	1,000.0	1,200.0	2,200.0	7.5	706.0	78.0
Patrick Tillieux	990.0	414.0	1,404.0	63.0	0	0
Axel Salzmann ⁽¹⁾	433.3	0	433.3	4.9	14.0	7.0
Andreas Bartl ⁽²⁾	350.8	0	350.8	8.0	14.0	6.0
Dr. Marcus Englert	400.0	200.0	600.0	10.2	145.0	17.0
Klaus-Peter Schulz ⁽³⁾	200.0	0	200.0	2.6	17.0	3.0
Lothar Lanz ⁽⁴⁾	345.0	420.0	765.0	9.6	2,079.0	140.0
Peter Christmann ⁽⁵⁾	650.0	600.0	1,250.0	42.9	365.0	58.0
Total	4,369.1	2,834.0	7,203.1	148.8	3,340.0	309.0

(1) 8-month basis / member of the Executive Board since May 2008. CFO since June 2008. (2) 7-month basis / member of the Executive Board since June 2008. (3) 4-month basis / member of the Executive Board since September 2008. (4) Member of the Executive Board until June 2008. (5) 6-month basis / member of the Executive Board until June 2008. (6) Includes non-cash benefits from use of company car, insurance, and relocation grants if the individual must relocate. (7) Not including entitlements from the individual's own additional payments (as of December 31, 2008). (8) Upon retirement, not including entitlements from the individual's own additional payments (as of December 31, 2008).

Furthermore severance payments in the amount of EUR 1,700 thousand were paid in fiscal 2008. The compensation of the Members of the Executive Board of the ProSiebenSat.1 Media AG was EUR 5,983 thousand in the year before. Herein included was a variable Part in the amount of EUR 2,765 thousand as well as ancillary services in the amount of EUR 33 thousand.

Compensation of the Supervisory Board

Structure of compensation of the Supervisory Board. The members of the Supervisory Board receive a fixed compensation. The Chairman and Vice-Chairman of the Supervisory Board each receive twice the amount of this fixed base figure. Members of the Supervisory Board's committees are compensated with a separate meeting honorarium, payable for participating at each committee meeting. Committee chairs receive twice the standard meeting honorarium. The compensation of the Supervisory Board is set in the Articles of Incorporation of ProSiebenSat.1 Media AG.



Individualized reporting of Supervisory Board compensation:

EUR k	Fixed base compensation	Meeting Honoraria Presiding Committee	Meeting Honoraria Audit and Finance Committee	Meeting Honoraria Compensation Committee	Total
Götz Mäuser	200.0	18.0	6.0	9.0	233.0
Johannes Peter Huth ⁽¹⁾	125.0	3.0	0	3.0	131.0
Robin Bell-Jones	100.0	9.0	9.0	0	118.0
Gregory Dyke	100.0	0	0	4.5	104.5
Stefan Dziarski ⁽²⁾	55.8	0	0	0	55.8
Philipp Freise	100.0	7.5	7.5	0	115.0
Reinhard Gorenflos ⁽³⁾	31.8	0	1.5	0	33.3
Lord Clive Hollick ⁽¹⁾	175.0	13.5	0	1.5	190.0
Thomas Krenz	100.0	0	0	0	100.0
Marinus Maria Petrus van Lent	100.0	0	0	0	100.0
Christoph Röttele ⁽⁴⁾	16.0	1.5	0	0	17.5
Silke Scheiber ⁽²⁾	55.8	0	0	0	55.8
Harry Evans Sloan	100.0	0	0	0	100.0
Adrianus Johannes Swartjes	100.0	0	0	4.5	104.5
Prof. Dr. Harald Wiedmann	100.0	0	18.0	0	118.0
Dr. Mathias Döpfner ⁽⁵⁾	4.1	0	0	0	4.1
Christian Nienhaus ⁽⁵⁾	4.1	0	0	0	4.1
Heinz-Joachim Neubürger ⁽⁶⁾	59.5	0	7.5	0	67.0
Katrin Wehr-Seiter ⁽⁷⁾	84.0	0	0	0	84.0
Total	1,611.1	52.5	49.5	22.5	1,735.6

(1) Lord Clive Hollick was Vice-Chairman of the Supervisory Board until September. He was succeeded by Johannes Peter Huth. (2) Member of the Supervisory Board since June 2008. (3) Member of the Supervisory Board since September 2008. (4) Member of the Supervisory Board since November 2008. (5) Member of the Supervisory Board until January 2008. (6) Member of the Supervisory Board until August 2008. (7) Member of the Supervisory Board until November 2008.

Members of the Supervisory Board received no remuneration or other consideration for personal services, especially consulting and mediation services, during fiscal 2008.



1.3 Legal environment

1.3.1 Ownership structure and information about ProSiebenSat.1 stock

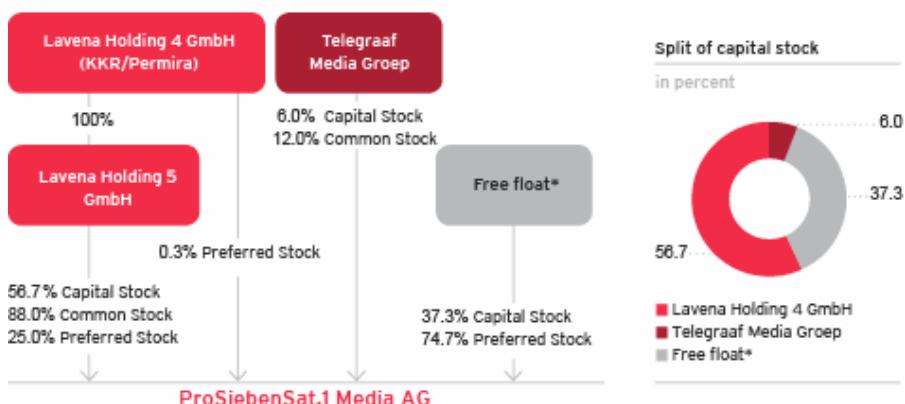
Ownership structure of ProSiebenSat.1 Media AG

The Lavena Holding companies, which are controlled by funds advised by Kohlberg Kravis Roberts & Co. L.P. (KKR) and Permira Beteiligungsberatung GmbH (Permira), are 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. This is equivalent to 56.7 percent of the Company's share capital. The Dutch media corporation Telegraaf Media Groep N.V. (TMG) holds 12.0 percent of the voting common stock, equivalent to 6.0 percent of the share capital. The remaining roughly 74.7 percent of the preferred stock, equivalent to approximately 37.3 percent of the share capital, is in free float.

Changes in ownership structure during fiscal 2008. The ownership structure of ProSiebenSat.1 Media AG changed as follows during the year:

- **Axel Springer AG relinquishes ownership interest.** At the beginning of fiscal 2008, Axel Springer AG sold its stake in ProSiebenSat.1 Media AG to Lavena Holding 5 GmbH.
- **TMG a new shareholder.** At the end of September, acting through a wholly-owned subsidiary, Telegraaf Media Groep N.V. acquired 12.0 percent of the voting common stock of ProSiebenSat.1 Media AG from Lavena Holding 5 GmbH.

Shareholder structure of the ProSiebenSat.1 Media AG as of December 31, 2008



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

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



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

Stock 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.

1.3.2. Information under Sections 289 (4) and 315 (4) of the German Commercial Code and Explanations under Sections 120 (3) and 175 (2) of the German Stock Corporations Act

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

1.3.3 Report on relations with affiliated companies

In compliance with Section 312 of the German Stock Corporations Act (AktG), the Executive Board of ProSiebenSat.1 Media AG has prepared a report on relationships with affiliated enterprises for fiscal 2008, which concludes with the following statement by the Executive Board:

Because Lavena Holding 5 GmbH, of Munich, is a wholly-owned subsidiary of Lavena Holding 4 GmbH, of Munich, which in its turn is a wholly-owned subsidiary of Lavena Holding 1 GmbH, of Munich, which in its turn is a wholly-owned subsidiary of Lavena 3 S.à r.l., of Luxembourg, which in its turn is a wholly-owned subsidiary of Lavena 2 S.à r.l., of Luxembourg, which in its turn is a wholly-owned subsidiary of Lavena 1 S.à r.l., of Luxembourg, ProSiebenSat.1 Media AG is deemed a dependent subsidiary of Lavena 1 S.à r.l., and is therefore obligated under Section 312 AktG to issue a report on the relationships between ProSiebenSat.1 Media AG and Lavena 1 S.à r.l. and its affiliated companies.

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



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

1.4 Economic and industry environment

1.4.1 Economic environment

The crisis in the financial markets that began in 2007 with the collapse of the subprime mortgage market in the United States, and that peaked in September 2008 with the insolvency of Lehman Brothers, the fourth-largest American investment bank, has now spread to the entire world economy. After a strong start, the economy in the Euro zone (EZ15) cooled steadily over the rest of the year, and had lost significant momentum by year's end. Because of its heavy export orientation, Germany was especially hard hit. After a first quarter dominated by exceptional effects the economy continued to deteriorate as the year wore on. The last three months of 2008, with a minus of more than two percent, reflect the scope of the crisis. Preliminary results indicate that in real terms, the German economy grew 1.3 percent overall during 2008 – significantly less than in the previous two years. Growth was driven by gross investment and government consumption, while foreign trade was no longer the growth driver. Although income was up and employment figures were positive for the year, consumer spending also stagnated. High inflation – 2.6 percent on average for the year – depressed consumer sentiment. Although inflation declined significantly at year's end, warning signals from the economy and the job market increased.

1.4.2 Industry environment

Development of the advertising market. The intensified crisis in the international financial markets, and its repercussions for the real economy, were also reflected in the development of TV advertising spends during 2008. In the fourth quarter, growth rates in the ProSiebenSat.1 Group's TV advertising markets in Northern, Eastern and Central Europe slowed significantly, or even moved into negative territory. Though the fourth quarter was weak, the picture for 2008 as a whole remained positive. The performance of the Group's international TV advertising markets ranged from slight pluses in the Netherlands, Finland and Norway, to substantial gains in Sweden and Belgium, to dynamic growth in the markets of Hungary, Romania and Bulgaria. Only Denmark closed out the year as a whole with a minus (–4.4 percent net).

In German-speaking Europe, Austria and Switzerland were able to look back on a successful 2008, despite the adverse influences of the fourth quarter. In Germany, the Group's core market, gross TV advertising spends in 2008 were up 4.5 percent against the year before, to EUR 9.12 billion (Q4: +4.7 percent). SevenOne Media, the ProSiebenSat.1 Group's sales company for TV advertising time in Germany, encountered difficulties in winning acceptance for the new marketing model in 2008. It was able to maintain its lead in the German TV advertising market, at 41.1 percent (2007: 43.5 percent), but lost market share. The ProSiebenSat.1 Group's gross TV advertising revenues in Germany came to EUR 3.75 billion, compared to EUR 3.80 billion in 2007 (Q4 2008: EUR 1.20 billion, Q4 2007: EUR 1.21 billion). Net figures for the German TV advertising market are not available yet. The ProSiebenSat.1 Group assumes that the market remained stable overall, but that the Group lost market share.



Development of the audience market. In spite of the European Soccer Championship and the Olympics, the Group's TV stations increased their audience shares in 2008 – in some cases substantially – both in the German-speaking countries and in the international Free TV segment. Against the prior year, the German family of stations – Sat.1, ProSieben, kabel eins and N24 – expanded their average audience share 0.4 percentage points, or by 1.4 percent, to 29.4 percent of the key demographic. In fact, in September the German stations made their best monthly showing since April 2005: a 31.1 percent share. Audience shares also performed especially well in Austria (+31 percent), Denmark (+16 percent), and the Netherlands (+7 percent).

II. Business Developments: Earnings, Financial position and Net Worth in Fiscal 2008

2.1 Revenue and earnings performance

Revenues at ProSiebenSat.1 Media AG increased EUR 1.7 million, in 2008, or 30.1 percent, to EUR 7.6 million. Most of the change came from higher revenues from the sale of ancillary programming rights.

Other operating income showed an increase of 23.4 percent against the prior year, to EUR 116.5 million. This EUR 22.1 million increase consisted primarily of higher income from write-backs of provisions, and income from interest rate hedges.

Operating expenses increased EUR 27.6 million, or 17.3 percent, in fiscal 2008, to EUR 187.1 million, particularly because of the increase in other operating expenses. The EUR 27.5 million increase in other operating expenses, to EUR 115.6 million, is largely the consequence of expenses for corporate consultants and legal counsel. In addition, the Company incurred expenses in fiscal 2008 for the new setup of the German TV group and the associated closure of administrative units at the Berlin site, as well as the relocation of Sat.1. The other operating expenses also include write-offs of receivables as a result of the derecognition of interest rate swaps with Lehman Brothers International (Europe). Lehman Brothers International (Europe) applied for protection from creditors on September 15, 2008. New cover was provided for most of the total in derecognized interest-rate swaps, so that there has been no consequent change worth mentioning in the hedging ratio. However, the programming expenses and costs of materials included in the operating expenses of ProSiebenSat.1 Media AG decreased slightly against the prior year (EUR –1.3 million).

The **financial result** was EUR minus 827.7 million, compared to EUR 290.4 million in fiscal 2007. One reason for the deterioration in this figure was the EUR 729.1 million decrease in capital investment income, to EUR 347.9 million. Revenue setbacks in the German TV advertising market affected the earnings position of associated companies. Moreover, because of the difficult business conditions in Europe, impairment losses were taken on the international business operations that the ProSiebenSat.1 Group added in the SBS acquisition which led to higher expenses from loss assumptions.

The substantial decrease in the financial result also came in part from write-downs of EUR 314.4 million on financial assets (2007: EUR 0.0 million). Negative performance in past months and the



difficult economic environment led the Group to take impairment losses on the German group of stations in 2008. These resulted in unscheduled write-downs of EUR 300.0 million. The write-downs have no effect on liquidity, but did have a significant impact on the profitability of ProSiebenSat.1 Media AG for fiscal 2008. The net financial result was also reduced by the EUR 81.7 million increase in interest expenses, to EUR 184.5 million.

Income from ordinary business activities decreased accordingly by EUR 1,112.8 million, to EUR 890.7 million. After deducting income tax expenses of EUR 42.7 million (2007: EUR 127.0 million) and other taxes, ProSiebenSat.1 Media AG showed net **loss for the year** of EUR 933.4 million for 2008, compared to a profit of EUR 2.953 billion the year before. The high figure from the previous year resulted from extraordinary profits that came from pooling German-language TV activities together under German Free TV Holding GmbH. German Free TV Holding was created in 2007 as a parallel to the holding company for the international stations. As an intermediate holding company, it combines the TV companies in Germany, Austria and Switzerland that were formerly held by ProSiebenSat.1 Media AG directly. The resulting valuation gain in 2007 was EUR 2,851.8 million.

2.2 Net assets and financial position

Borrowings

The ProSiebenSat.1 Group's present Group-wide financing is essentially composed of secured 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 interest rate on the term loans is variable. Additionally, the secured syndicated facilities agreement includes a revolving credit facility (RCF) with a facility amount limit of EUR 600 million and a term to July 2014. The ProSiebenSat.1 Group entered into this secured syndicated facilities agreement in connection with the financing of the SBS acquisition in July 2007. About 85 percent of the Group's term loans are hedged by way of a variety of interest-rate swaps.

The international financial crisis has also affected the financing of the ProSiebenSat.1 Group. Two lenders are either currently unable to meet their obligations under the facilities agreement, or unable to meet them at all.

- Through a subsidiary, Lehman Commercial Paper Inc., Lehman Brothers Inc. held 0.9 percent of the Term Loans B and C (equivalent to about EUR 30.9 million) and 3.8 percent of the revolving credit facility (equivalent to EUR 22.7 million) as a lender. The Lehman Brothers holding company applied for protection from creditors on September 15, 2008, and Lehman Commercial Paper Inc. filed its own application for protection on October 5, 2008. As of that date, Lehman Commercial Paper Inc. will no longer provide funds for new draw-downs under the RCF. However, draw-downs already outstanding on the RCF can be rolled over in the same amount without any early repayment of the Lehman component. Repayments of draw-downs on Lehman credit facilities under the RCF would cause them to lapse. The 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 Term Loans B and C.



- The Icelandic bank Glitnir banki hf. holds 1.7 percent of the revolving credit facility (equivalent to EUR 10.0 million) as a lender. Glitnir was nationalized in October 2008 as a consequence of the financial crisis, and will not participate in future draw-downs until further notice. This change has no effect on outstanding draw-downs. However, repayment of any existing draw-downs would cause them to lapse..

Taking into account the default of Lehman and Glitnir as described above, EUR 5.3 million was no longer available for draw-downs under the revolving credit facility as of December 31, 2008. Thus the revolving credit facility that is currently available comes to EUR 594.7 million. The ProSiebenSat.1 Group can draw variably on the revolving credit facility for general corporate purposes. Allowing for guarantee utilisations, EUR 54.1 million of the revolving credit facility was unused as of December 31, 2008 (December 31, 2007: EUR 555.8 million).

The secured syndicated facilities agreement totaling EUR 4.2 billion, requires ProSieben- Sat.1 Group to comply with certain financial key figures ('financial covenants'). The ProSiebenSat.1 Group must maintain a specific financial ratio of consolidated net financial debt to consolidated EBITDA, and of consolidated EBITDA to the consolidated net interest result, each as defined in the facilities agreement. Compliance with the financial ratios is tested quarterly for the respective previous 12-month period. Noncompliance with these figures give rise for early termination. However, the ProSiebenSat.1 Group's facilities agreement also allows the Group to prevent impending breaches of the key figure requirements, or to cure existing ones, by contributing equity or equity-like funds in the form of subordinated loans ("equity cure") within certain periods. Such an addition of equity or funds equivalent to equity is treated as an increase in consolidated EBITDA for purposes of calculating compliance with the financial covenants.

In the event that ownership control of ProSiebenSat.1 Media AG changes (change of control), the lenders may demand termination of the facilities agreement, and repayment of all outstanding amounts within a certain period after the change of control takes place.

In addition, the facilities agreement includes a number of standard obligations which, subject to extensive exceptions and among other elements, limit the ProSiebenSat.1 Group's ability to furnish other security interests in its present or future assets, to undertake further financial liabilities, to sell assets, to acquire business operations in whole or in part, or to furnish guarantees, declarations of indemnification, or liability declarations outside the normal course of business.

The facilities agreement also contains a number customary default clauses. The default clauses provide that the lenders may demand immediate repayment in full of all amounts outstanding under the facilities agreement if breaches of contract defined in more detail under the agreement occur, and if those breaches (assuming they are curable) are not remedied within a specified period.

Principles and objectives of financial management

The tasks of financial management at the ProSiebenSat.1 Group are financing for the Group, cash management, short-term and long-term liquidity planning, and interest-rate and foreign currency management. Major principles applied here are diversification of the investor base, financial flexibility and



stability, access to international capital markets, and a balanced maturity profile for financing instruments. The most important goals of financial management are to safeguard Group-wide solvency and increase financing power. This particularly includes managing financial risk. The ProSiebenSat.1 Group applies derivative financial instruments to limit this risk. The processes of financial management are controlled centrally. The principles, aims and processes of financial management are laid down in a Group-wide financial guideline that is explained in more detail in the risk report.

Cash and cash equivalents, and cash flow

The **cash flow from operating activities** was down EUR 243.0 million in fiscal 2008, to EUR –38.0 million. Apart from the decrease in net income adjusted for non-cash components, payment of the EUR 120.0 million fine in the Federal Cartel Office proceedings also reduced operating cash flow in fiscal 2008.

Cash used in investing activities came to EUR 5.2 million. Most of the EUR 1,914.8 million in cash used in fiscal 2007 was for payments relating to the SBS acquisition. Because substantially less cash was used for investing activities in 2008 than in 2007, there was a **free cash flow** of EUR –43.2 million, compared to EUR 1,709.9 million.

The **cash flow for financing activities** in fiscal 2008 was EUR 462.8 million, most of which came from draws of EUR 497.2 million on the revolving credit facility. In addition, loans from associated companies increased by EUR 234.0 million. In fiscal 2008, cash totaling EUR 269.9 million was used for distributions of dividends. Of this amount, EUR 135.3 million was paid to holders of preferred stock, and EUR 134.6 million to holders of common stock. The figure represents a payout of EUR 1.25 per bearer share of preferred stock, and EUR 1.23 per registered share of common stock. In fiscal 2007, cash of EUR 1,740.1 million was used for financing the SBS transaction.

At the end of the period in December 2008, ProSiebenSat.1 Media AG had **cash and cash equivalents** of EUR 504.0 million, compared to EUR 84.4 million at December 31, 2007.

Net assets and capital structure

The **total assets** of ProSiebenSat.1 Media AG increased EUR 104.8 million against December 31, 2007, or 1.5 percent, to EUR 6,920.9 million.

Impairment losses for the German TV led to a decrease of EUR 297.9 million in interests in associated companies, which appear under financial assets, to EUR 5,722.2 million. See the Notes to the financial statements for more information about the impairment losses. In all, the total **non-current assets** decreased EUR 301.7 million against the prior year, to EUR 5,767.1 million.

However, **current assets** increased EUR 413.6 million against December 31, 2007, to EUR 1,119.6 million. The change was particularly the result of larger credit balances at banks, which increased a substantial EUR 419.6 million to EUR 504.0 million. Additionally, the purchase of treasury stock added EUR 2.5 million to securities.



Expenses paid in advance, which decreased EUR 7.1 million to EUR 34.2 million, particularly include bank fees from the refinancing of the acquisition of the SBS Broadcasting Group, which are amortized over the term of the loan.

On the equity and liabilities side, **equity** decreased EUR 1,203.3 million, to EUR 2,701.4 million. The equity base was narrowed by the decline in earnings and by the higher dividend payment than for the year before. The equity ratio at December 31, 2008, was thus 39.0 percent (2007: 57.3 percent).

Other provisions increased EUR 9.5 million, to EUR 51.6 million, as a result of the steps taken to set up newly the German TV group. Tax provisions, on the other hand, decreased EUR 11.3 million, to EUR 35.7 million. Total provisions came to EUR 94.4 million, compared to EUR 94.3 million on December 31, 2007.

Liabilities, at EUR 4,125.1 million, are up EUR 1,308.0 million from the previous year. The increase particularly results from increased liabilities of EUR 795.0 million to EUR 1,439.1 million towards affiliated companies due to high obligations from loss assumptions. Moreover higher draws on the revolving credit facility arose compared to the year before. In this connection, liabilities to banks grew EUR 498.8 million, to EUR 2,576.8 million.

2.3 Employees

ProSiebenSat.1 Media AG had an average of 415 employees in fiscal 2008, compared to 426 the year before. Personnel expenses increased slightly, by EUR 0.8 million or 1.8 percent, to EUR 42.3 million.

2.4 Research and Development

Because ProSiebenSat.1 Media AG, as a media corporation, does not conduct research and development activities in the narrow sense, no such information is included in the Management Report.

III. Events after the Reporting Date

Changes in the Executive Board – Thomas Ebeling becomes new CEO. Thomas Ebeling assumed the responsibilities of CEO at ProSiebenSat.1 Media AG as of March 1, 2009. He was most recently CEO of Novartis Consumer Health and a member of Novartis management. He was appointed the new CEO at ProSiebenSat.1 Media AG early in December of 2008. Guillaume de Posch resigned as CEO on his own initiative as of December 31, 2008. CFO Axel Salzmann filled in as acting CEO until Thomas Ebeling took office.

Material events affecting earnings, financial position and net worth after the reporting date. From the end of fiscal 2008 to March 10, 2009, the date when this report was released for publication and forwarded to the Supervisory Board, no reportable events occurred that are of particular significance for the assets, liabilities, financial position and profit or loss of the ProSiebenSat.1 Group or ProSiebenSat.1 Media AG.



IV. Risk Report

As a holding company, ProSiebenSat.1 Media AG, both itself and through the operating interests it holds either directly or indirectly in a broad range of business activities, is exposed to a wide variety of risks. Because it serves as a holding company, the risks and opportunities of ProSiebenSat.1 Media AG are essentially congruent with the risks and opportunities for the corporate Group as a whole.

4.1 Overall assessment of the Group's risk situation

The ProSiebenSat.1 Group's overall risk situation is analyzed and managed Group-wide through the risk management system. As of the date of the preparation of this management report, the Executive Board views the overall risk situation of the ProSiebenSat.1 Group as limited. We currently view the deterioration of the general economic situation in Europe as our primary risk.

4.2 Risk management

Risk management system. Expansion, particularly in international markets, as well as the complexity and dynamism of our business, intrinsically exposes the ProSiebenSat.1 Group to a number of risk factors. Our experience in the TV advertising market, together with our international know-how in the media sector, provides a solid foundation for making the most of growth opportunities and for assessing risks promptly and reliably. A further requirement for handling risk properly is clear organizational structures. Uniform guidelines ensure a methodical approach, and are indispensable for standardized detection and Group-wide management of risks. Unambiguous allocation of tasks and responsibilities makes it possible to take steps promptly to counteract risks as they arise. For that reason, ProSiebenSat.1 Media AG has established an inclusive risk management system for itself and its Group companies. The risk management system is tailored to the special circumstances of the ProSiebenSat.1 Group, and is based on the principle of including every segment and every subsidiary in the process. In simplified terms, the Group-wide risk management system looks as follows:

- Decentralized risk managers at the various corporate units are responsible for detecting and reporting risks. The risk managers are supported by two departments, Controlling & Corporate Planning and Legal Affairs. The Group Risk and Compliance Officer is responsible for regular quarterly reporting to the Executive Board, as well as any additional reports as needed.
- The functioning and suitability of the risk management system are regularly reviewed by the Internal Audit unit. Its review is based on the risk management manual, which summarizes both the Company's own principles and the requirements of law for handling risk. Additionally, the risk management system is an integral part of the audit of the annual financial statements. It complies with the requirements of law.



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

- **Risk identification and risk classification:** Risk identification and classification is founded on risk management workshops that are held at least once a year for each subsidiary or division, at dates close to the planning process. The risks identified in the workshop are allocated to defined risk categories so as to permit a logical aggregation and crystallization of individual risks. Risk identification is consequently subject to constantly changing conditions, in an ongoing updating process, and is incorporated in the quarterly risk reporting process.
- **Risk assessment:** Risk assessment evaluates the probability of risks and their potential impact on the ProSiebenSat.1 Group's operating and strategic business performance and planning. Risk assessment also includes analyzing causes and interactions with other risks. In addition to quantitative methods, some of which are based on early warning indicators, risks are also assessed using qualitative approaches.
- **Risk management and risk monitoring:** Early warning indicators have been defined for all measurable and material categories of risk. These early warning indicators primarily cover the ProSiebenSat.1 Group's performance in terms of audience share and advertising market share, the profitability and appeal of the program inventory, human resources development, and the evolution of liquidity. The management in charge initiates suitable measures to counter each identified risk that is deemed to need mitigation. These measures are documented and monitored as a part of the reporting system. The Executive Board discusses and adopts appropriate risk control measures, and reports to the Audit and Finance Committee of the Supervisory Board. When new opportunities or risks arise, or individual indicators change significantly, the Executive Board and Supervisory Board are notified at once, irrespective of the quarterly reporting intervals.

Group-wide risk management system evolves as SBS integration proceeds. As the process of integrating SBS advances, further measures have been taken to adapt the risk management system to fit the Group's international position. To support risk management, a software has been developed to help detect risks Group-wide and monitor their development. In fiscal 2007, risk categories were expanded, and a reporting system was introduced with six categories: External Risks, Content, Technology Risks, Sales, Organizational and Financial Risks, and Compliance.

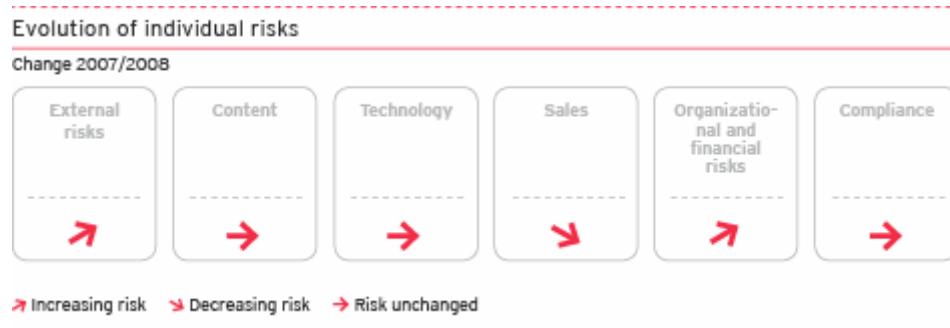
4.3 Opportunity management

Opportunities are potential positive deviations from planned results. Opportunities for the ProSiebenSat.1 Group derive primarily from corporate strategy. Monitoring opportunities is just as much a part of the Group's management system as risk management is. For this purpose, the ProSiebenSat.1 Group closely scrutinizes market scenarios and developments in the international competitive environment, and also gives great attention to critical internal factors for success, such as cost drivers and non-financial performance indicators. The principal opportunities for the ProSiebenSat.1 Group are discussed in the outlook.



4.4 Risk situation: Evolution of individual risks

Factors that were of material importance in the past fiscal year, or that might have adverse effects on the Group's earnings, financial position and net worth, are presented below with the corresponding assessment for the individual risk categories:



1. External risks

General economic risks. The ProSiebenSat.1 Group's business operations depend to a large degree on overall economic conditions, and especially on developments in the markets where our advertising clients operate. A general weakening of the economy, especially in the core market in Germany, could have a material effect on the earnings position in our core business of commercial television, and thus on the ProSiebenSat.1 Group's business performance. At the moment we cannot rule out the possibility that adverse repercussions from economic conditions might also affect our own Company, directly or indirectly. We estimate economic developments expected in the near future on pages 30 and following.

Sector risks – Advertising market. Given the current extraordinarily low visibility in the advertising market, investigating and assessing the orders situation is an important part of risk management. Total orders are analyzed on the basis of new bookings, and advertising revenues for the year are extrapolated. This ongoing analysis also studies the position of competitors and developments in the economy as a whole and the advertising industry in particular. Monthly reports to the Executive Board compare and analyze current and projected values in comparison with the figures from the year before.

Sector risks – TV usage. Lower TV consumption could have a material impact on our operating performance in our core business of free TV. However, at present the Group believes that the risk of a substantial change in the TV usage pattern is rather low. There has been no sign so far of "cannibalization" – meaning migration of audiences to alternative media. What one finds instead is an additive use of such media as TV and the Internet. The quality and availability of content is a crucial success factor in the use of alternative media. In 2008 the ProSiebenSat.1 Group further reduces its dependence on the TV market by diversifying its business activities, and at the same time extends the reach of its programming content and strong TV brands.



2. Content risks

Acquisition of licensed programming. The ProSiebenSat.1 Group acquires many of its feature films, TV films and series as licensed programming from third parties, with a strong focus on major US studios. In addition to the general price risk, therefore, the Group is also exposed to the risk of potential price increases due to the ongoing success of US series.

The ProSiebenSat.1 Group can keep price risks relatively low because of its strong position as a licensee. The Group's negotiating position with major studios and independents is further supported by stable business relationships founded on many years of cooperation and long-standing contractual arrangements, and by the pan-European Group's position as one of the largest, most important licensees in the international TV market.

In-house productions and commissioned productions. In-house productions and commissioned productions represent an important percentage of programming. The tendency toward concentration among producers has increasingly exposed the Group to a price risk in this regard. Additionally, because reference figures are sometimes unavailable, the prospects for the success of in-house and commissioned productions tend to be less certain than in the case of purchased licenses.

ProSiebenSat.1 constantly conducts programming and market research, so that it can assess productions' prospects for success as reliably as possible. A broad supplier base, with a list of core suppliers as short as possible, further helps to mitigate risk potential.

Producing content is a core component of our corporate strategy. Founding the RedSeven Entertainment production company in 2008 – a wholly-owned subsidiary of ProSiebenSat.1 Media AG – has positioned the Group even better to exploit its own or acquired programming rights, and to develop them further on a cross-platform basis.

Programming inventory. The success of a programming policy depends on the programming content's appeal and profitability. An important early warning indicator in this connection is the total return on programming inventory. As a rule, programming contracts are signed several years ahead of the broadcast date. Programming rights are capitalized in the amount of their contracted purchase price. To reduce inventory risk, the revenue potential of broadcasting rights under contract undergoes regular review. In addition, to ensure that the ProSiebenSat.1 Group has the largest possible number of attractive, successful films, as a part of risk reporting the number of highlight films acquired by the Group is set in relation to the total number of theatrical film highlights for the same year.

3. Technology risks

Broadcasting equipment and studio operations. A studio and broadcasting equipment failure could cause substantial disruptions of business operations. An infrastructure that no longer meets the current needs of the market or current security requirements could also inhibit us from achieving our business goals. For that reason, the broadcasting process and all material components of studio equipment at the ProSiebenSat.1 Group are protected with backup systems.

The construction of a new playout center in Munich in 2008 laid the cornerstone for the Group's implementation of an innovative technical platform. Entirely tapeless working procedures and a



new infrastructure ensure technological competitiveness by making it possible to exploit all content via all media, early and in parallel, while at the same time improving process quality

IT risks. The increasing complexity of the Group's systems means that IT security risks may have serious consequences for business processes. These include failures of systems, applications, or the network, but also data integrity and data confidentiality. IT security risks are mitigated by regular investments in hardware and software, by using firewall systems and virus scanners, and by establishing various access authorizations and controls. The IT unit has multiple computer centers at separate locations, which take over one another's tasks automatically in the event of a failure, without losing either time or data. The IT security strategy is updated regularly.

4. Sales risks

Audience share / TV ratings. Ratings of the free TV stations, and especially audience share among the key demographic, are among the most important early warning indicators. A structural reduction in ratings might have financial consequences for ProSiebenSat.1. But the Group continues to view this risk as rather improbable.

Sales. Immediately following the conclusion of the penalty proceedings by the German Federal Cartel Office in 2007, the Group's advertising marketing company in Germany, SevenOne Media, presented a new discount and fee model. The revised discount model was not as well received by agencies and advertising clients as had been expected, so that it had to be revised during 2008. Based on discussions with advertisers and on the current order levels, the Group believes there is rather little risk that the market will remain reluctant to accept the revised model.

Convergence. The steadily growing availability of alternative media entails a risk that advertisers might turn away from conventional television. For that reason, ProSiebenSat.1 is moving vigorously to diversify its media services, and increasingly counts on the potential of new media in addition to its core business in TV. One part of this strategy has been the merger of SevenOne Media (TV) and SevenOne Interactive (Online). By combining its marketing subsidiaries for TV and online services, ProSiebenSat.1 can respond better to the market's requirements, and can offer clients cross-media advertising concepts.

5. Organizational and financial risks

Relocation of Sat.1. As part of a strategic reorientation, the decision was made at the end of 2008 to concentrate stations Sat.1, ProSieben, kabel eins and 9Live at the Munich Unterföhring site. The relocation of Sat.1 (except for its central editorial department) from Berlin to Unterföhring will be completed by mid-2009. The Group expects medium-term and long-term advantages from an improved use of programming resources and creative potential. However, for the short term risks are presented by logistics, human resources, and the work of integrating processes at the shared site in Unterföhring.

IT outsourcing. In 2008 the ProSiebenSat.1 Group signed a long-term outsourcing agreement with IBM. IBM, a leader in IT services, will take over and expand all IT business applications and the IT and media systems of ProSiebenSat.1 Produktion. Over the next few years, it will set up a broadcast integration center and standardize processes and business applications. The aim of



outsourcing IT is to position ProSiebenSat.1 more efficiently and more flexibly in the European media and entertainment market, while at the same time cutting costs. ProSiebenSat.1 incurs risks here, however, because of the resulting greater dependency on an external service provider and because of the associated need to adjust processes. The transformation of existing processes and the clear allocation of duties and responsibilities are continuously monitored by a governance board, which additionally serves as an interface between the Group companies and IBM.

Personnel risks. The ProSiebenSat.1 Group's success depends significantly on the abilities and dedication of its employees. Personnel risks arise primarily in recruiting and developing staff, and in the turnover of employees in key positions. The Group limits these risks in part by a strategic management development program that builds on the corporate mission statement and the management guidelines that have been derived from it. Additionally, performance-based and results-based incentive systems give concrete form to higher-order corporate objectives, and bring them down to the level of specific goals for segments, departments and individual employees. These goals are pursued through goal agreement meetings, site meetings, and goal achievement meetings.

The Group has also launched initiatives to introduce a code of conduct that will apply throughout the corporation. The ProSiebenSat.1 Group Code of Compliance ensures that the Group's business activities are in line with internationally recognized standards, as well as local laws and regulations.

Financial risks. The ProSiebenSat.1 Group is exposed to a variety of financial risks through its business operations. These risks are managed centrally as a part of financial risk management. Apart from ensuring solvency, the aim of financial risk management is to optimize the Group's financial result. The principles, duties and responsibilities of financial risk management are governed by the internal corporate financial guidelines of the ProSiebenSat.1 Group. Financial risk management is founded on strategies that have been defined in close cooperation with the Executive Board. These include not only the Group financial guideline, but other guidelines for structuring the Group's internal financing, borrowings, and requirements to be met by external business partners for finance and treasury transactions (counterparty guidelines). Any derivative financial instruments that may be employed serve solely to hedge existing risk positions, not for active trading purposes.

In context of the current crisis on the international financial markets and the difficult overall economic conditions in Europe the financial risk situation of the ProSiebenSat.1 Group has increased in general:

- **Finance risk:** By finance risk, the ProSiebenSat.1 Group refers to having adequate funding available and accessible, whether through equity or through borrowings. In this connection, the ProSiebenSat.1 Group monitors the situation on money markets and capital markets. The availability of funds depends in part on compliance with particular requirements known as "financial covenants." Given the current difficult financial environment, the financial risk situation of the ProSiebenSat.1 Group has increased, also with regard to the adherence of financial covenants. Compliance with these ratios is monitored on an ongoing basis, also prospective on the basis of budgets. On basis of the current budgets, the company does not expect any violation of the



financial covenants. Further information on financial covenants can be found in the chapter "Borrowings".

The Group currently has a EUR 4.2 billion syndicated facilities agreements that extends to mid-2014/15, so that it currently has no refinancing needs. The syndicated facilities are composed of two loans totaling EUR 3.6 billion (Term Loan B and C), as well as a revolving credit facility with a facility amount of EUR 600.0 million, which can be drawn upon variably for general operating purposes.

- **Currency risks:** The ProSiebenSat.1 Group's foreign currency risks from transactions (transaction risks) arise primarily from the fact that it acquires a significant portion of its programming rights from production studios in the United States. Thus the Group is exposed to risks from fluctuations in the exchange rate between the euro and the dollar, but also fluctuations in non-euro Group currencies against the dollar. To hedge currency risks, the Group enters into forward exchange transactions and currency options. Further information on hedge accounting are to be found in the notes.

There are no hedges for exchange rate changes to the euro for Group companies whose functional currency is not the euro, but is translated to euros in the preparation of the consolidated financial statements (foreign currency translation).

Exchange rate fluctuations that result when "non-euro" Group companies assume borrowings denominated in euro, and the consequent impact on profits at those companies, are likewise not hedged if these liabilities are expected to be retired with funds denominated in Euro, rather than out of the operating (non-euro) cash flows of the companies themselves. These are shown in the Group's income statement under "Other Financial Expenses."

- **Interest rate risks:** The ProSiebenSat.1 Group is exposed to interest rate risks through its loan agreements. To mitigate risk, ProSiebenSat.1 has hedged about 80 percent of its variable-interest financial liabilities through interest rate hedges. These interest rate hedges are used to compensate for uncertain, variable-rate interest payments on borrowings by replacing those payments with fixed-rate interest payments. Known as "interest rate swaps," they qualify as cash flow hedges that are covered by hedge accounting under IAS 39.88. The remaining variable interest rate risk results not only from the unhedged portion of the term loans, but also from any draw-downs the Group may make on its revolving credit facility. As of December 31, 2008, EUR 497.2 million had been drawn from this facility. An interest rate risk in the sense of a change in market value is of no relevance here, since ProSiebenSat.1 Media AG's financial liabilities are reported at cost, and thus any change in market value will have no effect on the balance sheet.
- **Liquidity risks:** Liquidity risk – meaning the risk of being unable to meet payment obligations because of a shortage of available cash funds – is managed through a central cash management system. The most important early warning indicator in this connection is the expected liquidity headroom, which is calculated on the basis of available and projected cash, taking the seasonal nature of the business into account. The Executive Board of the ProSiebenSat.1 Media AG assesses the liquidity of the company as good and assumes that the liquidity headroom will suffice in the coming years as well.



- **Contingency risks:** 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 functional markets for money, capital and derivatives. However, the international financial crisis has lent new importance to monitoring contingency risks. To mitigate the risk of default on transactions involving financial instruments, the Group engages in finance and treasury transactions only if the external counterparties meet the strict credit standing requirements established in the counterparty guidelines. Furthermore, the risk of concentration is mitigated by diversifying finance and treasury transactions among multiple qualified counterparties.

A detailed description of hedging instruments, valuations and sensitivity analyses, as well as other information about financial risk management, is provided in the Notes to the Financial Statements.

6. Compliance risks

General compliance. Corporate governance risks arise from potential violations of statutory reporting obligations and from insufficient transparency in corporate management and corporate communications. The ProSiebenSat.1 Group limits these risks with a Group-wide compliance structure. The program includes training employees in antitrust matters, as well as internal oversight and sanctioning mechanisms to prevent any violations of the antitrust laws from the outset.

Antitrust law

- **Risk of third-party lawsuits:** Germany's Federal Cartel Office concluded its proceedings against SevenOne Media in 2007, in return for payment of a fine. In November 2008, RTL2 and its marketing company, El Cartel, filed suit in Düsseldorf Regional Court against SevenOne Media and the ProSiebenSat.1 broadcasting companies. The current suit seeks a declaratory judgment and information, not specific damages; its aim instead is to establish an obligation in principle to pay damages. There can be no assurance that additional third parties will not attempt to bring action against SevenOne Media in the aftermath of these proceedings. A successful suit against the ProSiebenSat.1 Group or one of its subsidiaries might have a material impact on the Group's financial and earnings situation.
- **Market investigation in Hungary:** The general market investigation by the Hungarian competition authorities, already mentioned in the 2007 risk report, had not been completed yet as of the end of 2008. The investigation concentrates on three aspects: television advertising, the sale of television programming, and purchases of film and sports rights. It is not directed against ProSiebenSat.1 Group companies. However, the Hungarian competition authority could expand the investigation, and thus might affect the business of the Group's Hungarian free TV station TV2.



Media law / Broadcasting licenses.

- **Regional windows:** The Saarland Media Act requires state-wide programming windows to be incorporated at least into the two private nationwide television channels with the greatest technical reach, and these windows must be financed by the broadcasters of the nationwide channels. ProSiebenSat.1 Media AG respectively Sat.1 have brought legal action against the obligation to provide Saarland programming windows, and have prevailed on procedural grounds. There has been no decision on the merits of the matter so far. Saarland is expected to submit a new regulation and to maintain its demand. As the proceedings are still pending, ProSiebenSat.1 Media AG is taking an active role in this social, media-policy and legal controversy, to combat these restrictions. The financing that would have to be provided by Sat.1 or ProSiebenSat.1 Media AG for a new regional window is estimated at roughly EUR 5 million per year.

There is a further risk that in German states that hitherto have had no requirements for programming windows, demands for similar arrangements might also follow. In these discussions as well, the Company is taking an active part to counteract an expansion of further regional TV requirements.

- **Regulatory risks.** The ProSiebenSat.1 Group is particularly exposed to risks connected with more stringent regulatory requirements, for example regarding advertising, forms of advertising, broadcasting licenses and games. Any unforeseen changes in the legal and regulatory conditions might have a material impact on individual business activities. The ProSiebenSat.1 Group actively monitors all relevant developments, and maintains constant contact with the regulatory authorities so as to ensure that its interests are taken into account to the best possible degree.

Distribution

For the Company's stations, lasting success in the advertising market depends most significantly on high audience reaches. Apart from programming appeal, this reach depends especially on the technical distribution of the TV stations over as many distribution channels as possible. The ProSiebenSat.1 Group's stations have high technical reaches. For this purpose, the Group has signed long-term distribution and cooperation agreements with satellite operators, broadband network operators, and, for distribution on mobile terminals, telecommunications firms.

The changeover from analog to digital broadcasting will further multiply the capacity available for carrying the Group's television programming and other services. Signing long-term distribution agreements has ensured that the reach of the Group's stations will still be assured as the transition from the analog to the digital age advances. For that reason, the ProSiebenSat.1 Group is confident that its stations will continue to be distributed nationwide in both analog and digital format.

Other risks.

- **Tax risks:** 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.



- **Rights of use in new media:** The ProSiebenSat.1 Group is currently in negotiations with various copyright holders about 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 rights licensing companies. The fragmentation of rights of use is making it increasingly difficult to reach consensus with all involved, and is thus impeding a practical, quick solution to the matter. This situation could adversely affect the development of the new media business.
- **Call TV Netherlands:** The Netherlands public prosecutor's office and local tax authorities are investigating a Group subsidiary for a suspected breach of the Dutch laws on gaming. The investigation focuses primarily on whether and to what extent call TV and similar business operations, such as televoting, can be considered illegal gambling. Violations of the relevant laws could be penalized with confiscation of the sales revenues generated by the targeted business operations. The call TV programs were suspended in November 2007. The outcome of the pending proceedings cannot be foreseen reliably. Court decisions or settlements might have material adverse effects on the Group's financial and earnings situation. No provision had been set aside as of the reporting date.



V. Outlook

The statements made below are based on ProSiebenSat.1 Media AG's operating projections for 2009 and 2010. These projections are based on the goals of the Group companies and on assumptions about conditions in the general economy and the industry in particular, derived from assessments by well-known economic research institutes:

- Our revised ad sales model will be accepted in the German market
- The German TV advertising market will slow down in 2009; the recession will also affect our international TV markets
- In hard economic times, the advertising industry increasingly relies on time-tested media, so that in relative terms, the standing of TV advertising should rise
- Internet advertising will also increase in the coming year, while print and radio will particularly suffer from the downswing.

5.1 Overall assessment of the future performance of the ProSiebenSat.1 Group

2009 will be a challenging year as well; as we anticipate a markets decline for TV advertising in Europe. However, with our new advertising time sales model for 2009, we are well positioned to face the challenges of the next few months. But to return to a highly competitive position in the TV advertising market, we must do more than capitalize on our advantages regarding audiences in the coming months –we must respond to the adverse economic environment with ongoing proactive cost management and improved organizational structures. By pooling our TV operations in Germany, we are focusing our attention on an environment that is considerably more challenging than it was in the previous years. We will strengthen the competitive position of our family of stations, and at the same time make our company even more efficient. Our most important task is to systematically implement the steps we initiated early in 2008 to consequently improve efficiency.

Get future-ready » Our most important targets for 2009

- We will achieve our financial goals.
- We will capitalize on our strong performance with audiences to recover shares of the German TV advertising market, thanks to our revised marketing model.
- We will improve our cost structure.
- We will invest in attractive programming and optimize our content output.
- We will make the most of the growth potential offered by digital developments and our international portfolio, and strengthen our Diversification unit.
- We will strategically refocus the TV group in Germany, and network our activities even more fully, both in Germany and in the rest of Europe.

5.2 Future economic and industry environment

The worldwide economic crisis has intensified significantly further since the US-American investment bank Lehman Brothers filed for protection from creditors in September 2008. Obstacles are posed not just by turbulence in the financial market and poorer loan market conditions, but by companies' less optimistic earnings outlooks. The International Monetary Fund (IMF) estimates that



the world economy will grow only half a percent in 2009. With appropriate political support, a recovery in 2010 seems possible, but all forecasts carry a very significant degree of uncertainty. There is a constant risk of downward corrections.

- After an especially weak fourth quarter, the outlook for the **Euro zone** (15 countries) in 2009 is extremely guarded. At present, the IMF projects a 2.0 percent decline. The European Commission is expecting –1.9 percent. All the European economies have been affected by the global economic crisis, although to varying degrees. The outlook is especially gloomy for Ireland and the Baltic states, but Germany, the United Kingdom, France, Italy and Spain must also expect serious setbacks. Only a few countries are expected to show a positive balance for the year – and with significant drop-offs even in those cases. Romania and Bulgaria are among those countries. The outlook for the development of consumer spending tends to be somewhat better.
- As an exporting country, **Germany** will also suffer more severely from the consequences of the global economic crisis in 2009. In its annual economic report, the German government projects that the worldwide economic crisis will cause gross domestic product to shrink 2.25 percent in real terms in 2009. Especially significant declines are expected among the growth engines from the past few years – capital goods and exports. However, positive impetus is expected from consumption – both government and private. This expectation is based on rising government spending and higher private household income. The critical factor for consumer spending will be how seriously the economic crisis impacts the job market. The annual financial report currently expects a rather moderate rise in unemployment, to 8.4 percent by the end of 2009 (2008: 7.8 percent). In all, the current year will be one of the most difficult in the economic history of the Federal Republic.

Development of the advertising market in ProSiebenSat.1's main markets. The projected performance of gross domestic product largely parallels the expected trend in the advertising markets. For countries with vigorous economic growth, above-average growth in advertising spends is expected – especially if the expansion is strongly driven by consumer spending. Based on current economic forecasts, which expect Germany's economy to feel the impact more than average because of the country's strong orientation to exports, we must currently expect a negative TV advertising market in 2009. ZenithOptimedia expects TV advertising spends in Germany to decrease 3.5 percent in 2009. ZenithOptimedia has also lowered its projections for some of the 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.

5.3 Company outlook

Given the current turbulence in the financial markets and its unforeseeable impact on the European economy, any projections about the TV advertising market carry unusually high levels of uncertainty. For that reason, a multi-year forecast for major financial key figures is impossible at the moment.

We aim to win back advertising market share in Germany in 2009 in an overall weak market to compensate at least partly the economic slowdown. One indication that supports this expectation is the positive outcome of our annual discussions with our advertisers which show that we once again have a competitive marketing model. In addition, our successes with audiences, relative to the



performance of the TV advertising market, should also have positive effects on the advertising industry's investments.

In the background of the difficult market environment, keeping costs as low as possible is an important prerequisite for our profitability. For that reason, although our cost management is already rigorous, we have adopted extensive cost cutting measures in our budgeting for 2009. All in all, operating costs should be about EUR 100 million less than in fiscal 2008. Especially by the setup of the German TV stations under German Free TV Holding, and by pooling German sales operations, we expect to make more efficient use of resources and cut operating costs significantly in fiscal 2009. Additionally, we are making every effort to derive maximum benefit from the synergies that result from the integration of SBS. Both of these factors will have a positive effect on recurring EBITDA. Nevertheless we cannot exclude that our earnings performance will be impacted given the difficult economic conditions. In case of a recovery of the advertising markets, our measures to improve efficiency should help us to increase our operative earnings (recurring EBITDA) in 2010.

This will also be reflected in the business performance of ProSiebenSat.1 Media AG, which benefits from the profits transferred from its Group companies.

Expected financial position and future investments. Following the acquisition of SBS, reducing financial debt and lowering our leverage will be a high priority in the years to come. The reduced dividend proposal of the Executive Board for fiscal 2008 takes account of this goal.

Despite its outstanding debt, the Group has enough leeway to implement the investments projects required for its operative and strategic goals, and to take advantage of opportunities for acquisitions as they present themselves.

The Group's future focus. Amid a difficult market environment, we have begun an integration process that has significantly strengthened our market position in Europe. The merger with SBS has made ProSiebenSat.1 a multinational media corporation with a broadly diversified portfolio. Now, in Germany, our largest and most important market, we are in the process of setting our course for the future. For that reason, toward the end of 2008 we began steps to pool operations in our German Free TV and Sales units:

- The stations Sat.1, ProSieben and kabel eins will be combined in a matrix organization and comprehensive multi-station departments for such tasks as scheduling, production management, controlling and communications will be establishment. By June 2009, the stations are to be combined under a single umbrella at the company's headquarters in Munich, and free TV station Sat.1 is to relocate from Berlin to Munich as well. The Sat.1 central editorial department will not be moving to Munich; in tandem with N24 it will provide the Group's journalistic center of competence in Berlin.
- All of the ProSiebenSat.1 Group's holding-company functions in Germany will be headquartered in Munich.
- Because of the rising demand for integrated advertising campaign concepts, the sales companies SevenOne Media GmbH (TV) and SevenOne Interactive GmbH (Online) will be combined.



These changes will result in staff reductions of 225 jobs in Germany. Optimizing the setup of our companies in Germany will enable us to make more efficient, more effective use of our resources. At the same time, we will be better able to meet the market's needs thanks to a closer intermeshing of know-how and creativity. The process is to be completed by June 30, 2009 at the latest.

5.4 Opportunity report

Digital evolution poses great challenges for media companies. But for a content provider like the ProSiebenSat.1 Group, it most of all offers substantial growth opportunities, since attractive content is the crucial factor for success in competing for audiences:

- **Opportunities from the development of the business environment and performance opportunities.** Despite the wide variety of available media, television continues to exercise an uninterrupted attraction. The example of Germany proves that television is the most popular leisure pursuit, and reaches nearly three-quarters of the population every day. Viewing time among the key demographic for private television – audiences between the ages of 14 and 49 – remained stable at a high level in 2008 compared to 2007: the figure for both years was 178 minutes a day. And it even rose among another important target audience: heads of households between 14 and 49 watched TV for 229 minutes a day in 2007, and 231 minutes in 2008. Viewing time even increased three minutes a day for the Internet-friendly audience between 14 and 29 (2007: 133 minutes/day; 2008: 136 minutes/day). Accordingly, the Internet is by no means taking away from television. The two media are not cannibalizing one another – they complement each other. Our greatest opportunity in the German TV advertising market – the most important single region for our revenue performance – is to capitalize on our strong audience share to restore our share of the German TV advertising market.
- **Opportunities in corporate strategy.** Our most important strategic goal will remain to strengthen our core business in free TV and to focus on attractive programming content. Integrating SBS expanded our portfolio of brands significantly and opened up interesting new growth opportunities for our company. As Europe's only fully integrated family of broadcasters, we can make optimum use of synergies in such areas as programming development. And we can also profit from economies of scale. Economies of scale will especially result from multi-station production of programming content. Apart from additional opportunities for multiple uses of content, the SBS merger gives us possibilities for broader geographic diversification.

One important factor for future competitiveness will be to position the Group for the digital world by adapting TV concepts to people's changing media use habits. Another will be a balanced revenue mix – meaning an optimum level of independence from individual economic cycles and sources of revenue. For that reason, besides focusing clearly on our core business in commercial television, we will continue diversifying our revenue model by using digital media to extend our TV brands and by expanding our portfolio internationally. ProSiebenSat.1 is setting an important milestone for growth in the digital age by upgrading N24 to become Europe's most up-to-date news station. By building a new playout center in Munich and setting up a shared, tapeless pool of materials, ProSiebenSat.1 is setting new standards, while at the same time systematically making use of openings to enhance efficiency by centralizing various processes.



Annual Financial Statements of ProSiebenSat.1 Media AG



Balance Sheet of ProSiebenSat.1 Media AG

ProSiebenSat.1 Media Aktiengesellschaft, Unterföhring

Balance sheet as of December 31, 2008

Assets

	12/31/2008		12/31/2007	
	EUR	EUR	EUR	EUR
A. Non-current assets				
I. Intangible assets				
1. Licenses, trademarks and patents as well as licenses to such assets and rights	846,957.00		7,055,196.00	
2. Advances paid on intangible assets	186,248.00	1,033,205.00	947,021.84	8,002,217.84
II. Property, plant and equipment				
1. Buildings on land owned by others	26,054,803.51		24,139,977.51	
2. Other equipment, fixtures, furniture and equipment	1,241,653.00		1,238,679.00	
3. Advances paid on tangible assets under construction	408,219.48	27,704,675.99	0.00	25,378,656.51
III. Financial assets				
1. Interests in group companies	5,722,207,558.92		6,020,141,700.59	
2. Interests in associated companies	199,839.55		541,572.01	
3. Long-term investments	6,058,888.94		5,506,538.91	
4. Other loans	9,900,899.97	5,738,367,187.38	9,267,676.59	6,035,457,488.10
	5,767,105,068.37		6,068,838,362.45	
B. Current assets				
I. Inventories				
1. Raw materials and supplies	34,459.30		38,135.07	
2. Trade materials	1,840.05	36,299.35	8,733.55	46,868.62
II. Receivables and other current assets				
1. Trade accounts receivable	5,953,262.55		4,487,944.81	
2. Receivables from group companies	511,922,090.62		528,665,916.96	
3. Receivables from companies in which equity investments are held	414,673.70		580.05	
4. Other assets	94,712,545.54	613,002,572.41	88,352,289.43	621,506,731.25
III. Marketable Securities				
Treasury stock		2,536,875.00		0.00
III. Cash, cash at banks				
	503,996,599.65		84,387,074.57	
	1,119,572,346.41		705,940,674.44	
C. Prepaid expenses and deferred items				
	34,206,934.85		41,308,122.57	
	6,920,884,349.63		6,816,087,159.46	

Liabilities and shareholders' equity

	12/31/2008	12/31/2007
	EUR	EUR
A. Shareholders' equity		
I. Subscribed capital	218,797,200.00	218,797,200.00
II. Capital reserves	580,187,621.96	580,187,621.96
III. Revenue reserves		
Reserve for treasury stock	2,536,875.00	0.00
IV. Retained earnings	1,899,900,657.51	3,105,742,800.31
	2,701,422,354.47	3,904,727,622.27
B. Provisions		
1. Pension provisions and similar obligations	7,123,900.00	5,194,000.00
2. Tax provisions	35,698,473.83	47,026,166.18
3. Other provisions	51,549,700.00	42,067,800.00
	94,372,073.83	94,287,966.18
C. Liabilities		
1. Liabilities to banks	2,576,845,198.60	2,078,095,030.67
2. Deposits received	231,795.92	236,897.96
3. Trade accounts payable	79,198,140.12	48,354,130.25
4. Liabilities to group companies	1,439,083,806.81	644,111,833.10
5. Other liabilities	29,730,979.88	46,273,679.03
--thereof for taxes EUR 26,445,823.61		
(prior year EUR 43,909,475.59)--		
--thereof for social security EUR 3,957.75		
(prior year EUR 1,975.05)--		
	4,125,089,921.33	2,817,071,571.01



Income Statement of ProSiebenSat.1 Media AG

ProSiebenSat.1 Media Aktiengesellschaft, Unterföhring

Income statement for the period from January 1 to December 31, 2008

	2008	2007
	EUR	EUR
1. Revenues	7,621,242.12	5,858,149.92
2. Other operating income	116,462,851.00	94,346,169.18
3. Programming expenses		
a) Cost of licenses, transmission fees and materials	23,331,427.79	25,067,185.54
b) Cost of purchased services	990,224.26	24,321,652.05
4. Personnel expenses		
a) Wages and salaries	37,452,954.11	37,305,352.17
b) Social security contributions and expenses for pensions and other employee benefits	4,882,997.55	42,335,951.66
--of which of respect of old-age pensions		4,269,889.51
EUR 1,435,815.01 (prior year EUR 729,567.04)--		41,575,241.68
5. Amortization and depreciation of intangible assets and property, plant and equipment	4,835,081.32	4,110,231.71
6. Other operating expenses	115,566,151.37	88,104,729.26
7. Income from equity investments	455,607.09	0.00
--of which from subsidiaries		
EUR 455,607.09 (prior year EUR 0.00)--		
8. Income from profit transfer agreements	376,292,028.94	487,098,230.45
9. Income from loans of financial assets	35,732.81	55,549.43
10. Other interest and similar income	19,082,944.61	11,908,839.89
--of which from subsidiaries		
EUR 9,138,586.52 (prior year EUR 5,866,670.87)--		
11. Write-down of financial assets and marketable securities	314,383,622.22	0.00
12. Expenses from loss absorption	724,666,967.66	105,913,969.99
13. Interest and similar expenses	184,521,171.01	102,783,103.35
--of which to subsidiaries		
EUR 17,413,418.08 (prior year EUR 17,671,240.70)--		
14. Income from ordinary business activities	-890,680,190.72	231,111,332.03
15. Extraordinary income	0.00	2,851,761,044.68
16. Extraordinary expenses	0.00	2,786,938.24
17. Extraordinary result	0.00	2,848,974,106.44
18. Income taxes	42,705,096.08	126,965,034.33
19. Other taxes	20,828.00	25,934.12
20. Loss for the year (prior year profit for the year)	-933,406,114.80	2,953,094,470.02
21. Profit brought forward from the prior year	2,835,843,647.31	152,648,330.29
22. Allocation to the reserve for own shares	2,536,875.00	0.00
23. Retained earnings	1,899,900,657.51	3,105,742,800.31



Notes to the Financial Statements of ProSiebenSat.1 Media AG

ProSiebenSat.1 Media AG, Unterföhring

Financial Statements as of December 31, 2008

Notes to the Financial Statements for fiscal 2008

Basis and Methodology

The financial statements of ProSiebenSat.1 Media AG were prepared in compliance with the requirements of the German Commercial Code and the German Stock Corporation Act.

The applied accounting policies have not changed from the prior year.

In the income statement, the historically employed cost of production method has been retained.

As a large corporation as defined under Sec. 267 (3) of the German Commercial Code, the Company has prepared a management report in compliance with Sec. 289 of that Code.

Accounting Policies

Acquired intangible assets are capitalized at the acquisition cost less scheduled amortization and, where applicable, unscheduled write-downs. The intangible assets comprise software, intellectual property rights, and advance payments made on intangible assets. Purchased software is amortized as a rule on a straight-line basis over three to five years. Licenses and other intellectual property rights are amortized on a straight-line basis over ten years or over the term of the license agreement.

Property, plant and equipment are valued at cost, less scheduled depreciation based on wear and tear and, if necessary, unscheduled write-downs. Economic goods with acquisition costs of up to EUR 150 are recognized in full as operating expenses in the year of acquisition. Economic goods with values between EUR 150 and EUR 1,000 have been combined into a single item as of January 1, 2008, which will be depreciated on a straight-line basis over five years.

Buildings on land not owned by the Company, as well as fixtures and renovations, are depreciated over their normal useful life or, if shorter, the term of the lease. Office furniture and equipment is depreciated over a term of three to 20 years, depending on the item in question.

Unscheduled write-downs on property, plant and equipment are taken if a permanent impairment of value can be expected. Unscheduled write-downs of EUR 1,246 thousand (vs. EUR 0) were taken on property, plant and equipment during the year under review.

Financial assets are reported at their acquisition cost or the lower fair value. They are measured on the basis of projections for 2009 through 2013. To determine the contribution for the terminal value (value added from fiscal 2014 onward), sustained cash flows with a company-specific growth rate of 1.0 to 1.5 percent are assumed. The growth rate reflects the long-term expectations for each asset. The discounting principles are determined on the basis of company-specific costs of capital. These yield after-tax discount rates of 8.25 to 8.46 percent. The plausibility of the calculated values is checked on the basis of sensitivity analyses.

Inventories are measured at the lower of cost or fair value.

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

Treasury stock is measured at the lower of cost or market as of the reporting date, in accordance with Sec. 253 (3) Sentence 1 of the German Commercial Code.

Credit balances at banks and liabilities to banks are shown at their nominal value. Credit balances and liabilities in foreign currencies are converted at the rate as of the reporting date.

The item for expenses paid in advance pertains to amounts paid prior to the reporting date for expenses extending for a certain time beyond that date.

Pension provisions were measured using the actuarial net present value ("Teilwert") on the basis of the 2005G guideline tables prepared by Prof. Dr. Klaus Heubeck, with an interest rate of 6 percent.

Provisions were set aside in the amounts deemed necessary in compliance with prudent business practices.

ProSiebenSat.1 Media AG has granted stock options to certain employees. These option commitments are met at the time of exercise with stock that the Company acquires on the market. Options can generally be measured either with an option pricing model or at intrinsic value. ProSiebenSat.1 Media AG has chosen to measure them at intrinsic value. In this case, an outstanding settlement amount accrues over the vesting period, since the options cannot be exercised until their exercise date, and consideration has already been received in the form of the employee's work. Accordingly, at each balance sheet date a determination must be made of what would have to be performed in the event of exercise. The payment of the outstanding settlement amount is expressed in the intrinsic value, i.e., the trading price of the shares on the reporting date less the exercise price of the option.

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

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

Market values for forwards and interest rate swaps are measured using the discounted cash flow method. Market values for currency options are measured using the option pricing formula of Black and Scholes.

Purchased currency options are initially capitalized as Other Assets at the amount of their option premium, and subsequently capitalized at market value.

At the inception of a hedge, comprehensive documentation of the hedging relationship is required, including a description of such matters as the associated risk management strategy and objectives in undertaking the hedge. Wherever possible, the underlying transactions and hedges are gathered and managed in what are known as "hedge books." The effectiveness of the hedging relationship is measured at regular intervals. If a hedging relationship is or has become inappropriate, the hedge is cancelled.

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

Notes to the Balance Sheet

Non-current Assets

Changes in non-current assets can be found in the appended statement of changes in non-current assets.

The intangible asset item for licenses, trademarks and patents, as well as licenses to such assets and rights, decreased EUR 6,208 thousand, to EUR 847 thousand. The reason was the sale of software at market value to P7S1 Applications GmbH, a subsidiary of ProSieben-Sat.1 Media AG.

Financial Investments

Affiliated companies are listed at the end of these Notes.

Because of lower fair values, for 2008 unscheduled write-downs of EUR 160,000 thousand were taken on the carrying amount of the Company's ownership interest in German Free TV Holding GmbH, the holding company for the stations in German-language free TV operations, and EUR 140,000 thousand on the carrying amount of the ownership interest in 9Live Fernsehen GmbH.

Receivables and Other Current Assets

	Remaining term		Total	
	1 year or less EUR k	more than 1 year EUR k	12/31/08 EUR k	12/31/07 EUR k
Trade accounts receivable	5,953	0	5,953	4,488
Receivables from affiliated companies	511,922	0	511,922	528,666
Receivables from entities in which the Company holds interests of 20% or more	415	0	415	1
Other assets	70,748	23,965	94,713	88,352
Total	589,038	23,965	613,003	621,507

Receivables from affiliated companies primarily refer to receivables under profit and loss transfer agreements, particularly with German Free TV Holding GmbH, and loan receivables from affiliated companies.

Aside from advance payments on the purchase of programming assets, which decreased from EUR 50,753 thousand to EUR 42,285 thousand as of the reporting date, the other assets particularly include corporate income tax credits of EUR 27,983 thousand (vs. EUR 22,096 thousand). These credits are capitalized in compliance with the Act on Tax Measures Accompanying the Introduction of the “European Company” and Amending Further Tax Regulations, enacted by the German Bundestag on November 9, 2006. This Act requires corporate income tax credits to be paid out to the applicable corporation in ten equal annual installments over a ten-year disbursement period from 2008 to 2017. The refund entitlement arose upon calculation of the corporate income tax credit as of December 31, 2006. Since a distribution resolution is no longer required for an entitlement to a corporate income tax refund, the general provisions of Sec. 246 et seq. of the German Commercial Code on recognition of an “other current asset” apply. These provisions require the present value of the refund entitlement from the 2006 tax assessment to be capitalized at December 31, 2008.

Treasury Shares

At the Shareholders' Meeting of May 13, 2005, the shareholders of ProSiebenSat.1 Media AG authorized the Company for the first time to buy back its own stock. The authorization allowed the Company to acquire its own common and/or preferred stock on or before November 12, 2006, up to a notional value of 10 percent of the Company's share capital at the time of the authorization. This authorization for the Company to acquire its own stock was replaced by a new authorization at the shareholders' meeting on July 17, 2007. The Company was authorized to acquire its own common and/or preferred stock on or before January 16, 2009, up to a total notional value of 10 percent of the Company's share capital at the time of the authorization.

The Executive Board of ProSiebenSat.1 Media AG exercised this authorization, and on March 4, 2008, decided to buy back a total of 1,127,500 bearer shares of non-voting preferred stock on the open market. The repurchased stock is intended primarily to service stock options under the Long Term Incentive Plan.

The buy-back was carried out in a number of segments between March 7 and April 3, 2008. A total of 1,127,500 bearer shares were bought for a total of EUR 15,106 thousand, equivalent to 0.52 percent of the share capital. Each share has a notional value of EUR 1.00 of the share capital.

The valuation of the treasury stock at the trading price as of the reporting date yielded a write-down of EUR 12,569 thousand, to EUR 2,537 thousand.

The authorization for the Company to acquire its own stock was replaced by a new authorization at the shareholders' meeting on June 10, 2008. The Company is authorized to acquire its own common and/or preferred stock on or before December 9, 2009, up to a total notional value of 10 percent of the Company's share capital at the time of the authorization. The June 10 authorization may be exercised by the Executive Board for any legal purpose, especially in pursuit of the objectives stated in the authorization resolution itself.

Expenses Paid in Advance

This item decreased from EUR 41,308 thousand to EUR 34,207 thousand. The principal reason was the scheduled reduction of bank fees from the financing taken out for the acquisition of the SBS Broadcasting Group, which are included in this item and are amortized over the life of the loans.

Shareholders' Equity

Changes in Equity in Fiscal 2008

	Subscribed capital			Reserve for	Distributable	
	Common stock	Preferred stock	Capital reserves	treasury stock	net profit	Total equity
	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k
December 31, 2007	109,398.6	109,398.6	580,187.6	0.0	3,105,742.8	3,904,727.6
Dividends paid	-	-	-	-	-269,899.1	-269,899.1
Loss for the year	-	-	-	-	-933,406.1	-933,406.1
Allocation to reserve for treasury stock	-	-	-	2,536.9	-2,536.9	0.0
December 31, 2008	109,398.6	109,398.6	580,187.6	2,536.9	1,899,900.7	2,701,422.4

Subscribed capital

At year's end, the subscribed capital of ProSiebenSat.1 Media AG was unchanged at EUR 218,797,200. This capital is divided into 109,398,600 registered shares of common stock with no par value, and 109,398,600 nonvoting bearer shares of preferred stock with no par value, each share representing a notional value of EUR 1.00 of the share capital. Thus, as of December 31, 2008, the number of shares outstanding was 218,797,200, of which the Company itself held 1,127,500.

Capital reserves

Capital reserves were unchanged at EUR 580,188 thousand. These reserves include premiums from the new stock issue in fiscal 1997 and the capital increase in 2004.

Reserve for treasury stock

Under the authorization to acquire treasury stock under the resolution of the shareholders' meeting of July 17, 2007, the Executive Board of ProSiebenSat.1 Media AG resolved on March 4, 2008, to buy back a total of 1,127,500 bearer shares of nonvoting preferred stock on the market.

The buy-back was carried out in a number of segments between March 7 and April 3, 2008. In accordance with Sec. 272 (4) of the German Commercial Code, a reserve for treasury

stock of EUR 2,537 thousand has been recognized in equity. The amount of the reserve is the same as the amount shown for treasury stock on the assets side of the balance sheet.

Allocation of profits

Last fiscal year, under a resolution of the shareholders' meeting of July 10, 2008, a dividend of EUR 269,899 thousand was paid out to holders of preferred and common stock, out of ProSiebenSat.1 Media AG's 2007 distributable net profit of EUR 3,105,743 thousand. This figure represents a payout of EUR 1.25 per bearer share of preferred stock, and EUR 1.23 per registered share of common stock.

In accordance with the German Stock Corporation Act, the dividend payable to shareholders depends on the distributable net profit shown in the annual financial statements of ProSiebenSat.1 Media AG. The Executive Board of ProSiebenSat.1 Media AG will propose that the distributable net profit of EUR 1,899,901 thousand for fiscal 2008 should be allocated as follows:

Distribution of a dividend of EUR 0.02

per bearer share of preferred stock:	EUR	2,165,422.00
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Balance to be carried forward to the

new accounting period	EUR	1,897,735,235.51
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Distributable net profit	EUR	1,899,900,657.51
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The treasury stock held by ProSiebenSat.1 Media AG is excluded from dividend distributions in accordance with Sec. 71b of the German Stock Corporations Act.

Authorized Capital

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

istered on April 6, 2004, the Executive Board was authorized to increase the Company's capital stock on one or more occasions on or before June 15, 2008, subject to approval by the Supervisory Board, by a total of not more than EUR 72,932,400.00, in return for cash contributions, by issuing new stock in accordance with the above shareholder resolution.

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

Provisions

	12/31/08 EUR k	12/31/07 EUR k
Provisions for pensions and similar obligations	7,124	5,194
Tax provisions	35,698	47,026
Interest on tax liabilities	16,336	11,729
Provisions for outstanding invoices	15,834	11,185
Provisions for severance and one-time payments	6,800	5,228
Other miscellaneous provisions	12,580	13,926
 Total	 94,372	 94,288

Pension provisions were formed for obligations to provide future benefits for current and former members of the Executive Board of ProSiebenSat.1 Media AG and their survivors. These obligations were measured using the biometric calculation data provided in the 2005G guideline tables prepared by Prof. Dr. Klaus Heubeck. In calculating pension expenses, ProSiebenSat.1 Media AG takes account of the expected service cost and the accrued interest on the pension obligations. The interest expense for pension obligations is reported as part of the net interest expense. The measurement date for the present value of obligations is December 31. Pension payments of EUR 80 thousand were made in fiscal 2008.

The tax provisions were formed primarily for corporate income tax and local business income taxes. The potential impact of a current tax audit has been taken into account.

The provisions for interest on tax liabilities pertain to future tax payments from external tax audits.

Because of a higher figure for services not yet billed and paid for, the provision for outstanding invoices increased to EUR 15,834 thousand.

As part of the strategic reorganization of the ProSiebenSat.1 Group's German stations, the Group will move out of its Berlin site. A total of EUR 4,220 thousand was allocated to provisions for severance and one-time payments for the affected employees at ProSiebenSat.1 Media AG's administrative departments in Berlin.

The largest single items among the other miscellaneous provisions were provisions for contingent losses on pending forward exchange contracts (EUR 2,523 thousand), and Chamber of Industry and Commerce contributions (EUR 1,299 thousand).

Because of the lower trading price of ProSiebenSat.1 stock, remeasurement of the provision for the stock option plan at December 31, 2008, resulted in a write-back of the remaining amount of the provision, equal to EUR 1,533 thousand.

	Remaining term			Total	Total
	1 year or less	1 to 5 years	over 5 years	12/31/08	12/31/07
	EUR k	EUR k	EUR k	EUR k	EUR k
Liabilities to banks					
a) Borrowings	497,240	0	2,064,718	2,561,958	2,064,718
b) Interest liabilities	14,887	0	0	14,887	13,377
Advance payments received	232	0	0	232	237
Trade accounts payable	79,198	0	0	79,198	48,354
Liabilities to affiliated companies	1,439,084	0	0	1,439,084	644,112
Miscellaneous liabilities	29,731	0	0	29,731	46,274
Total	2,060,372	0	2,064,718	4,125,090	2,817,072

Liabilities to banks derive from the financing taken out for the acquisition of the SBS Broadcasting Group in 2007. The transaction was financed entirely out of a new secured syndicated line of credit totaling EUR 3.6 billion, furnished by a banking syndicate and institutional investors.

The increase of EUR 497,240 thousand in liabilities to banks for borrowings, to EUR 2,561,958 thousand, resulted from draws on the revolving credit facility up to December 31, 2008.

ProSiebenSat.1 Media AG has hedged some 85 percent of its variable-interest financial liabilities by way of a variety of interest-rate swaps. Under the loan agreement, ProSiebenSat.1 Media AG has pledged as security equity interests in various subsidiaries categorized as significant. Additionally, various Group companies under ProSiebenSat.1 Media AG also furnished guarantees to the lenders.

As of December 31, 2008, accrued interest liabilities of EUR 14,887 thousand (vs. EUR 13,377 thousand) were reclassified from the miscellaneous liabilities item to liabilities to banks. The prior-year figures have been adjusted accordingly.

Trade accounts payable increased EUR 30,844 thousand, simply as a consequence of the cutoff date for reporting, to EUR 79,198 thousand.

Liabilities to affiliated companies are primarily profit and loss transfer obligations toward P7S1 Erste SBS Holding GmbH, loan obligations to SBS Finance B.V., of Amsterdam, and internal offsets for services with Sat.1 Satelliten Fernsehen GmbH.

The largest item in miscellaneous liabilities is tax liabilities of EUR 26,446 thousand (vs. EUR 43,904 thousand). The accrued interest liabilities of EUR 13,377 thousand included under this item in the financial statements as of December 31, 2007, were reclassified as liabilities to banks as of December 31, 2008.

Contingent Liabilities

	12/31/08 EUR k	12/31/07 EUR k
Contingent liabilities from guarantees (amounts due to affiliated companies)	5,885* (1,348)	41,784 (39,516)
Liability for provision of collateral for outside liabilities	1,490,020	1,529,417

^{*)}

Includes an appeal bond furnished by Commerzbank AG for an amount of EUR 4,537 thousand, which was increased to EUR 6,805 thousand, effective January 1, 2009, by an agreement with HypoVereinsbank AG dated November 18, 2008.

The liability for provision of collateral for outside liabilities pertains to guarantees and collateral furnished in connection with loans to SBS Broadcasting Group companies under the loan agreement signed in 2007.

Other Financial Obligations

	Remaining term 1 year EUR k	Remaining term 2 to 5 years EUR k	Remaining term over 5 years EUR k	Total EUR k
Programming assets (amounts due to affiliated companies)	358,382 (0)	1,059,419 (0)	103,092 (0)	1,520,893 (0)
Use fees (amounts due to affiliated companies)	24,099 (0)	78,185 (0)	67,262 (0)	169,546 (0)
Leasing and rental commitments (amounts due to affiliated companies)	19,241 (0)	66,911 (0)	98,324 (0)	184,476 (0)
Other liabilities (amounts due to affiliated companies)	8,417 (0)	8,420 (0)	3 (0)	16,480 (0)
Total	410,139	1,212,935	268,681	1,891,755

Other financial obligations exist in addition to provisions, liabilities and contingent liabilities. These derive from contractual agreements entered into before December 31, 2008, and pertain to payment obligations due on or after January 1, 2009. The agreements have remaining terms of between 1 and 15 years.

Other financial obligations for programming assets pertain to license agreements that take effect on or after January 1, 2009.

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

Leasing and rental commitments comprise obligations under leases for buildings and motor vehicles, along with rent obligations under building leases.

Other liabilities essentially comprise financial obligations for memberships and for other third-party service agreements.

Notes to the Income Statement

Revenues

	2008 EUR k	2007 EUR k
Other revenues	7,621	5,858

Revenues are generated for the most part in Germany and the rest of Europe, and derive primarily from the sale of ancillary programming rights.

Because the Company functions as a holding company, no further breakdown of revenues by business segment or geographic segment has been provided.

Other Operating Income

	2008 EUR k	2007 EUR k
Income relating to other periods	6,723	14,239
Other operating income	109,740	80,107
Total	116,463	94,346

Income relating to other periods comprises, in particular, income of EUR 6,314 thousand from write-backs of provisions (vs. EUR 13,219 thousand for the prior year), including EUR 2,352 thousand (vs. EUR 483 thousand) from write-backs of provisions for outstanding invoices, EUR 1,596 thousand (vs. EUR 12 thousand) from write-backs of provisions for contingent losses on derivatives, and EUR 1,533 thousand from write-backs of the provision for the stock option plan (vs. EUR 11,820 thousand for the prior year).

Other operating income particularly includes income from services charged to other Group companies.

Programming and Material Costs

	2008 EUR k	2007 EUR k
Licenses, transmission fees and materials	23,332	25,067
Purchased services	990	601
Total	24,322	25,668

Expenses for licenses, transmission fees and materials include transmission fee expenses of EUR 12,814 thousand (vs. EUR 13,089 thousand) and satellite rental of EUR 8,270 thousand (vs. EUR 10,372 thousand). Transmission fee expenses and satellite rent are passed on to other companies within the Group.

Expenses for purchased services are largely expenses for intra-Group services (EUR 571 thousand, vs. EUR 39 thousand) and for services provided by third parties, in the amount of EUR 372 thousand (vs. EUR 553 thousand).

Personnel Expenses

	2008 EUR k	2007 EUR k
Wages and salaries	37,453	37,305
Social security contributions and expenses for pensions	4,883	4,270
Total	42,336	41,575

Personnel expenses include expenses of EUR 4,220 thousand in severance payments resulting from the relocation from Berlin (vs. EUR 0 thousand), as well as an allocation of EUR 1,436 thousand to pension provisions (vs. EUR 730 thousand).

Depreciation and Amortization

	2008 EUR k	2007 EUR k
Scheduled amortization of intangible assets	1,096	1,751
Scheduled depreciation of property, plant and equipment	2,493	2,359
Unscheduled depreciation of property, plant and equipment	1,246	0
Total	4,835	4,110

The unscheduled depreciation relates to tenant installations at the Berlin site, which the Company will vacate in 2009.

Other Operating Expenses

	2008 EUR k	2007 EUR k
Expenses relating to other periods	1,128	8
Other operating expenses	114,438	88,097
Total	115,566	88,105

The expenses relating to other periods consist of expenses of EUR 796 thousand (vs. EUR 0 thousand) for past fiscal years and losses of EUR 332 thousand (vs. EUR 8 thousand) on disposals of property, plant and equipment resulting from inventory adjustments.

The remaining other operating expenses primarily comprise charges passed on from Group companies (EUR 28,912 thousand, vs. EUR 21,133 thousand), legal and other consulting costs (EUR 23,782 thousand, vs. EUR 12,077 thousand), rental and other office expenses (EUR 19,717 thousand vs. EUR 17,819 thousand), allocations to individual write-downs on receivables and other assets (EUR 4,127 thousand, vs. EUR 6 thousand), maintenance expenses (EUR 3,961 thousand, vs. EUR 2,501 thousand), and film promotion (EUR 3,861 thousand, vs. EUR 6,620 thousand).

Financial Result

	2008 EUR k	2007 EUR k
Income from equity investments	456	0
Income from profit transfer agreements	376.292	487.098
Income from loans or financial assets	36	56
Other interest and similar income	19.083	11.909
Write-down of financial assets and marketable securities	-314.384	0
Expenses from loss absorption	-724.667	-105.914
Interest and similar expenses	-184.521	-102.783
Total	-827.705	290.366

The EUR 36 thousand in income from loans of financial assets (vs. EUR 56 thousand) primarily consists of interest income from fund shares held as financial assets, which underlie future payment obligations under pension commitments to members of the Executive Board. Expenses due to transfers of losses primarily result from the losses at P7S1 Erste SBS Holding GmbH (EUR 556,009 thousand) and P7S1 Zweite SBS Holding GmbH (EUR 139,007 thousand). Both companies together hold all of P7S1 Broadcasting S.à r.l., of Luxembourg, the holding company of the SBS companies. Because of the lower fair value of the SBS Group, unscheduled write-downs on the carrying amounts of ownership interests were taken for 2008, amounting to EUR 556,000 thousand at P7S1 Erste SBS Holding GmbH and EUR 139,000 thousand at P7S1 Zweite SBS Holding GmbH.

Write-down of financial assets and marketable securities

	2008 EUR k	2007 EUR k
Write-down of interests in group companies	300.000	0
Write-down of interests in associated companies	342	0
Write-down of long term investments	1.473	0
Write-down of treasury shares	12.569	0
Total	314.384	0

Because of lower fair values, for 2008 unscheduled write-downs of EUR 160,000 thousand were taken on the carrying amount of the Company's ownership interest in German Free TV Holding GmbH, the holding company for the stations in German-language free TV operations, and EUR 140,000 thousand on the carrying amount of the ownership interest in 9Live Fernsehen GmbH.

Insolvency proceedings were initiated against the assets of Smart Point Media AG, of Hürth, Germany, on June 26, 2008. ProSiebenSat.1 Media AG's ownership interest in this company was written off in full (EUR 342 thousand).

The fair valuation of fund shares shown among securities in noncurrent investments as of the balance sheet date resulted in a write-down of EUR 1,473 thousand (vs. EUR 0 thousand).

In 2008, ProSiebenSat.1 Media AG acquired a total of 1,127,500 bearer shares for a total price of EUR 15,106 thousand. The measurement of these shares at the trading price as of the reporting date yielded a write-down of EUR 12,569 thousand.

Interest and similar expenses include interest on an allocation of EUR 274 thousand to pension provisions (vs. EUR 144 thousand).

Extraordinary result

The extraordinary result of EUR 2.849 million in 2007 resulted from the income that derived from the contribution of the stations ProSieben Television GmbH, Sat.1 Satelliten Fernsehen GmbH, Kabel 1 K1 Fernsehen GmbH and N24 Gesellschaft für Nachrichten und Zeitgeschehen mbH to German Free TV Holding GmbH at fair value, with undisclosed reserves found. No extraordinary result is reported for fiscal 2008.

Income Taxes

Income taxes decreased from EUR 126,965 thousand to EUR 42,705 thousand in fiscal 2008. The figure for income tax includes the impact of the current tax audit.

Other Information

Average Number of Employees during the Year

	2008	2007
Employees	373.5	383.8
Trainees, volunteers and interns	41.8	42.3
Total	415.3	426.1

The former reporting of employee numbers in full-time equivalent positions was converted in the financial statements as of December 31, 2008, to the actual number of persons employed. The comparable figures for the prior year have been adjusted accordingly.

Professional Fees of the Independent Auditor

The professional fees for the services of the independent auditor, KPMG, totaled EUR 1,780 thousand for fiscal 2008 (vs. EUR 2,027 thousand). Of the total, EUR 677 thousand was for audit fees (vs. EUR 463 thousand in 2007), EUR 551 thousand was for audit-related fees (vs. EUR 368 thousand), EUR 10 thousand was for tax consulting services (vs. EUR 51 thousand), and EUR 542 thousand was for other fees (vs. EUR 1,145 thousand).

Derivative Financial Instruments

The ProSiebenSat.1 Group's operations and financing needs expose it to various financial risks. Fluctuating interest rates and foreign exchange rates may affect the Group's assets and liabilities, financial position, and profit or loss. The acquisition of the SBS Group in fiscal year 2007 has significantly altered the Corporation's risk structure. Interest rate risks in particular have risen. Financial risks are managed and monitored centrally at ProSiebenSat.1 Media AG as a part of financial risk management. For the Group's German-speaking regions, the principles, duties and responsibilities of financial risk management are governed by the Group's internal corporate financial guidelines. One of the primary tasks for fiscal 2008 was to fully integrate the SBS Broadcasting Group into the ProSiebenSat.1 Group's financial risk management system, and to incorporate it into Group-wide regulations. The objective of financial risk management is to cushion the adverse effects that fluctuations in financial risk factors may have on the Company's assets and liabilities, financial position and profit or loss.

The derivative financial instruments employed for this purpose serve solely to hedge existing risk positions, not for speculation. Risk positions are assessed regularly, and existing risks are quantified using sensitivity analyses. Currency risks are based on an assumed appreciation of 10 percent in the value of the U.S. dollar. The ProSiebenSat.1 Group's interest rate risk is calculated by increasing the relevant interest rates by one percentage point. The ProSiebenSat.1 Group does not believe it is exposed to any material concentrations of risk.

The ProSiebenSat.1 Group signs a substantial number of its license agreements with production studios in the United States. As a rule, the Group meets its financial obligations deriving from these programming rights purchases in U.S. dollars. Consequently fluctuations in the exchange rate between the euro and the dollar may adversely affect the ProSiebenSat.1 Group's financial position and profit or loss. Receivables and liabilities in other foreign currencies, or for other purposes, were omitted because of their minor volume (less than 0.5%).

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

	Year of maturity			Nominal amount	Market value
	2009	2010-2013	2014 and after	as of 12/31/2008	as of 12/31/2008
	USD k	USD k	USD k	USD k	EUR k
Currency forwards	236,117	556,570	37,000	829,687	11,679
Currency options	9,500	29,000	0	38,500	2,106

Forwards are unconditional contractual agreements to exchange two currencies. The total par value, exchange rate and maturity date are specified when the contract is entered into. As of December 31, 2008, ProSiebenSat.1 Media AG had forwards with a total nominal value of USD 829.7 million in its portfolio. As of the same date, it had options for the purchase of dollars covering a total nominal value of USD 38.5 million. As the purchaser of a currency option, ProSiebenSat.1 Media AG has the right, but not the obligation, to buy U.S. dollars for euros in return for paying an option premium. As with a forward, in a currency option the total nominal value, exchange rate and maturity date are also laid down at the time the contract is made. Market values for forwards are measured using the discounted cash flow method. Market values for currency options are measured using the option pricing formula of Black

and Scholes. Differences may arise where other methods are used. Measurement was based on market figures (mid-rates) on December 31, 2008.

Because of the crisis in the financial markets and market uncertainty, other fair values may be realizable on the market. However, there is no intent to square positions, since the transactions are for hedging purposes.

License payments on a hedged dollar-denominated license agreement, together with the associated hedging instruments, are gathered and managed primarily in what are known as "hedge books" if the hedging relationship qualifies as a hedge and hedge accounting can be applied. As of December 31, 2008, there were 15 hedge books covering a total of USD 1,151 million in pending license payments. The average hedge ratio varies from one defined hedge book to another. As a rule the hedge ratio is between 60 percent and 80 percent. A separate hedging strategy is developed for each portfolio on the basis of current market assessments and the overall risk position. The hedge books are constantly monitored under a system of limits, and any applicable open positions are closed to stop potential losses or take advantage of a favorable change in exchange rates.

No hedge accounting was applied for a portion of the foreign-currency liabilities in U.S. dollars. In these cases, liabilities for pending license payments came to USD 105 million at December 31, 2008.

The average hedge ratio at December 31, 2008, allowing for internal limit systems, was 71 percent.

Interest rate risks

Through its financial obligations, ProSiebenSat.1 Media AG is exposed to an interest rate risk. The acquisition of the SBS Broadcasting Group was financed entirely through a new loan agreement. The loan agreement covers a number of term loans totaling EUR 1.8 billion, with a term of seven years (Term Loan B) and loans for a total of another EUR 1.8 billion with a term of eight years (Term Loan C). Through these variable-interest financial obligations, ProSiebenSat.1 Media AG is exposed to an increased interest rate risk. For that reason, ProSiebenSat.1 Media AG has hedged 85 percent of this liability with interest-rate swaps. In interest rate swaps, variable-rate interest payments are exchanged for fixed-rate interest payments. Uncertain, variable-rate interest payments on the borrowings described above are compensated and replaced with fixed-rate interest payments. Market values for interest rate

swaps are measured using the discounted cash flow method. The interest rate swaps total EUR 2.8 billion, with an average fixed rate of 4.574 percent. The swaps have terms of 3.5 years for a total of EUR 1.2 billion and 5.5 years for a total of EUR 1.8 billion.

The remaining variable interest rate risk results not only from the unhedged portion of the term loan, but also from any draws the Group may take on its revolving credit facility. As of December 31, 2008, EUR 540.6 million had been drawn on this credit facility. An interest rate risk in the sense of a change in market value is of no relevance here, since ProSiebenSat.1 Media AG's financial liabilities are reported at cost, and thus any change in market value will have no effect on the balance sheet.

Executive Board and Supervisory Board

The members of the Executive Board and Supervisory Board of ProSiebenSat.1 Media AG are listed at the end of these Notes.

Details of the system of compensation for members of the Executive Board and the Supervisory Board of ProSiebenSat.1 Media AG are explained in the section on "The Group and Its Environment" in the Management Report.

Compensation paid to current and former members of the Executive Board of ProSiebenSat.1 Media AG came to EUR 8,052 thousand in 2008 (vs. EUR 5,983 thousand in 2007). The Board's compensation included a variable component totaling EUR 2,834 thousand (vs. EUR 2,765 thousand). In past fiscal years, ProSiebenSat.1 Media AG set aside pension provisions totaling EUR 7,124 thousand for pension commitments to members of the Executive Board. Pension payments of EUR 80 thousand were made in fiscal 2008. Funds have been endowed to safeguard these pension provisions. Members of the Executive Board received EUR 0 thousand for buy-backs of stock options (vs. EUR 8,999 thousand).

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

A resolution by the shareholders' meeting of August 2, 2006, released the Company from the statutory obligation to disclose the individual compensation of Executive Board members in the annual financial statements for a period of five years. However, this resolution of the shareholders' meeting poses no obstacle to the voluntary disclosure of individual Board members' compensation otherwise. The Executive Board and Supervisory Board have decided to exercise this option of voluntary disclosure in the compensation report for 2008,

which is included in the Corporate Governance Report of the Executive Board and Supervisory Board. That report therefore states figures for the compensation paid to individual members of the Company's Executive Board for the past fiscal year.

Expenses for the Supervisory Board of ProSiebenSat.1 Media AG came to EUR 1,736 thousand in the year under review (vs. EUR 1,859 thousand). The members of the Supervisory Board receive a fixed compensation. The Chairman and Vice-Chairman of the Supervisory Board each receive twice the amount of this fixed base figure. Members of the Supervisory Board's committees are compensated with a separate meeting honorarium, payable for participating at each committee meeting. Committee chairs receive twice the standard meeting honorarium. The compensation of the Supervisory Board is set in the Articles of Incorporation of ProSiebenSat.1 Media AG.

The compensation paid individually to current and former members of the Supervisory Board is as follows:

Current Members of the Supervisory Board	
EUR k	Compensation
Bell-Jones, Robin	118
Dyke, Greg	105
Dziarski, Stefan	56
Freise, Philipp	115
Gorenflos, Reinhard	33
Hollick, Lord Clive	190
Huth, Johannes	131
Krenz, Thomas	100
Mäuser, Götz	233
Röttele, Christoph	18
Scheiber, Silke	56
Sloan, Harry	100
Swartjes, Adrianus Johannes	104
van Lent, Marinus Maria Petrus	100
Wiedmann, Prof. Dr. Harald	118

Former members of the Supervisory Board	
EUR k	Compensation
Döpfner, Dr. Matthias	4
Neubürger, Heinz-Joachim	67
Nienhaus, Christian	4
Wehr-Seiter, Katrin	84

Members of the Supervisory Board received no remuneration or other consideration for personal services, especially consulting and mediation services, during fiscal 2008. Altogether, the current members of the Executive Board and Supervisory Board held 202,500 shares of preferred stock in ProSiebenSat.1 Media AG as of December 31, 2008. This is equivalent to 0.1 percent of the Company's share capital.

Corporate Governance

On the basis of the recommendations of the Government Commission on the German Corporate Governance Code and the applicable terms of law under Sec. 161 of the Stock Corporation Act, in March 2008 the Executive Board and Supervisory Board issued a Declaration of Compliance, which has been made permanently available to shareholders on the Internet at www.prosiebensat1.com.

Related Party Transactions

Apart from the subsidiaries included in the consolidated financial statements, in the course of its normal business operations ProSiebenSat.1 Media AG conducts transactions directly or indirectly with affiliated unconsolidated companies and associated companies. In ordinary business activities, all transactions with companies not included in the scope of consolidation were conducted on prevailing market terms and conditions, such as are also customary with third parties unrelated to the Group. All related parties that are controlled by ProSiebenSat.1 Media AG, or over which the Group may exercise a significant influence, are listed among the shareholdings at the end of these Notes.

Effective September 1, 2007, ProSiebenSat.1 Media AG signed a services management agreement for business services with Lavena Holding 1 GmbH, , Lavena Holding 4 GmbH and Lavena Holding 5 GmbH jointly. The agreed compensation is consistent with the prevailing market terms for comparable services. Lavena Holding 1 GmbH and Lavena Holding 4

GmbH are indirect majority shareholders of ProSiebenSat.1 Media AG, and Lavena Holding 5 GmbH is the direct majority shareholder of ProSiebenSat.1 Media AG.

During fiscal 2008, the wife of former Executive Board member Peter Christmann (Mr. Christmann left the Board during the year) provided services to various companies in the ProSiebenSat.1 Group for a charge of EUR 160 thousand. These were training and coaching services for on-air personalities. As of December 31, 2008, there was no amount outstanding for these services.

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

Götz Mäuser is a member of the Supervisory Board of ProSiebenSat.1 Media AG, and among other positions is also a co-owner of ADT Telefonservice GmbH & Co. KG. A service agreement exists in the normal course of business between ProSiebenSat.1 Media AG and ADT Telefonservice GmbH & Co. KG. The contract is consistent with prevailing market terms.

There were no other reportable transactions with related parties in fiscal 2008.

Under Sec. 15a of the German Securities Trading Act and Item 6.6 of the German Corporate Governance Code, the members of the Executive Board and Supervisory Board of ProSiebenSat.1 Media AG are required to report securities transactions relating to ProSiebenSat.1 stock. They are furthermore required to report securities transactions by family members. In fiscal 2008, a total of 32 transactions were reported to ProSiebenSat.1 Media AG, in which members of the Executive Board or Supervisory Board and their family members acquired a total of 319,000 shares of ProSiebenSat.1 Media AG and sold a total of EUR 113,000 shares of ProSiebenSat.1 Media AG. In compliance with Sec. 15a of the Securities Trading Act, ProSiebenSat.1 Media AG reported each of these transactions immediately on its Web site, www.prosiebensat1.com.

Group Affiliation

The direct parent company of ProSiebenSat.1 Media AG is Lavena Holding 5 GmbH, of Munich. The ultimate parent company of ProSiebenSat.1 Media AG is Lavena 1 S.à r.l., of Luxembourg. ProSiebenSat.1 AG is included in the consolidated financial statements of Lavena S.à r.l., of Luxembourg.

Sections 21 et seq. of the German Securities Trading Act require listed companies to provide the public with detailed information about the makeup of their shareholder structure. These disclosure requirements are intended to encourage transparency in securities trading.

Notices of ownership interests dated January 3, January 16, March 14, July 16, August 7, October 10, and November 18, 2008, were published in their due turn by ProSiebenSat.1 Media AG in accordance with Sec. 26 (1) of the Securities Trading Act, and can be examined at the Company's Web site in the Annual Document required under Sec. 10 of that Act.

Unterföhring, March 10, 2009

The Executive Board

ProSiebenSat.1 Media AG as of December 31, 2008

List of holdings

No.	Company	Location	Country	Interest %	Equity EUR k	Net income EUR k	via No.
Affiliated companies							
1	ProSiebenSat.1 Media Aktiengesellschaft	Unterföhring	Germany		2,701,422	-933,406	
2	9Live Fernsehen GmbH	Unterföhring	Germany	100	520	6,728	1
3	9Live International GmbH	Unterföhring	Germany	100	25	-3,550	2
4	Agency Atlantic EOOD	Sofia	Bulgaria	100	33	12	157
5	Agency Vitosha EOOD	Sofia	Bulgaria	100	1,593	-58	157
6	Aktuelt Nyheter AS	Oslo	Norway	100	6	-2	150
7	Ameron Television Ltd.	New York	USA	100	n/a	n/a	103 ⁽¹⁾
8	Anonimi Radiofoniki Etaireia Lampsí A.E. (Lampsí Radio Company S.A.)	Athens	Greece	100	4,770	1,098	107
9	ArtMerchandising & Media AG	Unterföhring	Germany	100	7,245	12,313	47
10	AT Fun B.V.	Amsterdam	Netherlands	100	325	1,521	116
11	best webnews GmbH	Cologne	Germany	67,64	320	-144	135
12	Broadcast Norge AS	Oslo	Norway	100	53,984	14,488	100
13	Carthage I B.V.	Amsterdam	Netherlands	100	-9	-26	116
14	CBO Media B.V. (formerly: Brainstation B.V.)	Amsterdam	Netherlands	100	-16	2	116
15	Cutting Edge Production AS	Oslo	Norway	100	47	0	121
16	easy 107.5 Stockholm AB	Stockholm	Sweden	100	192	0	122
17	E-FM Sverige AB	Stockholm	Sweden	100	96	-21	
18	EBS International N.V.	Zaventem	Belgium	99,94	-70	0	103
19	Euradio i Sverige AB	Stockholm	Sweden	100	9	0	123
20	European Broadcasting System S.à r.l.	Luxembourg	Luxembourg	100	26	0	103
21	European Radio Investments Limited	London	United Kingdom	100	3,478	0	107
22	Evoark EOOD	Sofia	Bulgaria	100	21	16	157
23	Face your Brand! GmbH	Unterföhring	Germany	100	25	269	71
24	Fern Media GmbH	Munich	Germany	100	400	-1,002	135
25	Fria Media i Blekinge AB	Karlskrona	Sweden	100	306	213	119
26	Fria Radiobilaget i Borås AB	Borås	Sweden	100	707	388	119
27	German Free TV Holding GmbH	Unterföhring	Germany	100	975,736	321,118	1
28	Hellas Radio Service Ltd.	Athens	Greece	100	17	3	103
29	ICS SBS Broadcasting S.R.L. (formerly: I.M. Radio Contract S.R.L.)	Chișinău	Moldova	100	-491	-191	132
30	INTERAKTÍV-FICTION Műsorkezítő és Filmgyártó Kft.	Budapest	Hungary	100	9	-2	31
31	INTERAKTÍV Televíziós Műsorkezítő Kft.	Budapest	Hungary	100	923	255	103
32	kabel eins Fernsehen GmbH	Unterföhring	Germany	100	82,359	60,900	27
33	Kanal 5 AB	Stockholm	Sweden	100	-3,890	16,262	34
34	Kanal 5 Holding AB	Stockholm	Sweden	100	-177,009	65,097	104
35	Kanal 5 Limited	London	United Kingdom	100	-25	-7,061	107
36	Kiss FM DOO	Belgrad	Serbia	49	n/a	n/a	103
37	Kommunikationsanpartsselskabet af 2/4 1990	Arhus C	Denmark	100	35	1	84
38	lokalisten media GmbH	Munich	Germany	90	1,640	-772	135
39	MAGIC Internet Holding GmbH	Berlin	Germany	100	2,825	-8	135
40	MAGIC Internet GmbH	Berlin	Germany	100	-1,796	-846	39
41	Meteos TV Holding GmbH	Unterföhring	Germany	100	52	3	162
42	Miracle Sound Oy	Helsinki	Finland	51	103	201	58
43	Miracle Sound Oulu Oy	Oulu	Finland	100	140	47	42
44	Miracle Sound Tampere Oy	Helsinki	Finland	51	84	18	58
45	Mix Megapol.se AB	Stockholm	Sweden	100	114	0	119
46	MM MerchandisingMedia GmbH	Unterföhring	Germany	100	45	11,764	9
47	MM MerchandisingMedia Holding GmbH	Unterföhring	Germany	100	22,144	15,699	1
48	MTM Produkció Műsorgyártó és Filmforgalmazó Kft.	Budapest	Hungary	96,667	13	-5	103
49	MTM-SBS Televízió Zrt.	Budapest	Hungary	81,51	53,355	9,029	103
50	MyVideo Broadband S.R.L.	Bucharest	Romania	100	-1,568	-318	39
51	N24 Gesellschaft für Nachrichten und Zeitgeschehen mbH	Unterföhring	Germany	100	2,025	13,130	27
52	Niknet EOOD	Sofia	Bulgaria	100	21	1	157
53	P7S1 Broadcasting S.à r.l.	Luxembourg	Luxembourg	80	n/a	n/a	54 ⁽¹⁾
54	P7S1 Erste SBS Holding GmbH	Unterföhring	Germany	100	1,516,394	-556,009	1
55	P7S1 Creative Productions Holding GmbH (formerly: ProSiebenSat.1 Siebte Verwaltungsgesellschaft mbH)	Unterföhring	Germany	100	25	629	1
56	P7S1 Zweite SBS Holding GmbH	Unterföhring	Germany	100	379,056	-139,007	1
57	Producers at work GmbH	Potsdam	Germany	67	1,627	1,377	1
58	Pro Radio Oy	Helsinki	Finland	100	-7,808	146	100
59	ProSiebenSat.1 Applications GmbH	Unterföhring	Germany	100	2,025	-5,709	1
60	ProSieben Austria GmbH	Vienna	Austria	100	21	-8	137
61	ProSieben Digital Media GmbH	Unterföhring	Germany	100	6,139	3,356	1
62	ProSieben Television GmbH	Unterföhring	Germany	100	450,486	138,298	27
63	ProSieben (Switzerland) AG	Küschnacht	Switzerland	100	78	6	139
64	ProSiebenSat.1 Erste Verwaltungsgesellschaft mbH	Unterföhring	Germany	100	25	-2	1
65	ProSiebenSat.1 Achte Verwaltungsgesellschaft mbH	Unterföhring	Germany	100	26	-13	1
66	ProSiebenSat.1 Neunte Verwaltungsgesellschaft mbH (future name: Maz & More GmbH)	Unterföhring	Germany	100	25	-1	51
67	ProSiebenSat.1 Berlin Produktion GmbH (still in the formation process at 12/31/2008)	Berlin	Germany	100	25	0	68
68	ProSiebenSat.1 Produktion GmbH	Unterföhring	Germany	100	8,978	-23,926	1
69	ProSiebenSat.1 Welt GmbH	Unterföhring	Germany	100	-340	-80	1
70	PS Event GmbH	Cologne	Germany	67	613	484	71
71	PSH Entertainment GmbH	Unterföhring	Germany	100	2,925	759	1
72	Puls 4 TV GmbH	Vienna	Austria	100	18	0	137
73	Puls 4 TV GmbH & Co. KG	Vienna	Austria	100	2,604	-6,563	137
74	Radio Nova A/S (formerly: Radio 2 A/S)	Copenhagen	Denmark	80	3,849	-2,859	102
75	Radio City AB	Stockholm	Sweden	100	227	-52	122
76	Radio Daltid SBS AB	Stockholm	Sweden	51	195	191	119
77	Radio Express EAD	Sofia	Bulgaria	100	-1,449	48	5

No.	Company	Location	Country	Interest %	Equity EUR k	Net income EUR k	via No.
78	Radio HIT FM Melodicum AB	Växjö	Sweden	100	403	231	119
79	Radio Match AB	Jönköping	Sweden	100	733	645	119
80	Radiostasjonen Radio Norge AS (formerly: TV2 Saturn AS)	Oslo	Norway	100	1,849	-5,431	121
81	Radio Stella AB	Helsingborg	Sweden	100	482	291	119
82	Radio Veselina EAD	Plovdiv	Bulgaria	100	249	150	103
83	Radio Zita Radiofonikes Epichiriseis Anonimi Etaireia	Salonika	Greece	100	31	-113	93
84	Radioreklame A/S	Århus C.	Denmark	95,2	-1,935	-660	120
85	Radio VLR A/S	Taastrup	Denmark	100	96	8	120
86	RedSeven Entertainment GmbH	Unterföhring	Germany	100	25	633	55
87	Reklamradio-FMK AB	Kalmar	Sweden	100	821	624	119
88	RIS Vinyl Skane AB	Stockholm	Sweden	100	8	0	123
89	Ritmo Plovdiv EOOD	Plovdiv	Bulgaria	100	0	6	157
90	Rockklassiker Sverige AB	Stockholm	Sweden	100	96	-21	88
91	Romanian Broadcasting Corporation Limited	London	United Kingdom	100	-15,883	-2	107
92	Salonika Radio Investments Holding S.A.	Luxembourg	Luxembourg	100	270	-849	103
93	Salonika Radio Investments S.à r.l.	Luxembourg	Luxembourg	100	286	-733	92
94	Sat.1 Bayern GmbH	Unterföhring	Germany	100	10,241	392	151
95	Sat.1 Grundstücksverwaltungs GmbH & Co. KG	Unterföhring	Germany	100	1,211	-817	98
96	Sat.1 Norddeutschland GmbH	Hannover	Germany	100	25	348	98
97	SAT.1 Privatrundfunk und -programmgesellschaft m.b.H	Vienna	Austria	51	8,209	7,952	98
98	Sat.1 Satelliten Fernsehen GmbH	Berlin	Germany	100	443,537	110,541	27
99	Sat.1 Switzerland AG	Zürich	Switzerland	50	4,575	3,237	98
100	SBS Belgium N.V.	Zaventem	Belgium	99,97	-4,569	-5,295	103
101	SBS Broadcasting B.V.	Amsterdam	Netherlands	100	668,100	50,304	116
102	SBS Broadcast Danmark A/S	Skovlunde	Denmark	100	-16,697	3,730	100
103	SBS Broadcasting Europe B.V.	Amsterdam	Netherlands	100	1,402,455	254,628	106
104	SBS Broadcasting Europe B.V. the Netherlands svensk Filial	Stockholm	Sweden	100	356,545	-102,617	103
105	SBS Broadcasting Holding I B.V.	Amsterdam	Netherlands	100	828,902	-12,334	53
106	SBS Broadcasting Holding II B.V.	Amsterdam	Netherlands	100	997,383	-14,768	105
107	SBS Broadcasting (UK) Limited	London	United Kingdom	100	79,462	6,376	103
108	SBS Broadcasting Networks Limited	London	United Kingdom	100	14,272	-8,490	107
109	SBS Broadcasting (Sweden) AB	Stockholm	Sweden	100	9,387	-481	103
110	SBS Danish Television Limited	London	United Kingdom	100	n/a	n/a	107 ⁽¹⁾
111	SBS European Pay TV Services S.á r.l.	Luxembourg	Luxembourg	100	n/a	n/a	103 ⁽¹⁾
112	SBS Finance B.V.	Amsterdam	Netherlands	100	821,016	40,148	103
113	SBS Finland Oy	Helsinki	Finland	100	-1,147	-107	58
114	SBS Interactive AB (under Liquidation)	Stockholm	Sweden	100	n/a	n/a	104
115	SBS Magyarországi Befektetési Kft.	Budapest	Hungary	98,34	57	-16	103
116	SBS Nederland B.V.	Amsterdam	Netherlands	100	440,743	-10,816	103
117	SBS Productions B.V.	Amsterdam	Netherlands	100	144	6	101
118	SBS Publishing & Licensing B.V.	Amsterdam	Netherlands	100	291	1,450	101
119	SBS Radio AB	Stockholm	Sweden	100	8,714	-2,428	123
120	SBS Radio A/S	Copenhagen	Denmark	80	-19,904	-4,444	102
121	SBS Radio Norge AS	Oslo	Norway	77	9,163	1,572	100
122	SBS Radio Sweden AB	Stockholm	Sweden	100	1,862	3	123
123	SBS Radio Sweden Holding AB	Stockholm	Sweden	100	54,186	-37	104
124	SBS Records Aps	Copenhagen	Denmark	100	-19	-14	120
125	SBS Services B.V.	Amsterdam	Netherlands	100	1,375	-216	116
126	SBS Services (UK) Ltd.	London	United Kingdom	100	n/a	n/a	103 ⁽¹⁾
127	SBS TV A/S	Skovlunde	Denmark	100	-22,425	9,025	102
128	Scandinavian Broadcasting System (Jersey) Ltd.	Jersey	Channel Islands	100	-8,653	-224	101
129	S.C. Canet Radio SRL	Bucharest	Romania	20	-817	112	132
130	S.C. Media Group Services International S.R.L.	Bucharest	Romania	95	-6,136	-4,700	132
131	S.C. Prime Time Productions S.R.L.	Bucharest	Romania	99	74	101	132
132	S.C. SBS Broadcasting Media S.R.L.	Bucharest	Romania	84,38	12,173	9,784	21
133	SevenOne Brands GmbH	Unterföhring	Germany	100	5,168	19,547	1
134	SevenOne Interactive GmbH	Unterföhring	Germany	100	44	106	133
135	SevenOne Intermedia GmbH	Unterföhring	Germany	100	50,854	-7,516	61
136	SevenOne International GmbH	Unterföhring	Germany	100	125	4,761	1
137	SevenOne Media Austria GmbH	Vienna	Austria	100	12,166	11,342	133
138	SevenOne Media GmbH	Unterföhring	Germany	100	5,772	-66	133
139	SevenOne Media (Switzerland) AG	Küschnacht	Switzerland	100	8,957	7,645	133
140	SevenPictures Film GmbH	Unterföhring	Germany	100	2,268	1,064	1
141	SevenSenses GmbH	Unterföhring	Germany	100	25	2,184	1
142	Seven Scores Musikverlag GmbH	Unterföhring	Germany	100	26	546	1
143	solute GmbH	Karlsruhe	Germany	74,8	254	691	135
144	Starwatch Music GmbH	Unterföhring	Germany	100	29	3,570	47
145	Stichting Administratiekantoor Melida (under Liquidation)	Amsterdam	Netherlands	100	n/a	n/a	53 ⁽¹⁾
146	Svensk Radiopartner Radio City AB	Karlstad	Sweden	100	668	549	119
147	Teledirekt Vermarktungsgesellschaft für Fernsehempfang mbH	Unterföhring	Germany	100	92	-4	1
148	Turun Ensitorppa Oy	Helsinki	Finland	100	70	-1	58
149	TV5 Finland Oy	Helsinki	Finland	100	-9,227	-4,118	58
150	TVNorge AS	Oslo	Norway	100	13,146	13,029	12
151	tv-weiß-blau Rundfunkprogrammabnehmer GmbH	Unterföhring	Germany	100	1,027	-153	98
152	V8 Broadcasting B.V.	Amsterdam	Netherlands	100	15,026	30,027	101
153	Veronica Broadcasting VOF	Amsterdam	Netherlands	99	n/a	n/a	152 ⁽¹⁾
154	Veronica Litho B.V.	Hilversum	Netherlands	100	240	910	101
155	Veronica Uitgeverij B.V.	Hilversum	Netherlands	100	678	14,293	101
156	Vinyl AB	Stockholm	Sweden	100	775	-186	123
157	Vitosha FM EOOD	Sofia	Bulgaria	100	1,952	0	103
158	VT4 Limited	London	United Kingdom	100	n/a	n/a	103 ⁽¹⁾
159	VT4 Marketing & Sales N.V.	Zaventem	Belgium	99,96	-731	-47	158
160	VT4 Network N.V.	Zaventem	Belgium	99,2	-606	-43	158
161	wer-weiß-was GmbH	Hamburg	Germany	74,8	5,690	-6,166	135
162	wetter.com AG	Singen	Germany	73	1,613	440	135
163	Wetter Fernsehen - Meteos GmbH	Singen	Germany	100	413	1,086	41

No.	Company	Location	Country	Interest %	Equity EUR k	Net income EUR k	via No.
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Affiliated companies, not consolidated							
164	Anadolu Televizyon Ve Radyo Yayıncılık Ve Ticaret Anonim Şirketi	Istanbul	Turkey	98	n/a	n/a	125 ⁽¹⁾
165	Balkans Media Investments EOOD	Sofia	Bulgaria	100	3	0	157
166	maxdome Verwaltungs GmbH	Unterföhring	Germany	100	29	5	141
167	Merchandising Prag s.r.o.	Prague	Czech Republic	100	n/a	n/a	47

Associated companies -at equity-							
168	Autoplenum GmbH	Munich	Germany	25.1	711	-1,206	135
169	Big Brother AB	Stockholm	Sweden	50	43	-1	104
170	Big Brother Kommanditbolag	Stockholm	Sweden	49	124	0	33
171	IP Multimedia (Switzerland) AG	Küschnacht	Switzerland	23	10,517	8,392	139 ⁽²⁾
172	maxdome GmbH & Co. KG	Unterföhring	Germany	50	1,057	-3,251	141
173	LOVESEARCH DP AB	Stockholm	Sweden	95.09	32	16	33
174	Österjöns Reklamradio AB	Visby	Sweden	40	0	0	119
175	Poolside Reise GmbH	Munich	Germany	40	879	-1,807	135
176	Privatfernsehen in Bayern Verwaltungs-GmbH	Munich	Germany	49.9	62	5	151 ⁽²⁾
177	Privatfernsehen in Bayern GmbH & Co. KG	Munich	Germany	49.9	248	40	151 ⁽²⁾
178	RadioBoknningen i Västmanland Handelsbolag	Västerås	Sweden	20	0	0	119
179	Radio Silkeborg af 1997 A/S	Silkeborg	Denmark	34	7	-124	84
180	TV 10 B.V.	Amsterdam	Netherlands	100	1,353	105	180
181	TV10 Holdings LLC	Wilmington	USA	50	n/a	n/a	101 ⁽¹⁾
182	Veronica/Jetix Text VOF	Amsterdam	Netherlands	50	n/a	n/a	152 ⁽¹⁾
183	VG Media Gesellschaft zur Verwertung der Urheber- und Leistungsschutzrechte von Medienunternehmen mbH	Berlin	Germany	50	378	0	1

Other equity interests							
184	AFK Aus- und Fortbildungs GmbH für elektronische Medien	Munich	Germany	12	n/a	n/a	1 ⁽¹⁾
185	Berliner Pool TV Produktionsgesellschaft mbH	Berlin	Germany	50	135	58	51 ⁽²⁾
186	Deutscher Fernsehpreis GmbH	Cologne	Germany	25	n/a	n/a	1 ⁽¹⁾
187	ZeniMax Media Inc.	Rockville	USA	8.03	n/a	n/a	103 ⁽¹⁾

Explanations to the footnotes

1) Not applicable; immaterial investments
 2) Disclosures for fiscal year 2008

Members of the Executive Board

THOMAS EBELING

CEO since March 1, 2009

Management department: Group Content, Human Resources and Corporate

GUILLAUME DE POSCH

CEO until December 31, 2008

Management department: Group Content Production and Acquisitions, Corporate, Human Resources

AXEL SALZMANN

CFO since June 11, 2008

Member of the Executive Board since May 1, 2008

Management department: Group Controlling, Finance / Investor Relations, Legal Affairs, Regulatory Affairs, Administration

LOTHAR LANZ

CFO until June 10, 2008

Member of the Executive Board until June 10, 2008

Management department: Group Controlling, Finance / Investor Relations, Legal Affairs, Human Resources, Regulatory Affairs, Administration

Mandate:

- Siltronic AG (Member of the Supervisory Board until April 2008)

ANDREAS BARTL

Member of the Executive Board since June 17, 2008

Management department: German Free TV

PETER CHRISTMANN

Member of the Executive Board until June 30, 2008

Management department: Sales & Marketing

DR. MARCUS ENGLERT

Member of the Executive Board since August 1, 2006

Management department: New Media & Diversification, Transaction TV, Business Development

KLAUS-PETER SCHULZ

Member of the Executive Board since September 1, 2008

Management department: Sales & Marketing

PATRICK TILLIEUX

COO

Member of the Executive Board since July 1, 2007

Management department: Group Operations, International Free TV, International Pay TV, Radio, Print

Members of the Supervisory Board

GÖTZ MÄUSER

Chairman (since March 2007)

Permira Beteiligungsberatung GmbH (Partner)

JOHANNES PETER HUTH

Vice-Chairman

(since October 2008, Member of the Supervisory Board since March 2007)

Kohlberg Kravis Roberts & Co. Ltd. (Partner and Head of Europe)

Mandate:

- A.T.U. Auto-Teile Unger Holding GmbH, Germany (non-executive)
- Rally Lux Holding One S.a.r.l, Luxembourg (executive)
- Rally Lux Holding Two S.a.r.l, Luxembourg (executive)
- KION Holding 1GmbH, Germany (non-executive)
- KKR & Co. Limited, UK (executive)
- KKR & Co. SAS, France (executive)
- NXP BV, Netherlands (non-executive)

LORD CLIVE HOLICK

(Vice-Chairman from March 2007 until September 2008)

Kohlberg Kravis Roberts & Co. Ltd. (Partner)

Mandate:

- Diageo PLC (non-executive)
- Honeywell Inc. (non-executive)
- The Nielsen Co. (non-executive)

DR. MATHIAS DÖPFNER

(from December 2001 until January 2008)

Axel Springer AG (CEO)

Mandate:

- Dpa Deutsche Presse Agentur GmbH (non-executive)
- Leipziger Verlags- und Druckereigesellschaft mbH & Co. KG (non-executive)
- B.Z. Ullstein GmbH (non-executive)
- Axel Springer Digital TV GmbH (non-executive)
- Time Warner Inc. (non-executive)
- Brilliant 310 GmbH (executive)

GREG DYKE

(since May 2004)

Company Director

Mandate:

- World Film Collective (non-executive)
- UK Film Council (non-executive)
- Brentford FC (Lionel Road) Limited (non-executive)
- Brentfort Football Club (non-executive)
- Ducks Walk Management Company Ltd. (non-executive)
- Sunshine Holdings & Ltd. (non-executive)
- Powder Creek Limited (non-executive)
- DGCC Limited (non-executive)
- Vine Leisure Ltd. (non-executive)
- Vine Development Limited (non-executive)

ROBIN BELL-JONES

(since March 2007)

Permira Advisors LLP, London (Investment Advisor)

Mandate:

- ALL3Media Holdings Ltd., UK (non-executive)

STEFAN DZIARSKI

(since June 2008)

Permira Beteiligungsberatung GmbH

(Private Equity Professional)

PHILIPP FREISE

(since March 2007)
Kohlberg Kravis Roberts & Co. Ltd. (Director)
Mandate:

- Demag Holdings S.a.r.l (non-executive)
- A.T.U GmbH (non-executive)
- DSD GmbH (non-executive)

REINHARD GORENFLOS

(since September 2008)
Kohlberg Kravis Roberts & Co. Ltd. (Partner)
Mandate:

- A.T.U GmbH & Co. KG (non-executive)
- Pages Jaunes SA (non-executive)
- DSD GmbH (non-executive)
- Van Gansewinkel BV (non-executive)
- Blacksmith SA (non-executive)
- Demag Holdings S.a.r.l (non-executive)

THOMAS KRENZ

(since March 2007)
Permira Beteiligungsberatung GmbH (Partner)

HEINZ-JOACHIM NEUBÜRGER

(from July 2007 until September 2008)
Kohlberg Kravis Roberts & Co. Ltd. (Private Equity Professional)

CHRISTIAN NIENHAUS

(from May 2004 until January 2008)
WAZ Mediengruppe (CEO)
Mandate:

- WAZ Mediengruppe (executive)

MARINUS MARIA PETRUS VAN LENT

(since July 2007)
Telegraaf Media Groep N.V. (President)
Mandate:

- Telegraaf Media International B.V. (executive)

CHRISTOPH RÖTTELE

(since November 2008)
Permira Beteiligungsberatung GmbH (Portfolio Director)

SILKE SCHEIBER

(since June 2008)
Kohlberg Kravis Roberts & Co. Ltd. (Director)
Mandate:

- Torkett SA (non-executive)
- KKR International Flooring 1 S.a.r.l (non-executive)
- KKR International Flooring 2 S.a.r.l (non-executive)
- A.T.U GmbH (non-executive)
- KION Group GmbH (non-executive)
- KION Holding 1 GmbH (non-executive)

HARRY EVANS SLOAN

(since March 2007)
MGM Holdings Inc. (Chairman of the Board and CEO)
Mandate:

- MGM Holdings Inc. (executive)
- ZeniMax Media Inc. (non-executive)

ADRIANUS JOHANNES SWARTJES

(since July 2007)
Telegraaf Media Groep N.V. (CEO)
Mandate:

- Telegraaf Media Groep N.V. (executive)

KATRIN WEHR-SEITER

(from July 2007 until November 2008)
Permira Beteiligungsberatung GmbH (Principal)
Mandate:

- Hugo Boss AG (non-executive)

PROF. DR. HARALD WIEDMANN

(since March 2007)
Gleiss Lutz Hootz Hirsch Partnergesellschaft von Rechtsanwälten und Steuerberatern (Auditor/Attorney)
Mandate:

- Berenberg Bank (non-executive)
- Wincor Nixdorf AG (non-executive)
- Praktiker Baumärkte (non-executive)
- Prime Office AG (non-executive)
- Merz GmbH & Co. KG (non-executive)

ProSiebenSat.1 Media Aktiengesellschaft, Unterföhring

Development of non-current assets in the fiscal year 2008

	Acquisition and production costs				
	1/1/2008	Additions	Reclassifications	Disposals	12/31/2008
	EUR	EUR	EUR	EUR	EUR
I. Intangible assets					
1. Licenses, trademarks and patents as well as licenses to such assets and rights	20,455,941.69	528,187.27	473,681.60	15,361,604.31	6,096,206.25
2. Advances paid on intangible assets	947,021.84	507,803.00	-473,681.60	794,895.24	186,248.00
	21,402,963.53	1,035,990.27	0.00	16,156,499.55	6,282,454.25
II. Property, plant and equipment					
1. Buildings on land owned by others	61,632,420.79	5,679,755.51	0.00	891,567.22	66,420,609.08
2. Other equipment, fixtures, furniture and equipment	8,096,230.36	319,449.94	0.00	118,877.98	8,296,802.32
3. Advances paid on tangible assets under construction	0.00	408,219.48	0.00	0.00	408,219.48
	69,728,651.15	6,407,424.93	0.00	1,010,445.20	75,125,630.88
III. Financial assets					
1. Interests in group companies	6,020,141,700.59	2,092,166.51	0.00	26,308.18	6,022,207,558.92
2. Interests in associated companies	3,181,739.66	255.65	0.00	2,562,134.75	619,860.56
3. Long-term investments	5,506,538.91	2,025,421.62	0.00	0.00	7,531,960.53
4. Other loans	9,267,676.59	636,423.38	0.00	3,200.00	9,900,899.97
	6,038,097,655.75	4,754,267.16	0.00	2,591,642.93	6,040,260,279.98
	6,129,229,270.43	12,197,682.36	0.00	19,758,587.68	6,121,668,365.11

Amortization, depreciation and write-downs				Carrying amounts	
1/1/2008	Additions	Disposals	12/31/2007	12/31/2008	12/31/2007
EUR	EUR	EUR	EUR	EUR	EUR
13,400,745.69	1,096,050.87	9,247,547.31	5,249,249.25	846,957.00	7,055,196.00
0.00	0.00	0.00	0.00	186,248.00	947,021.84
13,400,745.69	1,096,050.87	9,247,547.31	5,249,249.25	1,033,205.00	8,002,217.84
37,492,443.28	3,435,712.51	562,350.22	40,365,805.57	26,054,803.51	24,139,977.51
6,857,551.36	303,317.94	105,719.98	7,055,149.32	1,241,653.00	1,238,679.00
0.00	0.00	0.00	0.00	408,219.48	0.00
44,349,994.64	3,739,030.45	668,070.20	47,420,954.89	27,704,675.99	25,378,656.51
0.00	300,000,000.00	0.00	300,000,000.00	5,722,207,558.92	6,020,141,700.59
2,640,167.65	341,987.11	2,562,133.75	420,021.01	199,839.55	541,572.01
0.00	1,473,071.59	0.00	1,473,071.59	6,058,888.94	5,506,538.91
0.00	0.00	0.00	0.00	9,900,899.97	9,267,676.59
2,640,167.65	301,815,058.70	2,562,133.75	301,893,092.60	5,738,367,187.38	6,035,457,488.10
60,390,907.98	306,650,140.02	12,477,751.26	354,563,296.74	5,767,105,068.37	6,068,838,362.45



Responsibility Statement of the Executive Board

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

Unterföhring, March 10, 2009

Thomas Ebel (CEO)

Axel Salzmann (CFO)

Patrick Tillieux (COO)

Andreas Bartl (German Free TV)

Dr. Marcus Englert (New Media)

Klaus-Peter Schulz (Sales)



Auditor's Report

Auditor's Report

We have granted the unqualified auditor's report as follows:

„Auditor's report

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system and the management report of ProSiebenSat.1 Media Aktiengesellschaft, Unterföhring, for the fiscal year from January 1 to December 31, 2008. The maintenance of the books and records and the preparation of the annual financial statements and the management report in accordance with German commercial law are the responsibility of the Company's executive board. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

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

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.“

Munich, March 13, 2009

KPMG AG
Wirtschaftsprüfungsgesellschaft

(formerly:

KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft)

[original German version signed by:]

A handwritten signature in black ink, appearing to read "Kozikowski".

Kozikowski
[German Public Auditor]

A handwritten signature in black ink, appearing to read "Papenberg".

Papenberg
[German Public Auditor]