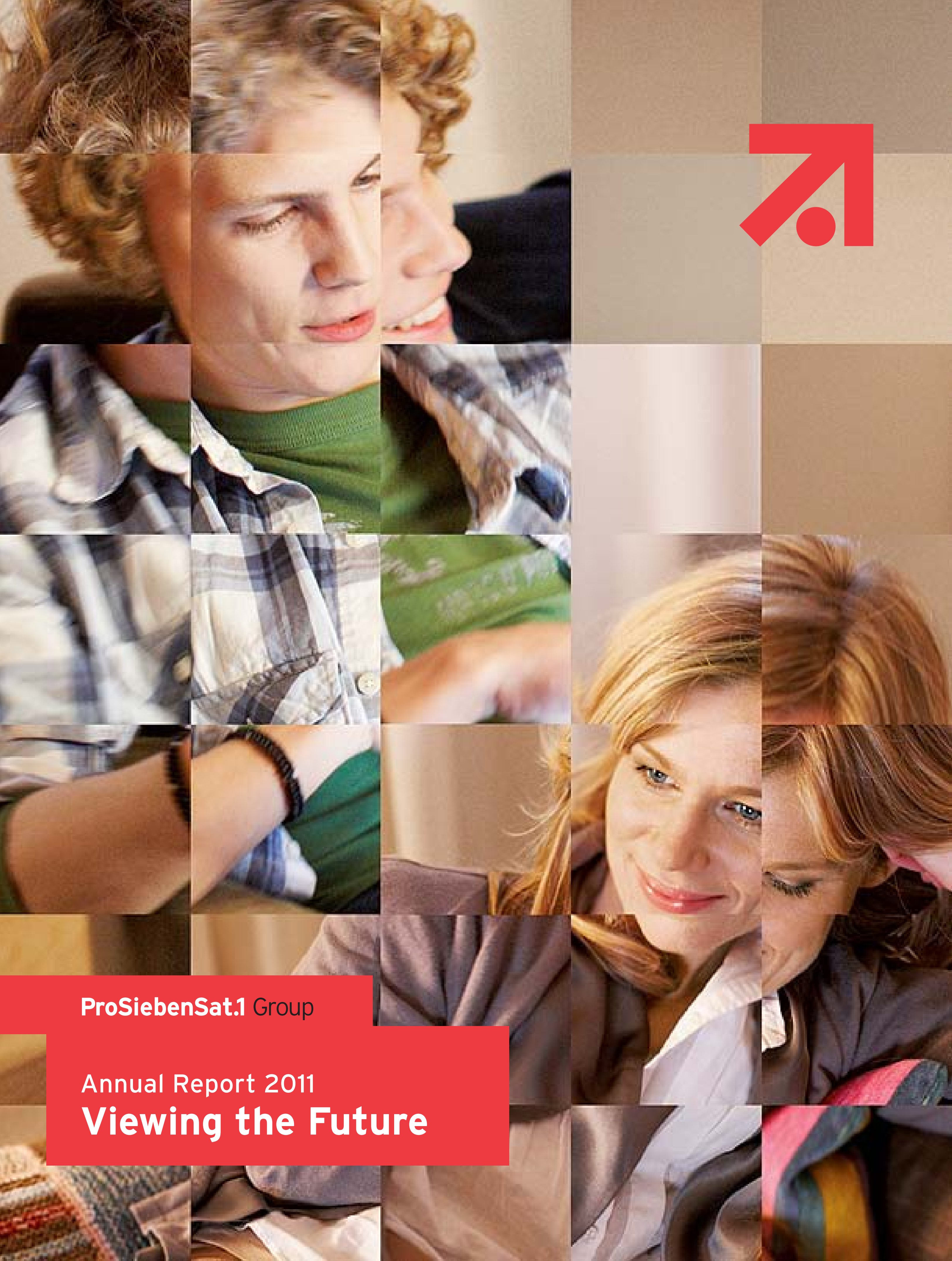


ProSiebenSat.1 Group

Annual Report 2011
Viewing the Future

VIEWING THE FUTURE

REPORTS FROM THE EXECUTIVE AND SUPERVISORY BOARD

GROUP MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

ADDITIONAL INFORMATION

PROSIEBENSAT.1 AT A GLANCE

The ProSiebenSat.1 Group was established in 2000 as the largest TV company in Germany. Today, we are present with 28 TV stations in 10 countries and rank among Europe's leading media groups. Everyday, we reach more than 62 million TV households with our services – naturally including online and mobile, around the clock and in all parts of the world. Our headquarters is located in Unterföhring near Munich. ProSiebenSat.1 Media AG is a listed company with over 4,250 employees across the Group. In 2011, we generated annual revenues of EUR 2.756 billion and recurring EBITDA of EUR 850.0 million. The ProSiebenSat.1 Group is one of the most profitable media corporations in Europe.

GROUP REVENUES FROM CONTINUING OPERATIONS (I)

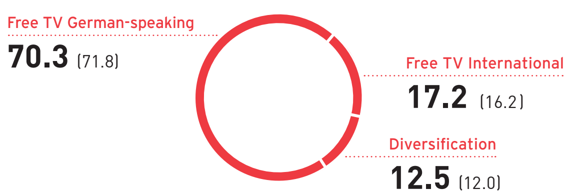
EUR m

RECURRING EBITDA FROM CONTINUING OPERATIONS (II)

EUR m

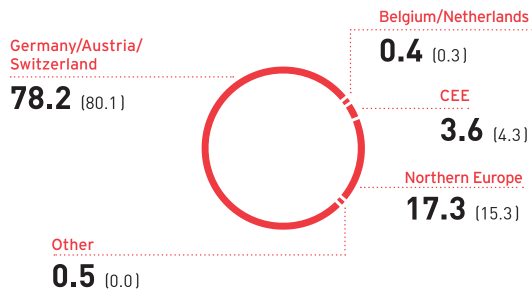
REVENUES BY SEGMENTS FROM CONTINUING OPERATIONS (III)

In percent, 2010 figures in parentheses



REVENUES BY REGIONS FROM CONTINUING OPERATIONS (IV)

In percent, 2010 figures in parentheses



KEY FIGURES OF PROSIEBENSAT.1 GROUP AT A GLANCE (V)

EUR m

	ProSiebenSat.1 Group incl. discontinued operations		Discontinued operations		ProSiebenSat.1 Group continued operations	
	Q4 2011	Q4 2010	Q4 2011	Q4 2010	Q4 2011	Q4 2010
Revenues	**873.7**	955.6	- / -	126.7	873.7	828.9
Operating costs[1]	**560.4**	601.4	- / -	80.6	560.4	520.8
Total costs	**633.7**	656.0	- / -	83.4	633.7	572.6
Cost of sales	**451.5**	465.8	- / -	63.3	451.5	402.5
Selling expenses	**87.7**	112.6	- / -	11.2	87.7	101.4
Administrative expenses	**94.5**	77.6	- / -	8.9	94.5	68.7
EBIT	**237.9**	304.1	-5.9	43.3	243.8	260.8
Recurring EBITDA[2]	**317.7**	358.6	- / -	46.1	317.7	312.5
Non-recurring items (net)[3]	**-42.8**	-19.7	-5.9	-0.1	-36.9	-19.6
EBITDA	**274.9**	338.9	-5.9	46.0	280.8	292.9
Consolidated net profit /loss attributable to shareholders of ProSiebenSat.1 Media AG	**129.9**	181.4	-5.6	34.4	135.5	147.0
Underlying net income[4]	**151.7**	194.3	-5.6	35.5	157.3	158.8

EUR m

	ProSiebenSat.1 Group incl. discontinued operations		Discontinued operations		ProSiebenSat.1 Group continued operations	
	2011	2010	2011	2010	2011	2010
Revenues	**2,971.2**	3,004.2	215.0	403.2	2,756.2	2,601.0
Operating costs[1]	**2,079.7**	2,109.4	164.0	288.8	1,915.7	1,820.6
Total costs	**2,325.9**	2,345.9	166.7	300.5	2,159.2	2,045.4
Cost of sales	**1,635.3**	1,612.2	134.0	229.3	1,501.3	1,382.9
Selling expenses	**364.0**	391.0	18.4	38.3	345.6	352.7
Administrative expenses	**326.6**	342.7	14.3	32.9	312.3	309.8
EBIT	**990.9**	669.5	384.2	102.7	606.7	566.8
Recurring EBITDA[2]	**901.1**	905.9	51.1	114.4	850.0	791.5
Non-recurring items (net)[3]	**238.2**	-98.3	335.8	-0.6	-97.6	-97.7
EBITDA	**1,139.3**	807.6	386.9	113.8	752.4	693.8
Consolidated net profit /loss attributable to shareholders of ProSiebenSat.1 Media AG	**637.5**	312.7	375.0	78.1	262.5	234.6
Underlying net income[4]	**685.3**	357.2	375.9	82.0	309.4	275.2

1 Total costs excl. D&A and non-recurring expenses
2 EBITDA before non-recurring (exceptional) items
3 Non-recurring expenses netted against non-recurring income
4 Consolidated profit for the period, before the effetcs of purchase price allocations and non-cash currency valuation effects

Explanation of reporting principles in the fourth quarter or 31 December 2011. The figures for 2011 relate to the key figures from continuing operations in line with IFRS 5. The previous-year figures for the income statement and the cash flow statement have been adjusted accordingly. According to IFRS, key figures from the previous-year statement of financial position are not to be adjusted. The Belgian activities and the Dutch TV and Print activities were deconsolidated with the completion of the contracts for the sale of the participation at the beginning of June and end of July 2011 respectively. As a result these companies are separately reported as discontinued operations. The result from discontinued operations contains the net profit and the profit of deconsolidation after taxes.

Television is more important than ever - because it achieves something that no other medium can: **TELEVISION** brings people together, to laugh and to marvel, to talk and to have fun.

We use this power of television to tap into new growth areas in the digital age – with the ProSiebenSat.1 **FOUR-PILLAR** strategy. This is how we shape the television of the future today.

ProSiebenSat.1.
THE POWER OF TELEVISION.

TELEVISION OF THE FUTURE

THOSE WHO BELIEVED THAT TELEVISION WOULD BECOME LESS SIGNIFICANT IN THE DIGITAL AGE CAN ONLY STAND IN AMAZEMENT: USAGE FIGURES ARE HIGH AND UNCHANGED – TELEVISION IS AND WILL REMAIN THE NO. 1 MEDIUM. HOW CAN THIS BE?

Has the entertainment world not already fragmented into **INDIVIDUAL NEEDS**? There are countless clips that can be downloaded, streamed and taken anywhere. Films and series are called up via video-on-demand depending on time and inclination. Tidbits of information are available in infinite quantities – in tweets, Facebook messages, blog entries. Everywhere there are special-interest programs for every target group segment. And in such a world, what do different **GENERATIONS** have to say to each other, family members for example, who all seem to be leading their own separate lives?

Television itself provides the answer, because it is better attuned to these conditions than any other medium. Because it **CONNECTS PEOPLE** and provides a common point of reference – and at the same time is open for individual use. ProSiebenSat.1 is successful in using the potential of television in an extraordinary way. Recently, the innovative music show "The Voice of Germany" proved in a spectacular fashion what powerful television can do, now and in the future.

If families and friends get together to be **ENTHRALLED** by one and the same story ... If you can experience a whole program or the most emotional **MOMENTS** later, whenever and as often as you like ... If you can share these **EXPERIENCES** and have conversations, in online networks and on the website where fascinating additional material is offered ... If you have access to the largest online video library in Europe ... If you discover the perfect TV station, as if it were made especially for your **OWN INTERESTS** – in Germany and in many other countries ... If you can also shop or play with your television ... If you see formats that you have never seen like that before ...

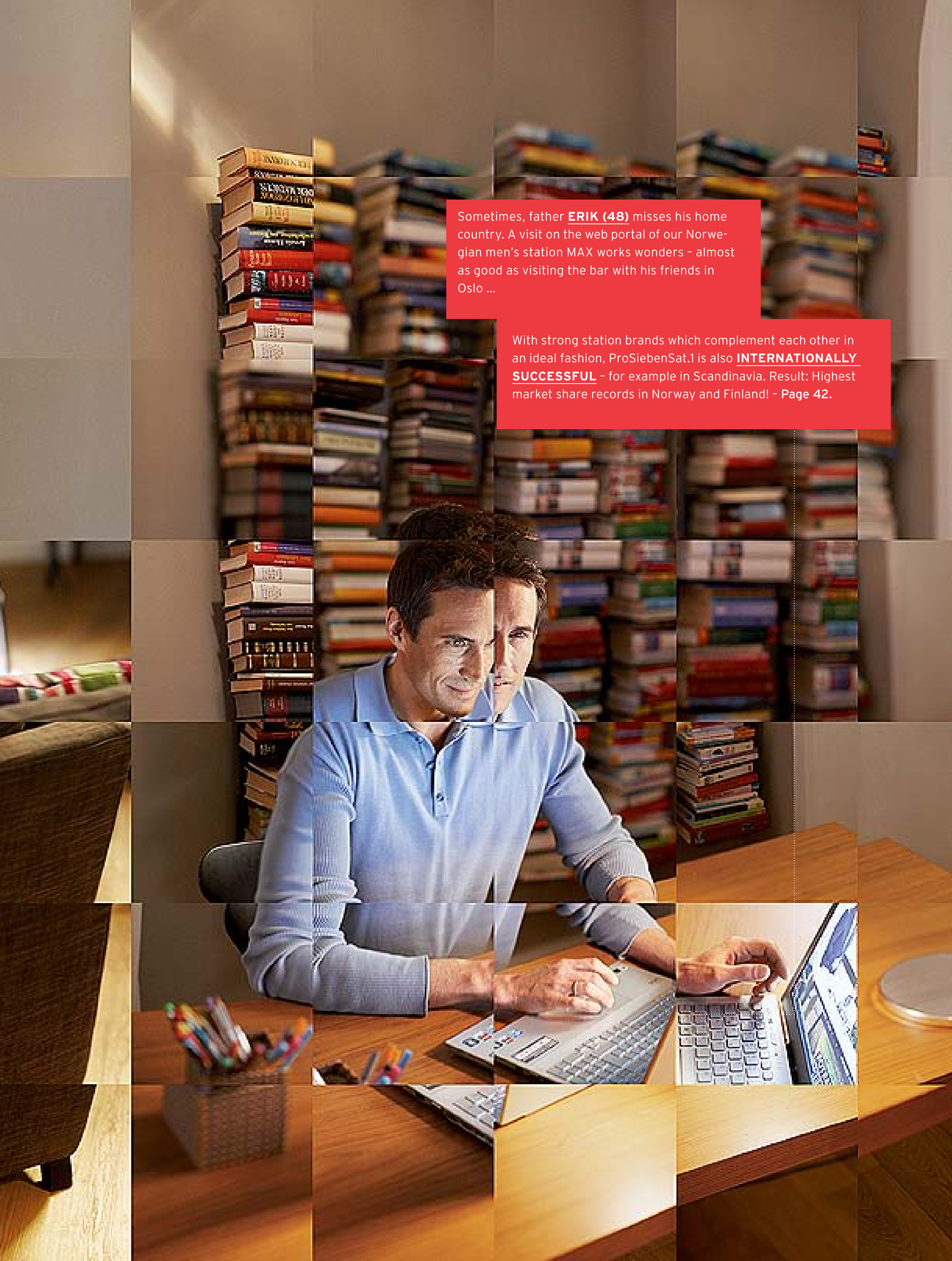
... then your are experiencing the **TELEVISION OF THE FUTURE** today. With ProSiebenSat.1.

Since her student exchange, daughter **LENA (16)** chats almost every day with her American friend Grace. Grace is really enthusiastic about our comedy "Off Their Rockers" which has been launched in the USA. Wonderfully brash old people shock with absurd pranks. "If my granny knew what I am seeing," writes Lena to Grace.

With Red Arrow Entertainment Group founded in 2010, ProSiebenSat.1 develops, markets and produces programs for the **GLOBAL TV MARKET**. Result: Already 15 successful investments in 9 countries! – **Page 214.**

MONA (42) and her son **MAX (7)** have never seen anything like it on German television: The first music show where only the voice of talent counts!

With formats such as **"THE VOICE OF GERMANY"** ProSiebenSat.1 is setting its stamp and innovating the German-speaking TV market. Result: We are No 1 in the advertising market – with a share of 42.3%! – **Page 14**.



Sometimes, father **ERIK (48)** misses his home country. A visit on the web portal of our Norwegian men's station MAX works wonders – almost as good as visiting the bar with his friends in Oslo ...

With strong station brands which complement each other in an ideal fashion, ProSiebenSat.1 is also **INTERNATIONALLY SUCCESSFUL** – for example in Scandinavia. Result: Highest market share records in Norway and Finland! – **Page 42.**

The elder son **NIKLAS (18)** and his girlfriend **JULIA (17)** also caught the "Voice" fever. They want to watch their favorite scenes again and again – and share them with their friends, also on the go.

So it is really cool that the video portal **MYVIDEO** is available as an app. The digital strategy at ProSiebenSat.1 shows television the way into the future. Result: We are already market leader in marketing online videos! – **Page 128**.

IDENTIFYING AND USING POTENTIAL

ProSiebenSat.1 will consistently build on the success of previous years. Our four-pillar **GROWTH STRATEGY** sets a clear course: The result is a diversified, international and carefully coordinated portfolio that uses common strengths – and simultaneously makes us independent of possible fluctuations in individual markets.

REPORTS FROM THE EXECUTIVE AND SUPERVISORY BOARD

Fascinating TV formats in the German-speaking segment – for the whole family. For example, "**THE VOICE OF GERMANY**"! Like Mona (42) and her son Max (7), millions followed the search for the best voice in the country. Our innovative music show captured **MARKET SHARES OF UP TO 30.9%**.

BROADCASTING GERMAN-SPEAKING

PILLAR 1

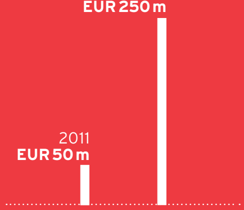
Germany is Europe's largest TV market – and it is fiercely contested. Therefore, our strategy's first growth pillar is of particular importance. For years ProSiebenSat.1 has been in an excellent position here – and we are continuously driving this development forward.

In the **ADVERTISING MARKET** ProSiebenSat.1 was the clear winner in 2011 – with an impressive advertising market share of 42.3%. We owe this to our complementary station brands SAT.1, ProSieben, kabel eins and sixx, which expanded their combined audience market share to 28.9% in 2011. Together, they provide programming that appeals to a wide audience and is a particularly attractive environment for advertising customers.

Among many **HIGHLIGHTS** – including "Schlag den Raab", "Danni Lowinski", "Der letzte Bulle", the best US series and Hollywood films – one format stood out. "The Voice of Germany" made television history with its first season: as music show that not only enthralls its audience, but also delights critics.

ProSiebenSat.1 is also setting **STANDARDS** in new technologies such as HbbTV or broadcasting HD in the cable network, in topics for the future such as the decentralized advertising, in developing new stations and advertising concepts.

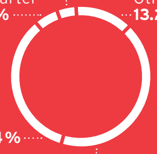
PILLAR 1 – FACTS & FIGURES



Additional revenues potential to 2015
EUR 250 million, EUR 50 million of which were generated in 2011.

30.9
Percent

"The Voice of Germany"
Market share of up to 30.9% – 24.3% on average.



Share of Advertising
SevenOneMedia is clearly market leader in the German advertising market.

LETTER FROM THE CEO

Thomas Ebeling (CEO)

CEO
since March 1, 2009

The ProSiebenSat.1 Group will continue its success story. The basis for further profitable growth is our four-pillar strategy.

7.4 percent

Higher recurring EBITDA demonstrates the growth momentum and profitability of ProSiebenSat.1.

28.9 percent

The strong position in the German television market is the basis for further growth – in and also beyond the traditional core TV business.

39.8 percent

After reducing net financial debt from EUR 3.021 billion to EUR 1.818 billion, leverage at 2.1 is now within the defined corridor of between 1.5 and 2.5.

750 EUR m

The four-pillar strategy has the additional revenue potential to 2015 clearly in its sights.

LETTER FROM THE CEO

Ladies and Gentlemen, dear Shareholders,

2011 was another record-breaking year for the ProSiebenSat.1 Group. We achieved our growth targets for the past financial year and improved on all the relevant key financial ratios. We improved consolidated revenues by 6.0% to EUR 2,756 billion. We increased our recurring EBITDA by **7.4%** to EUR 850.0 million, with the ProSiebenSat.1 Group net income of the year improving by 12.4% to EUR 309.4 million.

How is it that we managed to achieve these successes? We did it by increasing our revenues in all segments and, among other things, by optimizing our station and country portfolio. We sold our companies in Belgium and the Netherlands on the one hand, as well as expending a great deal of energy on establishing and expanding new stations on the other hand. One example that demonstrates how this commitment is paying off is MAX, our Norwegian television station targeted at men. This was one of the most successful station launches in Europe. Compared to the previous year, we increased our audience shares in almost every market. To provide just two examples: In Norway, our stations were able to achieve an improvement of their combined audience share of 3.0 percentage points, taking the figure to 17.4%. In our home market in Germany, the stations SAT.1, ProSieben, kabeleins and sixx reached a combined audience share of 28.9% – this represents an upturn of 0.4 percentage points.

But we also increased the pace of numerous initiatives beyond our traditional television business. For example, our internet video portal maxdome extended its range of content to 45,000 films. In doing so, it further consolidated its market leadership. In the area of Games, we also considerably strengthened our market position with the acquisition of burda:ic and the majority stake in Covus Games. Another successful project with which we pressed ahead in 2011 is the “media-for-revenue-share” model, which operates on the principle of obtaining a share of companies' revenue in return for advertising time. These and other initiatives have been so successful because we use our strengths in the core television business as a lever for other areas.

So you can see that the ProSiebenSat.1 Group has had a very successful twelve months. And with regard to our capital structure, we have a significantly improved position in comparison to last year. We took advantage of the proceeds from the disposal of our Belgian and Dutch companies to reduce the debt position of your Company considerably – from EUR 3.021 billion to EUR 1.818 billion. Against this backdrop, we will propose to the shareholders' meeting in May a dividend of EUR 1.17 per preference share and EUR 1.15 per common share. We are thus distributing 79.2% of underlying net income to our shareholders.

I am very confident that the success story of the ProSiebenSat.1 Group will continue to unfold. The foundation for further profitable growth is our four-pillar strategy – with the segments "Broadcasting German-speaking", "Broadcasting International", "Digital & Adjacent" and "Content, Production and Global Sales". In comparison with 2010, in our strategy we have identified additional revenue potential of **EUR 750 million by the year 2015**. At the same time, we want to generate almost 50% of our total revenue outside traditional television advertising in Germany by that point in time, and in doing so reduce our dependency on the advertising market.

There are a large number of projects backing these headline figures. For example, in the "Broadcasting German-speaking" segment we intend to expand further our leading position with new stations, an optimized strategy for sales and distribution and not least with appealing formats such as "The Voice". Innovative ideas – such as decentralized television advertising – will help to broaden our customer basis.

In the Broadcasting International segment, we are operating in dynamic growth markets. Here we still have many opportunities.

By expanding our activities in the third and fourth pillars, our key objective is to broaden our revenue base beyond that of the traditional television business. To do this, we will continue to pursue the goal of systematically linking television with our online, pay and mobile offerings. Online, Pay, Games, Ventures, Licensing and Music are combined in the "Digital & Adjacent" segment. In the "Content, Production and Global Sales" unit, we are focusing on the international expansion of Red Arrow. Recently, the Company has increasingly been very successful in marketing a great deal of English-speaking content and will continue to expand its international presence, particularly in the high-growth Asian markets.

But it is not only in business terms that we are making progress. In the future, we will be even more aware of our responsibilities to society, and discharge these responsibilities more passionately. For this reason, the ProSiebenSat.1 Advisory Board was established, under the direction of former Bavarian Prime Minister Dr. Edmund Stoiber. With our initial project, we want to inspire a young audience with new information formats for business and political contents. We want to make use of the power of television and the creativity within our Group to set new accents in terms of political information.

Dear shareholders, thanks to our employees – who I would like to take this opportunity to thank for their extraordinary creativity and commitment – ProSiebenSat.1 is continuing its development on all fronts.

With undiminished fascination and a high level of commitment, we will continue to offer audiences, users and customers a unique television and entertainment experience – thus keeping ProSiebenSat.1 Group on the right track for success.

Sincerely,

Thomas Ebeling (CEO)

MEMBERS OF THE EXECUTIVE BOARD

Conrad Albert

Management segments:
Legal, Distribution & Regulatory Affairs, Legal Affairs Operational Business, Corporate Law, Mergers & Acquisitions and Shareholder & Boards Management
Member of the Executive Board since October 2011

Dr. Christian Wegner

Management segments:
Digital & Diversification, New Media, Pay-TV, Music & Commerce and Strategy & Operations
Member of the Executive Board since October 2011

Andreas Bartl

Management segment:
TV Germany (SAT.1, ProSieben, kabel eins, sixx)
Member of the Executive Board until February 29, 2012

Thomas Ebeling (CEO)

Management segments:
Group Content, International Free TV, Radio, Sales & Marketing, Human Resources and Corporate Communications
CEO since March 2009

Axel Salzmann (CFO)

Management segments:
Group Operations & IT, Group Controlling, Group Finance & Investor Relations, Accounting & Taxes, Internal Audit and Administration
Member of the Executive Board since May 2008, CFO since July 2008

REPORT OF THE SUPERVISORY BOARD

Götz Mäuser

Chairman of the Supervisory Board:
Partner at Permira
Beteiligungsberatung GmbH (Permira)

Dear Shareholders,

Once again in 2011, the Supervisory Board of ProSiebenSat.1 Media AG performed the duties incumbent upon it under the law, the articles of incorporation, its own rules of procedure, and the German Corporate Governance Code. It assisted the Executive Board with advice on management and supervised the Executive Board's conduct of business.

Cooperation between the Executive Board and Supervisory Board

The Supervisory Board was involved in all decisions of particular importance and it dealt in depth with the development of the ProSiebenSat.1 Group's operations and strategy. Members of the Supervisory Board prepared for resolutions on decisions requiring their consent with the regular aid of documentation provided in advance by the Executive Board. Here, they were supported by the competent committees in each case, if applicable, and discussed plans on which decisions were pending with the Executive Board. All matters requiring its consent were submitted to the Supervisory Board promptly for review. When business events deviated from plans, the Executive Board explained the details to the Supervisory Board and discussed with it. Supervisory Board meetings were characterized by intensive and open exchange between the Supervisory Board and the Executive Board. In addition, in the framework of Supervisory Board meetings, so-called "Executive Sessions" took place, in which members of the Supervisory Board had the opportunity to discuss topics without the Executive Board.

In addition to reporting in the Supervisory Board meetings, the Executive Board regularly advised the Supervisory Board of the most important economic figures - through written monthly reports - and submitted the interim and annual financial reports to it. It also informed the Supervisory Board of particular events between meetings and in objectively justified cases asked it to pass resolutions in writing in consultation with the Chairman of the Supervisory Board. The Chairman of the Supervisory Board also maintained a close personal dialog with the CEO on an ongoing basis.

On the basis of the Executive Board's regular reports, the Supervisory Board was always thoroughly informed about the Company's condition and pending decisions and was able to perform its tasks in their entirety. There was therefore no need for the Supervisory Board to examine the Company's books and other records for the purposes of Section 111 (2) of the German Stock Corporation Act – apart from the documentation provided to the Supervisory Board in the course of the Executive Board's reporting activities.

Points of emphasis of the Supervisory Board's advisory and monitoring activities

Once again in the 2011 financial year, the Supervisory Board dealt with the business and financial situation, fundamental questions of corporate policy and strategy, the personnel situation and investment projects. The following matters were the focal points of its advisory and monitoring activities:

- The first ordinary meeting of the Supervisory Board in 2011 was held on March 29, 2011. During the meeting, the Supervisory Board adopted the documents of the annual financial statements, the Corporate Governance Report and the Declaration of Compliance with the German Corporate Governance Code for the financial year 2010. Furthermore, the Supervisory

Glossary, page 218.

Board acquainted itself with the results of the strategic review of the portfolio with regard to international investments, as well as the status of negotiations on the initiated disposal of the TV and print activities in Belgium and the Netherlands. It dealt with the five-year plan and approved the transmission of the Austrian free TV stations in HD. The annual review of Executive Board compensation was also a topic of discussion. It addressed the appropriateness of Executive Board compensation in detail and approved the bonus payments for the 2010 financial year and the target agreements for members of the Executive Board for 2011. In the Executive Board's absence, the Supervisory Board carried out an annual review of the efficiency of its working procedures in terms of Item 5.6 of the German Corporate Governance Code. Finally, the members of the Supervisory Board were informed about handling and legal obligations in connection with the sale and/or purchase of the company's own shares.

- An extraordinary meeting of the Supervisory Board was occasioned on April 19, 2011 by the bids for the ProSiebenSat.1 Group's business activities in the Netherlands and Belgium. The Supervisory Board approved the sale of the Dutch TV and print activities and the Belgian TV portfolio to a consortium of leading international media companies following a thorough review. In the Netherlands, the consortium comprises the Sanoma Corporation and Talpa Holding N.V., in Belgium the Sanoma Corporation, Corelio N.V. and Waterman & Waterman CVA.

- The ProSiebenSat.1 Group has expanded its games business in 2011. Via its subsidiary ProSiebenSat.1 Digital GmbH, the Group acquired a 100% interest in burda:ic GmbH, one of the leading publishers for users of free online games in Europe. At the same time, the company assumed a majority interest in Covus Games GmbH. ProSiebenSat.1 Digital GmbH has initially acquired 51% of the company, and the rest of the shares will be transferred in 2013. The ProSiebenSat.1 Group has also expanded global sales and content production and acquired 51% in The Mob Film Ltd. via the Red Arrow Entertainment Group. The Supervisory Board approved these acquisitions by a vote by correspondence on April 26, 2011.

- The agenda of the 2011 Annual General Meeting and proposed resolutions were approved by the Supervisory Board in a vote by correspondence on May 12, 2011.

- In its meeting of May 18, 2011, the Supervisory Board acquainted itself with the status of the sale of the TV and print activities in the Netherlands, which at that time was still subject to anti-trust approval. During this meeting, the Supervisory Board also addressed operating issues in the different business areas. It approved the conclusion of a contract with Kabel Deutschland GmbH securing the broadcast of free SD TV, free TV HD, pay TV, and video-on-demand for the ProSiebenSat.1 Group for the long term.

- On July 1, 2011 the Supervisory Board met in person following the Annual General Meeting, during which Götz Mäuser was elected as Chairman of the Supervisory Board and Johannes Huth as Vice Chairman. The Supervisory Board appointed Götz Mäuser Chairman of the Compensation Committee and Herman van Campenhout - who had previously been elected by the Annual General Meeting to the Supervisory Board as Adrianus Johannes Swartjes' successor - as a new member of the Committee.

Long Term Incentive Program, page 36.

- In a vote by correspondence on August 19, 2011, the Supervisory Board authorized the Executive Board to buy back up to 2.5 million preferred shares of ProSiebenSat.1 Media AG via the Stock Exchange. The objective of the repurchase is to hedge the company's long-term incentive programs (LTIP).

- In its ordinary meeting on September 27, 2011, the Supervisory Board appointed Conrad Albert and Dr. Christian Wegner as new members of the company's Executive Board. Effective

October 1, Conrad Albert assumed the newly created Legal, Distribution & Regulatory Affairs Board function, while Dr. Christian Wegner has since been responsible for New Media & Diversification. Various operating and personnel issues such as the "Organization and Talent Review" process (OTR process) were also discussed at this meeting. The objective of the OTR process is to promote young talent in the Group in a targeted manner.

- At its last ordinary meeting of the financial year, on November 24, 2011, the Supervisory Board approved the budget for the 2012 financial year.

- In a vote by correspondence of December 30, 2011, the Supervisory Board approved the assumption of a 71.14% majority in the production company CPL Productions Ltd., headquartered in Great Britain. Thus the ProSiebenSat.1 Group is operating in line with its strategy of increasing the presence of the Red Arrow Entertainment Group, its program distribution subsidiary, in English-speaking territories.

- In another vote by correspondence on December 30, 2011, the Supervisory Board approved the conclusion of a contract with Deutsche Telekom AG further expanding the rights to broadcast standard definition TV (SD) and high definition TV (HD) for the company's German free and pay TV stations.

Overall, four ordinary meetings and one extraordinary meeting of the Supervisory Board took place in 2011. One further personal meeting was held following the 2011 Annual General Meeting. All members of the Supervisory Board participated in more than half of these meetings. In 2011, the Supervisory Board made decisions outside personal meetings in eight cases.

Robin Bell-Jones, page 31.

In order to prevent a conflict of interests in the bidding process on the sale of the business operations of the ProSiebenSat.1 Group in the Netherlands and Belgium, due to his function as CEO at Telegraaf Media Groep N.V., one of the interested parties in the bidding process, Adrianus Johannes Swartjes left the meeting on March 29, 2011 when this topic was discussed and did not participate in the extraordinary Supervisory Board meeting on April 19, 2011. Furthermore, in order to prevent conflicts of interest in the discussion about possible investments in TV production companies, Robin Bell-Jones left the meetings as these items came up in the agenda due to his position as Non-Executive Director of a TV production company. The topic arose in the meetings of September 27, 2011 and November 24, 2011. Otherwise, no conflicts of interest occurred in the Supervisory Board in the year under review.

Report on the committees' work

Once again in 2011, the Supervisory Board relied on the assistance of three committees so as to conduct its work efficiently – the Presiding Committee, the Compensation Committee and the Audit and Finance Committee:

- The **Presiding Committee** prepares meetings of the Supervisory Board and approves matters of particular business significance such as the purchase of programming rights. This committee furthermore acts as a nominating committee under the German Corporate Governance Code, suggesting suitable candidates to the full Supervisory Board for nomination at the Annual General Meeting. The Presiding Committee met two times in 2011, and adopted seven resolutions by correspondence.

- The **Compensation Committee** makes preparations for various resolutions for plenary sessions of the Supervisory Board on personnel-related Executive Board issues. For example, this includes the annual review of the Executive Board members' compensation by the full Supervisory Board. In 2011, three Compensation Committee meetings were held, and it adopted six resolutions by correspondence.

- The **Audit and Finance Committee** met five times in 2011 and adopted one resolution by correspondence. Its consent is required for various management measures. One of the Audit and Finance Committee's key tasks is discussing the financial reports with the Executive Board before those reports are released. Issues of risk management and compliance are another focus of the committee's advisory function. In addition, the Supervisory Board transferred various tasks concerning the auditing of financial statements to the Audit and Finance Committee.

At its plenary sessions the Supervisory Board was informed about the Committees' work regularly and in full.

Audit of the annual and consolidated financial statements 2011

The 2011 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 in accordance with the regulations by the Munich office of KPMG AG Wirtschaftsprüfungsgesellschaft (KPMG), which issued an unqualified audit opinion in both cases. The audit paid particular attention to impairment testing of goodwill and other intangible assets under IAS 36, impairment of assets (IAS 36), measurement of programming assets, recognition and measurement of deferred taxes for the Group in compliance with IAS 12, income taxes (IAS 12), completeness and measurement of provisions, including provisions for litigation, determination of revenue in conformity with the requirements of IAS 18, revenue (IAS 18), recognition and measurement of financial instruments, and testing of plausibility of information in the Group management report.

The Supervisory Board extensively 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 review meeting of the full Supervisory Board. Here, the auditor reported on the material results of the audit. No weaknesses were identified in the internal control and risk management systems in relation to the reporting process. There were no circumstances that could cause prejudice on the part of the auditor. Furthermore, the auditor performed services in addition to the auditing services. The Notes to the consolidated financial statements include details of the auditor's services and the level of compensation, reproduced on Page 205 of this Annual Report.

The Supervisory Board noted with approval the results of the auditor's examination of the financial statements, and for its own part, following its own examination, also found 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 concurred in that proposal.

In its capacity as auditor of the financial statements, KPMG also reviewed the report of the Executive Board on relationships with affiliated enterprises during the financial year 2011. The auditor's examination revealed no cause for objection. The auditor 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 concurred in the results of the auditor's review. In accordance with the final results of its own examination, the Supervisory Board had no objections to the declaration of the Executive Board at the conclusion of the report on relationships with affiliated businesses.

Changes in the membership of the Supervisory Board

Adrianus Johannes Swartjes resigned his position as member of the Supervisory Board effective at the end of the Annual General Meeting on July 1, 2011. The Annual General Meeting elected Herman van Campenhout as his successor. Following the Annual General Meeting, Götz Mäuser was elected as Chairman of the Supervisory Board and Johannes Huth as Vice Chairman.

Thank you from the Supervisory Board

On behalf of the Supervisory Board, I would like to thank the Executive Board as well as all employees for their commitment and their work in the past year. Through it they have supported the successful business performance of the ProSiebenSat.1 Group. I also thank Mr. Swartjes for his many years of activity in the ProSiebenSat.1 Supervisory Board.

Unterföhring, March 2012
On behalf of the Supervisory Board

Götz Mäuser,
Chairman

MEMBERS OF THE SUPERVISORY BOARD OF PROSIEBENSAT.1 MEDIA AG AS OF DECEMBER 31, 2011 (Fig. 1)

Götz Mäuser, Chairman of the Supervisory Board	Partner, Permira Beteiligungsberatung GmbH (Permira)	Member of the Supervisory Board since: March 7, 2007
Johannes Peter Huth, Vice Chairman	Partner and Head of Europe, Kohlberg Kravis Roberts & Co. Ltd. (KKR)	Member of the Supervisory Board since: March 7, 2007
Robin Bell-Jones	Partner, Permira Advisers LLP	Member of the Supervisory Board since: March 7, 2007
Herman M.P. van Campenhout	CEO Telegraaf Media Groep N.V.	Member of the Supervisory Board since: July 1, 2011[1]
Gregory Dyke	Company Chairman	Member of the Supervisory Board since: May 7, 2004
Philipp Freise	Director, Kohlberg Kravis Roberts & Co. Ltd.	Member of the Supervisory Board since: March 7, 2007
Lord Clive Hollick	Company Director	Member of the Supervisory Board since: March 7, 2007
Dr. Jörg Rockenhäuser	Managing Partner, Permira Beteiligungsberatung GmbH	Member of the Supervisory Board since: June 4, 2009
Prof. Dr. Harald Wiedmann	German Certified Public Accountant, Attorney at Law, Tax Advisor, Gleiss Lutz Hootz Hirsch Partnerschaftsgesellschaft von Rechtsanwälten, Steuerberatern (Attorneys at Law, Tax Advisors)	Member of the Supervisory Board since: March 7, 2007

1 He succeeds Adrianus Johannes Swartjes, former CEO of Telegraaf Media Groep N.V..

Proposed Allocation of Profits

The ProSiebenSat.1 Media AG Executive Board will propose the Annual General Meeting the payment of a dividend of EUR 1.17 (2010: EUR 1.14) per no-par preference share for the 2011 financial year. A dividend of EUR 1.15 (2010: EUR 1.12) is allotted per no-par common share. This represents a total payout of EUR 244.9 million (2010: EUR 241.2 million).

Management Declaration and Corporate Governance Report

Management Declaration

The Executive Board and Supervisory Board report on standards of good management in its Management Declaration. It provides relevant information about management practices, such as a description of the working procedures of the Executive Board and Supervisory Board and it also comprises the annual Declaration of Compliance under Section 161 of the German Stock Corporation Act (AktG). The Management Declaration under Section 289a of the German Commercial Code (HGB) forms part of the management report.

Declaration of Compliance of the Executive Board and Supervisory Board of ProSiebenSat.1 Media AG with the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporation Act

The Executive Board and Supervisory Board of ProSiebenSat.1 Media AG declare that the recommendations of the "Government Commission on the German Corporate Governance Code" in the version of May 26, 2010, as published in the official part of the electronic version of the Federal Gazette on July 2, 2010, are complied with in principle and were complied with in the past. Only the following recommendations in the Code were not and shall not be applied:

- The Executive Board of the Company has not appointed a proxy to exercise shareholder voting rights at the Annual General Meeting in accordance with instructions (Item 2.3.3 of the Corporate Governance Code). There is no need for such a proxy at present because of the current shareholder structure and the limited number of shareholders entitled to vote at the Annual General Meeting.

- The D&O insurance policies the Company has taken out for the Executive Board and the Supervisory Board have provided for a deductible for insured members of the Executive Board within the bounds laid down both by law (Section 93 (2) Sentence 3 of the German Stock Corporation Act in conjunction with Section 23 (1) of the Introductory Act to the German Stock Corporation Act) and by the pertinent employment contracts. However, neither the Executive Board nor the Supervisory Board regards a deductible as an effective way of enhancing board members' motivation or sense of responsibility. Therefore, contrary to the recommendation in Item 3.8 of the German Corporate Governance Code, no deductible is agreed for Supervisory Board members.

- The stock option plan ("Long-term Incentive Plan") first approved at the Annual General Meeting in May 2005, as part of the authorization to acquire treasury stock, and most recently renewed by resolution of the Annual General Meeting of June 2010, 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 of the Corporate Governance Code) were not included, since due to the particular conditions of the German TV advertising market, no comparable German or foreign companies can be identified.

- The Company's Executive Board contracts for the Executive Board members who were appointed in the fiscal year 2011 provide for a so called severance pay cap. Also, insofar as the Company will sign new Executive Board contracts, or amend existing Executive Board contracts in the future, the Company will take care to ensure that payments made to an Executive Board member on premature termination of that member's employment without serious cause, including fringe benefits, do not exceed the value of two years' compensation (severance pay cap) and provide compensation for no more than the remaining term of the contract. Solely the Executive Board contracts that were concluded before the fiscal year 2011 do not provide for a so called severance pay cap (Item 4.2.3 of the Corporate Governance Code), as the Company did not consider this as advisable at that time.

- The Supervisory Board of the Company has abstained from complying with the recommendations of item 5.4.1 para. 2 and 3 of the Corporate Governance Code. Pursuant to item 5.4.1 para. 2 and 3 of the Corporate Governance Code the Supervisory Board shall specify concrete objectives regarding its composition which, whilst considering the specifics of the enterprise, take into account the international activities of the enterprise, potential conflicts of interest, an age limit to be specified for members of the Supervisory Board and diversity. These concrete objectives shall, in particular, stipulate an appropriate degree of female representation. Recommendations by the Supervisory Board to the competent election bodies shall take these objectives into account. The concrete objectives of the Supervisory Board and the status of the implementation shall be published in the Corporate Governance Report.

The Supervisory Board is of the opinion that such formalized procedure regarding the objectives of its composition is not required, in particular, to ensure that these criteria set out by the German Corporate Governance Code are reflected with a view to the composition of the Supervisory Board. The Supervisory Board is rather of the opinion that without such formalized procedure, the composition of the Supervisory Board will be implemented in a way that is in the best interest of the Company as well.

- The members of the Supervisory Board receive only a fixed component of compensation. No additional results-based variable component (Item 5.4.6 of the German Corporate Governance Code) is provided. 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 May 26, 2010, as published in the official part of the electronic version of the Federal Gazette on July 2, 2010.

March 2012
The Executive Board and Supervisory Board of
ProSiebenSat.1 Media AG

Significant disclosures about management practices

The ProSiebenSat.1 Group ensures compliance with rules of conduct, laws and guidelines with a code of conduct that applies throughout the Group. This "Code of Compliance" lays down fundamental principles and the most important guidelines and courses of action for conduct in business life. It is intended to provide valuable assistance to employees and executives of the ProSiebenSat.1 Group, especially in situations of business, legal or ethical conflict. Adherence to the Code of Compliance is carefully monitored. The Group-wide implementation of the Code of Compliance is monitored by the Compliance Officer in close cooperation with the Human Resource Management, Group Controlling, and Legal Affairs departments. The Code of Compliance can be downloaded at www.prosiebensat1.com/en/company/corporate-governance/declaration-of-compliance.

Working procedures of the Executive Board and Supervisory Board

As of December 31, 2011, the ProSiebenSat.1 Media AG Executive Board consisted of five members. The Supervisory Board has nine members in accordance with the articles of incorporation. Each member is responsible for his own area of responsibility and keeps his colleagues on the Board continuously up-to-date on events in that area.

The cooperation and areas of authority of the Executive Board are governed by established rules of procedure. As a rule, the full Executive Board meets weekly. The meetings are chaired by the CEO. These meetings discuss such matters as resolutions about measures and transactions that require the consent of the full Board under the Board's rules of procedure. For resolutions to be valid, at least half of the members of the Executive Board must participate in the vote. Resolutions of the full Executive Board are adopted by simple majority vote. In the event of a tie, the vote of the CEO decides. When important events occur, any member of the Executive Board may call an extraordinary meeting of the full Executive Board; the Supervisory Board may likewise call such meetings. The Executive Board may also adopt resolutions outside meetings, via an oral, telephone or written vote and by vote in text form. Written minutes are prepared of every meeting of the full Executive Board and of every resolution adopted outside a meeting. The minutes are presented to the full Executive Board for approval at the next meeting and signed by the CEO. In addition to the regular Executive Board meetings, a strategy workshop is held at least once a year. At workshops of this kind, strategic objectives are prioritized for the whole Group and the strategy for the current financial year is developed in cooperation with managing executives from various corporate units. As a result of the workshop at the end of June, the growth targets for 2015 were specified in a four-pillar strategy.

Company outlook, page 123.

The Executive Board promptly and fully informs the Supervisory Board in writing, and also at the Supervisory Board's quarterly meetings, about planning, business performance and the condition of the Company, including risk management and compliance. Where indicated, an extraordinary meeting of the Supervisory Board is called to address important events. The Supervisory Board is involved by the Executive Board in the Company's strategy and planning, as well as in all matters of fundamental importance to the Company. For significant business decisions, the rules of procedure for the Executive Board involve requirements to obtain the consent of the Supervisory Board. For example, adopting the annual budget, major acquisitions, or investments in programming licenses require the consent of the Supervisory Board. More detailed information on the cooperation between the Executive Board and the Supervisory Board and important issues discussed in the financial year 2011 can be found on pages 21 to 23.

The Supervisory Board has adopted rules of procedure to govern its work. These rules stipulate that the Chairman of the Supervisory Board coordinates the work of the Supervisory Board, chairs its meetings, and also represents the Board's concerns to outside parties. As a rule, the Supervisory Board adopts its resolutions at meetings. However, by decision of the Chairman of the Supervisory Board, resolutions may also be adopted in conference calls or in videoconferencing sessions, or outside a meeting. Equally permissible is the adoption of resolutions by a combination of voting at meetings and voting via other forms.

Resolutions of the Supervisory Board are valid if at least half of its members participate in the vote. Resolutions by the Supervisory Board are normally adopted by simple majority of the votes cast, except where a different majority is prescribed by law. In the event of a tie, the vote of the Chairman of the Supervisory Board decides. If the Chairman does not participate, the vote of the Vice Chairman decides.

Minutes are kept of the meetings of the Supervisory Board, and are signed by its Chairman. Resolutions adopted outside meetings are also recorded in writing. A copy of the minutes, or of resolutions adopted outside a meeting, is promptly sent to all members of the Supervisory Board. The Board members who participated at the meeting or in the resolution may file written objections against the minutes with the Chairman of the Supervisory Board within one month after the minutes are sent out. Otherwise the minutes, or the resolution, are deemed approved.

Good management of a company requires trusting and efficient cooperation between the Executive Board and Supervisory Board. In keeping with the recommendation of Item 5.6 of the German Corporate Governance Code, the Supervisory Board conducts regular efficiency reviews. For the financial year 2011, this review was conducted as a self-evaluation at the financial review meeting on March 29, 2011. 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.

Committees' composition and working procedures

The Executive Board did not set up any committees, while the Supervisory Board appointed three. Members of the Supervisory Board Committees come from the Supervisory Board. In choosing committee members, Board members' potential conflicts of interest are taken into account, as are their professional qualifications. The following shows more details on the members of the Supervisory Board Committees: (Fig. 2)

INFORMATION ON COMMITTEE MEMBERS (Fig. 2)

Götz Mäuser	has been a Partner at Permira Beteiligungsberatung GmbH (Permira) since 1997. During his work at Permira, his activities have included establishing the Media Team and accompanying various transactions including Cognis, debitel, Jet Aviation and ProSiebenSat.1. Götz Mäuser began his career as a consultant at McKinsey & Co., working in Germany and Brazil for six years. Götz Mäuser holds the German business degree of Diplom-Kaufmann. He studied business administration in Hamburg and Cologne, and attained a Master of Business Administration at New York University, Stern School of Business in addition to his German degree.
Johannes P. Huth	is Partner at Kohlberg Kravis Roberts & Co. Ltd. (KKR) and is responsible for the operating business in Europe, the Middle East and Africa. Before joining KKR, he was a member of the Investcorp Group Management Committee. From 1986 to 1991, he was Vice President in the M&A departments of Salomon Brothers in London and New York. Johannes P. Huth accompanied various transactions, including Wincor Nixdorf, MTU Aero Engines, Kion Group and ProSiebenSat.1. He completed his bachelor studies at the London School of Economics with honors and attained a Master of Business Administration at the University of Chicago.
Robin Bell-Jones	is a Partner at Permira Advisers LLP in London, where he is responsible for investment projects in the media sector. He has worked in the technology, media and telecommunications sector for many years – and previously in Merger and Acquisitions at Credit Suisse First Boston and BZW in London and San Francisco. He holds two degrees, a Master of Business Administration from INSEAD in France, and a degree in linguistics from the University of Oxford.
Herman van Campenhout	is CEO of Telegraaf Media Groep N.V. Before his work at the Dutch media corporation, he headed operations at USG People as CEO. From 2001 to the beginning of 2010 he worked for Reed Elsevier, where he was most recently responsible as CEO for the Science and Technology department. Before that he worked from 1984 to 2001 at Shell. He studied at the Erasmus University in Rotterdam and holds a Master in Law.
Gregory Dyke	has filled management positions in various organisations, including CEO of Pearson Television and London Weekend Television and was General Director of the BBC from 2000 to 2004. He is now a freelance media consultant. Gregory Dyke is also Chancellor of the University of York and holds offices at the Ambassador Theatre Group Limited (Chairman), Brentford FC (Non-Executive Chairman) and the British Film Institute (Chairman). He studied political science at the University of York in England.
Philipp Freise	leads the pan-European media business of KKR, where he has worked since 2001, as Director. He began his career as a consultant at McKinsey & Co. in Frankfurt am Main and New York. Philipp Freise completed his studies at the WHU, Otto Beisheim School of Management in Koblenz. He holds the degree of Diplom-Kaufmann as well as a Master of Business Administration from the McCombs School of Business at the University of Texas.
Lord Clive Hollick	has been a member of the House of Lords since 1991 and is the founder of the Institute for Public Policy Research. He has performed various management duties, including heading operations at United Business Media as CEO from 1996 to 2005. From 2005 to 2010 he worked at KKR, most recently as Senior Advisor. Lord Clive Hollick has also held positions on the Supervisory Boards of various companies, including as Chairman at SBS Broadcasting Group and the South Bank Centre. He currently holds offices at Diageo Plc. (Non-Executive Senior Director), BMG Music Rights Management GmbH (Non-Executive Director) and Honeywell International Inc. (Non-Executive Director). He holds a doctorate from Nottingham University in England.
Dr. Jörg Rockenhäuser	heads the German office of Permira Beteiligungsberatung GmbH in Frankfurt, where he is a member of the international Board and the Investment Committee. Jörg Rockenhäuser studied business administration at the University of Münster and holds a PhD from the University of Bochum. Before joining Permira in 2001, he was a Principal at A.T. Kearney. He also holds various other positions: He is a member of the Netatim Board of Directors, the Board of the American Chamber of Commerce in Germany e.V. and the Advisory Board of the Off Road Kids Foundation.
Prof. Dr. Harald Wiedmann	is of counsel at the law and tax advisory firm Gleiss Lutz Hootz Hirsch Partnergesellschaft von Rechtsanwälten, Steuerberatern. He is also Honorary Professor of International Accounting and Auditing at Berlin Technical University and at Johann Wolfgang Goethe University in Frankfurt am Main. Formerly Chairman of KPMG Wirtschaftsprüfungsgesellschaft AG and KPMG Europe, until 2007 he was President of the Accounting Standards Committee of Germany. Prof. Dr. Harald Wiedmann studied law at the Universities of Tübingen and Munich, and holds official certifications as an attorney, tax advisor and German certified public accountant.

The committees of the Supervisory Board normally meet quarterly. The committees have been entrusted with making resolutions concerning various tasks of the Supervisory Board, especially approving certain management measures. A committee's resolutions are valid if at least half – and in no case less than three – of its members participate in the vote. Committee resolutions are normally adopted by a simple majority vote; in the event of a tie, the vote of the committee Chairman decides. Written minutes are prepared of each committee meeting and are signed by the committee Chairman. Resolutions outside meetings are also recorded in writing. Minutes and resolutions are sent to all members of the committee concerned. They are deemed approved if no committee member who was present at the meeting, or who took part in the resolution, objects to the content within one week after delivery. The committee Chairmen report to the meetings of the Supervisory Board on the committees' work.

The CFO and the independent auditor regularly participate in the meetings of the Audit and Finance Committee. Additionally, the Chairman of the Audit and Finance Committee regularly invites in particular executives from finance and reporting units to provide information at meetings. The Audit and Finance Committee meets without the presence of Executive Board members at least once a year. The Supervisory Board has adopted rules of procedure to govern the work of the Audit and Finance Committee.

COMMITTEE MEMBERS AS OF DECEMBER 31, 2011 (Fig. 3)

Presiding Committee	Götz Mäuser (Co-Chairman), Johannes Peter Huth (Co-Chairman), Robin Bell-Jones, Philipp Freise, Lord Clive Hollick, Dr. Jörg Rockenhäuser
Audit and Finance Committee	Prof. Dr. Harald Wiedmann (Chairman and independent financial expert), Götz Mäuser, Johannes Peter Huth, Robin Bell-Jones, Philipp Freise
Compensation Committee	Götz Mäuser (Chairman), Johannes Peter Huth, Gregory Dyke, Herman van Campenhout[1]

1 He succeeds Adrianus Johannes Swartjes, former CEO of Telegraaf Media Groep N.V.

Corporate Governance Report

The German Corporate Governance Code establishes a standard for transparent control and management of companies, which is particularly aligned to the interests of the shareholders. Many of the principles contained in the German Corporate Governance Code have already been practiced at ProSiebenSat.1 for a long time. We report on the implementation of these principles and on relevant information about management practices in the Corporate Governance Report to be complied in accordance with Item 3.10 German Corporate Governance Code.

Fundamentals relating to Corporate Governance

ProSiebenSat.1 Media AG is a listed stock corporation, and is based in Germany. As well as from the German Corporate Governance Code, the formal structure for Corporate Governance is therefore derived from German law, in particular the law governing stock corporations and the capital market, as well as from the articles of incorporation of ProSiebenSat.1 Media AG.

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.

The Company's governing bodies

As a German stock corporation, ProSiebenSat.1 Media AG has three governing bodies: the Annual General Meeting, the Supervisory Board and the Executive Board. Their tasks and powers emerge from the German Stock Corporation Act and the articles of incorporation of ProSiebenSat.1 Media AG.

German corporate law provides for a clear separation of personnel between management and controlling bodies. The managing body is the Executive Board, which is overseen and advised by the Supervisory Board with regard to management. All transactions and decisions that are of fundamental importance to the Corporation are handled in close coordination between the Executive Board and the Supervisory Board. Here open communication and close cooperation between bodies is of particular importance.

The shareholders exercise their rights of joint administration and oversight at the Annual General Meeting. Each share of common stock confers one vote at the Annual General Meeting. Preference shares – except where prescribed by law – carry no voting rights. However, under Article 19 of the articles of incorporation of ProSiebenSat.1 Media AG, preference shares carry preferential rights in any distribution of profits, as well as an entitlement to a higher dividend. The invitation to the Annual General Meeting notifies the Company's shareholders in a timely manner about the various agenda items and the resolutions that the Executive Board and Supervisory Board will be submitting for approval.

Communication with the capital market and reporting principles

- **Transparency:** We aim to strengthen trust among shareholders and lenders, as well as the interested public, through openness and transparency. For that reason, ProSiebenSat.1 Media AG reports regularly on important business developments and changes in the Group. In general, the company provides this information simultaneously to all shareholders, media representatives and the interested public. The information is also published in English, considering the international nature of the interested groups.

  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 on our web site, www.prosiebensat1.com. Annual reports, interim reports, current stock price charts, and company presentations are available for download there any time. The group provides information about organizational and legal matters concerning all aspects of the Annual General Meeting on special pages for the event. As well as the agenda itself, the speech of the CEO and the results of votes can also be downloaded from the site following the meeting. Under the Corporate Governance heading, ProSiebenSat.1 Media AG also publishes the current Management Declaration, the Declaration of Compliance with the German Corporate Governance Code in accordance with Section 161 AktG, including a multi-year archive and the company's articles of incorporation.

- **Regular reporting and ad hoc disclosures:** 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:** The 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 et seq. of Germany's Securities Trading Act (WpHG) are released as soon as they are received. Recent information is available at www.prosiebensat1.com/de/investor-relations/publikationen/jaehrliches-dokument.

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

DIRECTORS' DEALINGS ANNOUNCEMENT (Fig. 4)

Last name, first name	Reason for notification	Name of financial instrument	Purchase/Sale	Date/place	Shares	Price	Total amount of transaction
Salzmann, Axel	Own management duties	ProSiebenSat.1 preference share	Sale	March 7, 2011 Xetra, Frankfurt	90,000	21.26	1,913,538.55
Huth, Johannes P.	Management personnel	ProSiebenSat.1 preference share	Purchase	August 18, 2011 Xetra, Frankfurt	75,000	12.37	927,750
Freise, Philipp	Management personnel	ProSiebenSat.1 preference share	Purchase	August 30, 2011 Xetra, Frankfurt	10,000	13.11	131,148.47

- **Shareholdings of the Executive Board and Supervisory Board:** As of December 31, 2011, members of the Executive Board held a total of 1,093,258 preference shares of ProSiebenSat.1 Media AG, and a total of 1,065,000 options under the ProSiebenSat.1 Media AG stock option plan. Stock options from the Long-Term Incentive Plan (LTIP) confer the right to purchase one preference share of ProSiebenSat.1 Media AG if the exercise conditions are satisfied. As of December 31, 2011, members of the Supervisory Board held 96,000 preference shares in ProSiebenSat.1 Media AG.

- **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 an independent accounting and auditing firm. The single-entity financial statements of ProSiebenSat.1 Media AG are available – separate from the Consolidated Financial Statements – at www.prosiebensat1.com.

- **Information on stock option plans and similar securities-based incentive schemes:** The Notes to the consolidated financial statements include information about the ProSiebenSat.1 Media AG stock option plan (LTIP), reproduced on page 197 of this Annual Report.

Compensation Report

The compensation report is an integral part of the audited Group management report. It describes the basis for determining the compensation of the Executive Board and Supervisory Board at ProSiebenSat.1 Media AG and the remuneration level of the individual members of the Executive Board and Supervisory Board in line with the relevant legal regulations and the recommendations of the German Corporate Governance Code in the version of May 26, 2010.

Compensation system for 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 ProSiebenSat.1 Media AG Supervisory Board is responsible for making the employment agreements with the members of the Executive Board. The employment agreements with the members of the Executive Board have a maximum term of five years and regulate the compensation.

Compensation Committee, pages 23,32.

After a proposal by the Compensation Committee, the structure and amount of the Executive Board compensation are defined by the Supervisory Board and regularly reviewed. The criteria for appropriate compensation are, on the one hand, the individual Board members' personal performance and areas of work and responsibility and, on the other hand, the amount and structure of executive board compensation in comparable companies, the Company's business situation and the ProSiebenSat.1 Media AG compensation structure. The compensation system for the Executive Board of ProSiebenSat.1 Media AG aims for sustainable company performance and is composed of fixed and results-based components. In the 2011 financial year, the Executive Board compensation comprised the following components:

- All Executive Board members received a **fixed base salary**, paid monthly, that was determined with reference to the individual member's areas of work and responsibility.

- In addition to this fixed base salary, the Executive Board members also received **performance-based variable annual compensation** in the form of an annual bonus. The specific terms of this

Glossary, page 217.

annual bonus are uniform among the contracts of the Board members. The amount depends on the achievement of predefined performance targets comprising Group EBITDA and net debt, as well as personal target agreements. The bonus cannot exceed 200% of the contractually determined target amount. Should targets not be achieved, it is possible that there is no variable compensation at all.

- In the case of Executive Board member newly appointed in 2011, the Supervisory Board can convert portions of the annual performance-based variable compensation into **multi-year performance-based variable compensation**. The level of payment then no longer depends exclusively on the achievement of one year's performance targets, but rather on the average achievement of targets over three years.

Information on LTIP in the Notes, page 197 and Employees, page 85.

- Additionally, the members of the Executive Board also participate in the ProSiebenSat.1 Media AG stock option plan (Long Term Incentive Plan, LTIP), which was introduced in 2005. Since the stock option plan was last revised in 2010, the Executive Board members are no longer beneficiaries when new options are issued. Each option is performance-based and entitles the holder to acquire one ProSiebenSat.1 preference share if the exercise conditions are met. Exercising the option is tied in particular to the achievement of performance targets and the expiration of a multi-year vesting period.

- **Pension agreements** were signed for all members of the Executive Board. For the period of the employment relationship, the Company pays a monthly contribution into the personal pension account managed by the Company. The contribution made by the company is equivalent to 20% of the respective fixed monthly gross salary. Each member of the Executive Board has the right to pay any additional amount into the pension account in the context of deferred compensation. There are no further payments after the end of the employment relationship. The Company guarantees the paid-in capital and annual interest of 2%. The amounts paid in are invested on the money and capital markets. A retirement pension is paid if the Executive Board member reaches the age of 60 and was a member for a full three years. This entitlement also arises in the case of permanent disability. The monthly retirement pension is derived from the actuarially calculated life-long pension as of the time of the entitlement to benefits. Instead of a life-long pension, Executive Board members can demand the payment of the guaranteed capital when the entitlement occurs.

- Finally, the Executive Board members receive other **non-performance-based fringe benefits** in the form of non-cash benefits through being granted company cars, taking part in group accident insurance and group liability insurance (D&O insurance).

- In the case of the premature termination of the employment relationship, the Executive Board agreements have no severance payment commitments.

Compensation of Executive Board members for the 2011 financial year

The following total compensation was determined for the Executive Board members appointed by the Company over the course of the 2011 financial year:

COMPENSATION OF EXECUTIVE BOARD MEMBERS (Fig. 5)

EUR k

		Annual salary			Total	Multi-year variable annual compensation	Pensions	
		Fixed base salary	Variable annual compensation	Fixed fringe benefits[2]			Service cost[3]	Defined benefit obligation
Thomas Ebeling	**2011**	**1,000.0**	**947.6**	**10.9**	**1,958.5**	**-**	**160.5**	**432.7**
	2010	1,000.0	916.7	10.9	1,927.6	-	157.1	275.5
Conrad Albert[1]	**2011**	**125.0**	**42.2**	**2.2**	**169.4**	**51.6**	**56.0**	**13.3**
	2010	-	-	-	-	-	-	-
Andreas Bartl	**2011**	**650.0**	**364.4**	**16.1**	**1,030.5**	**-**	**91.8**	**305.9**
	2010	650.0	425.0	16.1	1,091.1	-	92.7	221.8
Axel Salzmann	**2011**	**650.0**	**419.6**	**19.2**	**1,088.8**	**-**	**96.8**	**323.3**
	2010	650.0	470.0	19.2	1,139.2	-	98.3	235.6
Dr. Christian Wegner[1]	**2011**	**125.0**	**42.2**	**2.4**	**169.6**	**51.6**	**44.3**	**10.5**
	2010	-	-	-	-	-	-	-

1 3 month basis: member of the Executive Board since October 1, 2011.
2 Includes lease payments for use of company car and insurance (excluding D&O).
3 Service costs in line with IFRS for the pension entitlement earned in the financial year.
Not including entitlements from the individual's own payments (as of December 31, 2011 and December 31, 2010).

In the 2011 financial year, there were additions to pension provisions for active and former Executive Board members in line with IFRS totaling EUR 1.3 million (previous year: EUR 1.4 million). Of this amount, EUR 0.9 million was for personnel expenses (previous year: EUR 1.0 million) and EUR 0.4 million (previous year: EUR 0.4 million) for interest expenses. As of December 31, 2011, pension provisions for active and former Executive Board members thus totaled EUR 10.1 million (previous year: EUR 9.1 million).

Additional disclosures on share-based compensation instruments

The stock options held by active members of the Executive Board developed as follows in the 2011 financial year:

DEVELOPMENT OF STOCK OPTIONS HELD BY ACTIVE MEMBERS OF THE EXECUTIVE BOARD IN THE 2011 FINANCIAL YEAR (Fig. 6)

		Shares on January 1.		Exercised in the financial year / bought back			Shares on December 31.				Expenses from share-based compensation in the financial year [EUR k]
		Number	Weighted average of strike prices	Number	Weighted average share price	Weighted average strike price	Number	Weighted average of strike prices	Range of strike prices	Weighted average of remaining contract duration	
Thomas Ebeling	**2011**	**525,000**	**1.58 €**	**210,000**	**15.39 €**	**1.58 €**	**315,000**	**1.58 €**	**1.58 €**	**4.00**	**183.2**
	2010	525,000	1.58 €	0	-	-	525,000	1.58 €	1.58 €	5.00	314.5
Andreas Bartl	**2011**	**425,000**	**8.24 €**	**110,000**	**15.39 €**	**1.58 €**	**315,000**	**8.45 €**	**1.58 € - 16.00 €**	**3.52**	**98.4**
	2010	454,500	8.71 €	29,500	22.17 €	13.99 €	425,000	6.67 €	1.58 € - 16.00 €	4.65	168.9
Axel Salzmann	**2011**	**450,000**	**6.39 €**	**210,000**	**17.90 €**	**7.76 €**	**240,000**	**5.19 €**	**1.58 € - 16.00 €**	**3.75**	**107.1**
	2010	450,000	6.39 €	0	-	-	450,000	6.39 €	1.58 € - 16.00 €	4.67	183.9

In financial years 2010 and 2011, no stock options were granted to members of the Executive Board.

Fringe benefits and other commitments in financial year 2011

ProSiebenSat.1 Media AG has a directors and officers group liability insurance. This D&O insurance covers the personal liability risk should Executive Board members be made liable for financial losses when exercising their functions. The insurance includes a deductible according to which the Executive Board member against whom a claim is made pays a total of 10% of the claim in each insured event, but on an individual basis not exceeding 150% of the respective fixed annual compensation for all insurance events in one insurance year. The relevant figure for calculating the deductible is the fixed remuneration in the calendar year in which the infringement of duty occurred.

The Company has extended neither loans nor guaranties or warranties to the members of the Executive Board.

Total compensation of former Executive Board members

In the 2011 financial year, total compensation (pensions) was paid to former Executive Board members amounting to EUR 0.3 million (previous year: EUR 0.3 million). As of December 31, 2011, pension provisions for former members of the Executive Board according to IFRS amounted to EUR 7.8 million (previous year: EUR 8.3 million).

In financial year 2011, 62,000 stock options were bought back or exercised by former members of the Executive Board. The weighted average strike price was EUR 16.00 per option, the weighted average share price on the day of repurchase/exercise of the option was EUR 20.48 per option.

Members who left the Executive Board in 2010 received the following compensation in the 2010 financial year:

COMPENSATION OF EXECUTIVE BOARD MEMBERS LEAVING IN 2010 FOR THE 2010 FINANCIAL YEAR (Fig. 7)

EUR k

	Annual salary			Total	Multi-year variable annual compensation	Pensions	
	Fixed base salary[2]	Variable annual compensation	Fixed fringe benefits[3]			Service cost[4]	Defined benefit obligation
Dr. Marcus Englert[1]	495.8	116.7	3.3	615.8	-	-	240.1
Dan Marks[1]	1,353.3	-	17.6	1,370.9	-	-	-

1 Dr. Marcus Englert was appointed to the Executive Board in 2010 to July 31, 2010 and Dan Marks from May 1 to September 30, 2010.
2 Marcus Englert's fixed component includes a payment for prohibition of competition of EUR 233,333, Dan Marks' fixed component a severance payment of EUR 1,178,300.
3 includes lease payments for use of company car and insurance (excluding D&O). Dan Marks' fringe benefits includes coverage of relocation expenses amounting to EUR 10,000.
4 Service costs in line with IFRS for the pension entitlement earned in the financial year. Not including entitlements from the individual's own additional payments (as of December 31, 2010).

Compensation paid to the Supervisory Board

Compensation system for the Supervisory Board

The compensation of the Supervisory Board is set in the articles of incorporation of ProSiebenSat.1 Media AG. Members of the Supervisory Board receive **fixed annual compensation**. In accordance with the articles of association, it amounts to EUR 50,000 for the ordinary Supervisory Board members and EUR 100,000 for both the Chairman and the Vice Chairman. In addition, **meeting honoraria** are paid for contributing to the committees. Committee Chairmen receive twice the standard meeting honorarium. No performance-based variable compensation is granted.

Compensation of Supervisory Board members for the 2011 financial year

Supervisory Board members received the following compensation for the 2011 financial year:

COMPENSATION OF SUPERVISORY BOARD MEMBERS FOR THE 2011 FINANCIAL YEAR (Fig. 8)

EUR k

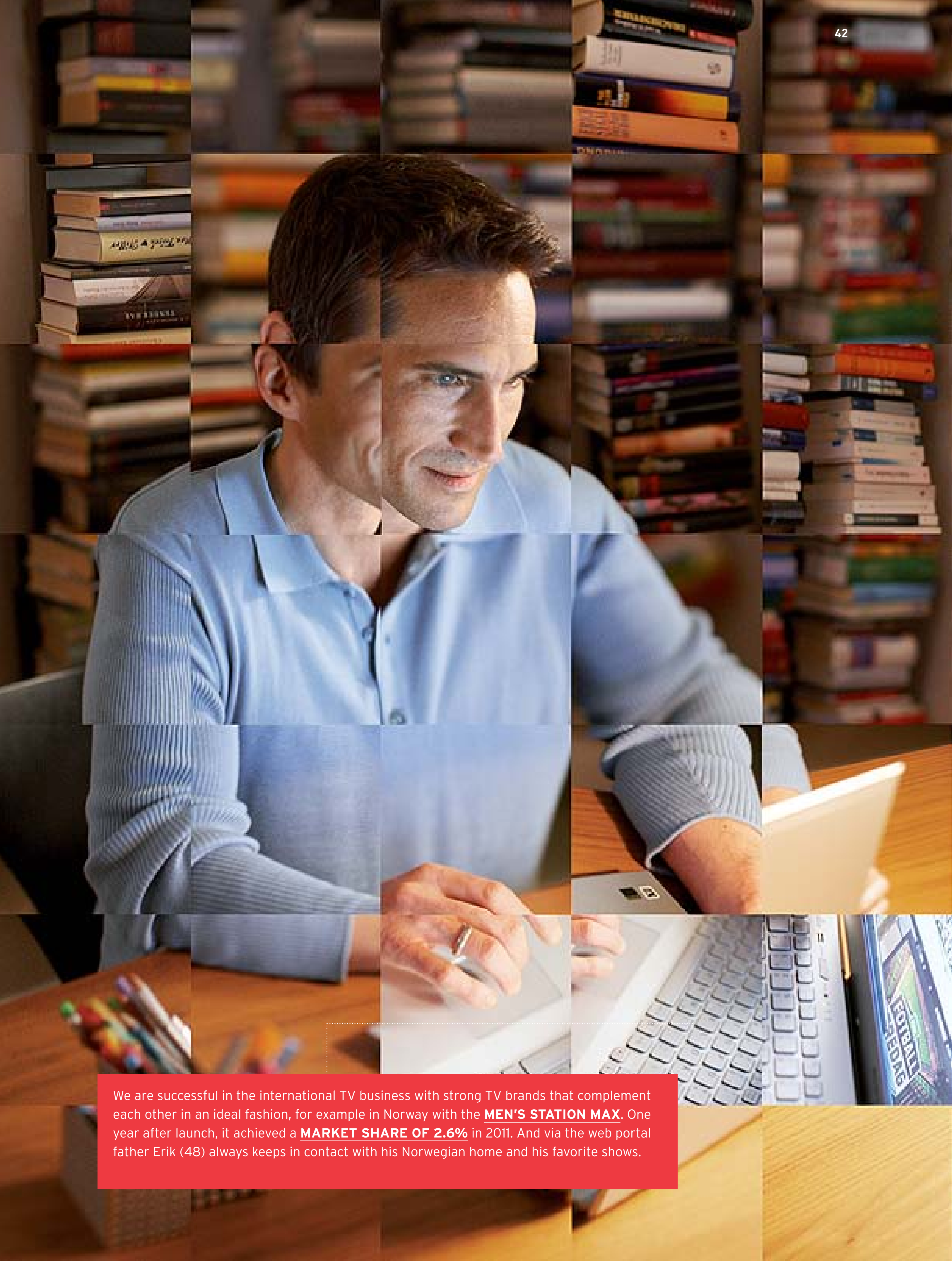
		Fixed base compensation	Meeting honoraria Presiding Committee	Meeting honoraria Audit and Finance Committee	Meeting honoraria Compensation Committee	Total
Götz Mäuser	**2011**	**100.0**	**6.0**	**12.0**	**6.0**	**124.0**
	2010	100.0	12.0	15.0	6.0	133.0
Johannes Peter Huth	**2011**	**100.0**	**6.0**	**12.0**	**7.5**	**125.5**
	2010	100.0	12.0	6.0	9.0	127.0
Robin Bell-Jones	**2011**	**50.0**	**3.0**	**15.0**	**-**	**68.0**
	2010	50.0	6.0	12.0	-	68.0
Herman M.P. van Campenhout[1]	**2011**	**25.0**	**-**	**-**	**-**	**25.0**
	2010	-	-	-	-	-
Gregory Dyke	**2011**	**50.0**	**-**	**-**	**4.5**	**54.5**
	2010	50.0	-	-	4.5	54.5
Philipp Freise	**2011**	**50.0**	**3.0**	**12.0**	**-**	**65.0**
	2010	50.0	4.5	15.0	-	69.5
Lord Clive Hollick	**2011**	**50.0**	**3.0**	**-**	**-**	**53.0**
	2010	50.0	4.5	-	-	54.5
Dr. Jörg Rockenhäuser	**2011**	**50.0**	**3.0**	**-**	**-**	**53.0**
	2010	50.0	4.5	-	-	54.5
Adrianus Johannes Swartjes[2]	**2011**	**25.0**	**-**	**-**	**1.5**	**26.5**
	2010	50.0	-	-	6.0	56.0
Prof. Dr. Harald Wiedmann	**2011**	**50.0**	**-**	**30.0**	**-**	**80.0**
	2010	50.0	-	30.0	-	80.0
Total	**2011**	**550.0**	**24.0**	**81.0**	**19.5**	**674.5**
	2010	550.0	43.5	78.0	25.5	697.0

1 6 month basis: member of the Supervisory Board since July 1, 2011.
2 6 month basis: member of the Supervisory Board until June 30, 2011.

In addition to this fixed annual compensation and/or meeting honoraria, the members of the Supervisory Board were reimbursed for all out-of-pocket expenses and received compensation for the sales tax levied on their compensation and out-of-pocket expenses. D&O insurance covers the personal liability risk should Board members be made liable for financial losses when exercising their functions. No deductible has been agreed for members of the Supervisory Board.

Members of the Supervisory Board received no remuneration or other consideration for personal services, especially consulting and mediation services, during the financial year 2011 and in the previous period. Members of the Supervisory Board do not receive loans from the Company.

GROUP MANAGEMENT REPORT



We are successful in the international TV business with strong TV brands that complement each other in an ideal fashion, for example in Norway with the **MEN'S STATION MAX**. One year after launch, it achieved a **MARKET SHARE OF 2.6%** in 2011. And via the web portal father Erik (48) always keeps in contact with his Norwegian home and his favorite shows.

BROADCASTING INTERNATIONAL

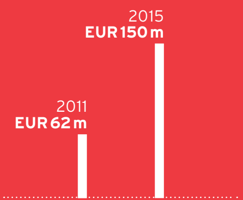
PILLAR 2

ProSiebenSat.1 is already present with 28 TV and numerous radio stations in 10 countries. Thanks to this international orientation, we benefit directly from the **STRENGTHS OF REGIONAL MARKETS** – and can better compensate economic fluctuations. That is why we have defined our commitment to international TV business as a second growth pillar. We will continue to expand it, whenever and wherever it makes sense.

Outside of Germany, ProSiebenSat.1 also relies on a portfolio of complementary station brands, in order to reach all viewers relevant for advertising. A good example for the success of this strategy is provided by the Scandinavian countries, in which we post above-average **GROWTH RATES**. In Norway alone, the audience share of our four stations TVNorge, FEM, The Voice and MAX was 17.4% in 2011 – thus 3.0 percentage points higher than the previous year. That is an enormous increase in the TV business! MAX has the greatest share. Only launched at the end of 2010, the men's station achieved a market share of 2.6% in 2011. To build on that, since January 2012 our new station VOX is directing itself specifically to an over-30s audience and thus to a particularly interesting target group for the advertising market.

It is also the general conditions in Northern Europe that provide extraordinary opportunities for growth. TV stations there are not only benefiting from the sale of advertising time, but also take a share of income from subscription fees from the cable network operators. This way, revenue growth can develop independently of the advertising market.

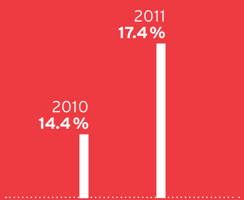
PILLAR 2 – FACTS & FIGURES



Additional revenues potential to 2015
EUR 150 million, EUR 62 million of which were generated in 2011.

+24.3
Percent

Distribution revenues 2011 in the Nordic countries
EUR 117.6 million, up 24.3% against 2010.



Audience share in Norway
Strongest growth rate in company history.

THE YEAR 2011 AT A GLANCE

2011 was a record year at the ProSiebenSat.1 Group. The following provides you with an overview of the most important events.

JULY.....**Götz Mäuser is Chairman of the ProSiebenSat.1 Supervisory Board.** Götz Mäuser, partner at Permira Beteiligungsberatung GmbH, was elected Chairman of the ProSiebenSat.1 Supervisory Board on July 1, 2011. He succeeded Johannes Huth, who became the Vice Chairman. Huth is partner and Head of Europe at Kohlberg Kravis & Co. Ltd. Herman M.P. van Campenhout, CEO of Telegraaf Media Groep N.V., was accepted as a new member on the Supervisory Board of the ProSiebenSat.1 Media AG. He succeeded Adrianus Johannes Swartjes, former CEO of Telegraaf Media Groep.

AUGUST.....**9Live discontinued.** In August, ProSiebenSat.1 discontinued transmission of 9Live. This was due to an ongoing decline in revenues at the transaction channel. After closing 9Live, the broadcasting slot was assumed by the women's station sixx. As a result, sixx considerably extended its technical reach.

SEPTEMBER.....**HbbTV live operations extended to kabel eins.** In addition to SAT.1 and ProSieben, our HbbTV offer is also available on kabel eins as of September 2011. The viewer moves into a multimedia world simply by pressing the red button on the remote control. ProSiebenSat.1 rigorously deploys new technologies to offer advertising customers all the options of state-of-the-art marketing.

COMPANY

AUGUST.....**ProSiebenSat.1 reduces term loans by EUR 1.2 billion.** ProSiebenSat.1 Group prepaid EUR 1.2 billion of its term loans. In addition, the ProSiebenSat.1 Group agreed to a maturity extension of most of its remaining loans to 2016 with its lenders. In doing so, the Group significantly reduced its leverage and optimized its debt maturity profile.

OCTOBER.....**ProSiebenSat.1 holds Capital Markets Day.** At the Capital Markets Day on October 5, the ProSiebenSat.1 Group presented its growth strategy to analysts. To 2015, the Group envisages additional revenue growth potential over EUR 750 million. Until this time, 50% of revenues in Germany are to be generated outside the traditional TV advertising market.

OCTOBER.....**ProSiebenSat.1 expands its Executive Board.** Conrad Albert and Dr. Christian Wegner were appointed to the Executive Board from October 1, 2011. Conrad Albert heads the newly created Legal, Distribution and Regulatory Affairs Executive Board function. Dr. Christian Wegner assumed responsibility for New Media & Diversification.

BROADCASTING GERMAN-SPEAKING

OCTOBER.....**Transmission of the stations secured for the long term – even in HD.** In 2011, the Group concluded important contracts with cable network operators. Unitymedia is to continue to transmit SAT.1, ProSieben, kabel eins and sixx in Hesse and North Rhine Westphalia. The Group had already extended its existing agreement with Kabel Baden-Württemberg in August, in July the company signed a long-term contract with Kabel Deutschland on broadcasting free TV, pay TV, HD and video-on-demand offers. The cable network operators are offering ProSiebenSat.1 programs in HD for the first time.

OCTOBER.....**sixx achieves new ratings record.** sixx broke all the records: On October 13, 2011, the women's channel reached a daily market share of 1.4%, its best since launching in May 2010. On a monthly basis, the station also posted a new high with 0.8%. sixx has also convinced the advertising market. sixx offers special forms of advertising and networked campaigns customized especially for new clients.

.....a

NOVEMBER.....**"The Voice of Germany" delights the nation** (a) Hit show "The Voice of Germany" launched on SAT.1 and ProSieben on November 24. The format by John de Mol captivated audiences from the very start and earned both stations ratings of more than 30%. The music show where only the voice counts secured the stations numerous days of prime-time market leadership.

APRIL ..... **ProSiebenSat.1 founds SevenVentures.** In April, the ProSiebenSat.1 Group founded the SevenVentures subsidiary. It pools various investments together, including media-for-revenue and media-for-equity investments, in which companies are granted advertising time in return for a share in revenues or the company. In 2011 there were 36 interests in shares.

BROADCASTING INTERNATIONAL

JANUARY ..... **New men's station in Hungary.** On January 3, a new station went on air in Hungary with PRO4. The channel is aimed at men between the ages of 18 and 49 and offers TV series, films, animated series and popular own productions. PRO4 is the third men's channel in the ProSiebenSat.1 Group's portfolio, together with MAX in Norway and 6'eren in Denmark.

.....b

JULY ..... **Disposal of Dutch activities completed.** On July 29, the sale of the Dutch TV and print activities to an international bidding consortium was concluded. The sale of the Belgian TV investments had already been concluded in June. In April, ProSiebenSat.1 had announced its intention to sell the companies in the two markets. The Belgian production company Sultan Sushi remains part of the Group.

AUGUST ..... **Norwegian TV stations set to break records.** (b) In August 2011, the Norwegian station MAX posted a market share of 3.3%, its best value for the year. Barely a year after its launch, the successful men's channel thus exceeded all expectations and helped the Norwegian Group to a considerable upturn in 2011. TVNorge, FEM, MAX and The Voice increased their combined market share by 3.0 percentage points to 17.4%.

DIGITAL & ADJACENT

JUNE ..... **ProSiebenSat.1 acquires leading games provider.** The ProSiebenSat.1 Group continued to advance its expansion in the games business. In June, via its subsidiary ProSiebenSat.1 Digital, the Group acquired one of the leading providers of free online games in Europe in the form of burda:ic. At the same time, the company assumed a majority interest of 51% in Covus Games, operator of browser-games.de.

SEPTEMBER ..... **MyVideo is market leader.** In September, MyVideo launched its first iPad app. Just 24 hours later it was number one in the iTunes download charts, and stayed at the top for two weeks. The leading music and video site from the ProSiebenSat.1 Group combines TV, film and music. Users can access over 160,000 premium items free of charge. With 450 professional special-interest channels and exclusive access to highlights from the ProSiebenSat.1 stations, the site reached an average of 7.9 million unique users in 2011.

.....c

SEPTEMBER ..... **maxdome expands its hybrid TV service.** (c) During the IFA, Philips, Toshiba, Panasonic and Loewe announced their cooperation with Germany's largest video-on-demand platform maxdome. With preexisting collaborations with Samsung, LG, TechniSat and HUMAX, maxdome was implemented on almost all new hybrid devices by the end of 2011. maxdome offers 45,000 film and series highlights. In January 2011 the Group aquired 100% of maxdome.

CONTENT PRODUCTION & GLOBAL SALES

OCTOBER ..... **Red Arrow Entertainment expands into strategically important markets.** In 2011, the Red Arrow Entertainment Group gained a foothold in the USA and the UK. In October, the company acquired a majority in the US production company Fuse Entertainment. With productions such as "The Killing" and "Burn Notice", the company is one of America's leading fiction producers. As early as spring, Red Arrow had acquired 51% of the British film producers The Mob Film Company.

.....d

OCTOBER ..... **US VoD platform Netflix purchases "Lilyhammer".** (d) The ProSiebenSat.1 programming sales operation SevenOne International sold the Norwegian series "Lilyhammer" to the US video-on-demand portal Netflix. Netflix has over 25 million subscribers and has also secured the rights to the second season. In spring, SevenOne International succeeded in selling twelve episodes of the Belgian comedy "Benidorm Bastards" to the US station NBC.

Business Operations and Business Conditions

Overall assessment of business operations and business conditions – management view.

After the speedy recovery of the global economy in 2010, special factors such as the sovereign debt crisis have restrained the speed of the expansion of the world economy in 2011. Nevertheless, the majority of European advertising markets developed robustly. In Northern Europe, we capitalized on our success with audiences in a dynamic market environment. At the same time, we used our strengths as market leader in the German TV advertising business to continue to grow in related areas such as selling video content on the Internet. As part of our four-pillar growth strategy that we presented to the capital market in October 2011, we continue to work tirelessly on the implementation of our challenging targets: Strengthening the core TV business, systematic diversification of the value chain and profitability of the highest level. In 2011, we made significant progress in all areas.

Corporate Structure and Business Areas

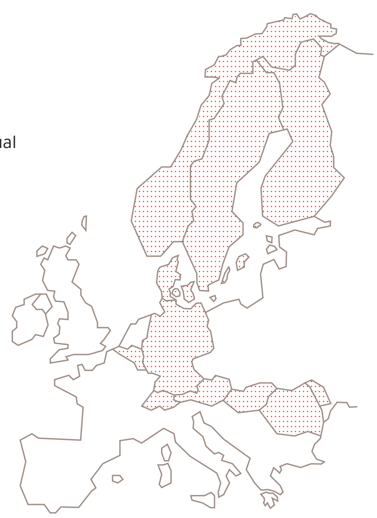
The ProSiebenSat.1 Media AG was established in 2000 as the largest TV company in Germany. Today, ProSiebenSat.1 ranks among Europe's leading media groups with 28 TV stations and a reach of more than 62 million TV households. The company operates in 10 European countries and also works with companies throughout the world in programming development and production.

ProSiebenSat.1's most important revenue market is the German TV advertising market. In this market, the media group is the leading marketer for audio-visual media in the Internet with its successful station and program brands, far-reaching digital platforms and broad coverage of target groups. The portfolio ranges from the TV station brands SAT.1, ProSieben, kabel eins and sixx, via ProSiebenSat.1 Networld to the maxdome online video library, digital pay TV and mobile services. In international markets, the company is likewise well positioned among the competition with its TV stations, and is diversifying its business operations in related media sectors such as online and radio.

COMPETITIVE SITUATION OF THE PROSIEBENSAT.1 GROUP (Fig. 9)

GERMANY

No.1	Free TV company
No.1	Provider of video-on-demand
No.1	Marketer for audio-visual media in the internet



NORTHERN EUROPE

No.1	Commercial radio network in Denmark, Finland and Sweden
No.2	Free TV company in Norway and commercial radio network in Norway
No.3	Free TV company in Denmark, Finland and Sweden

CEE

No.1	Commercial radio network in Romania
No.2	Free TV company in Hungary
No.3	Free TV company in Romania

Competitive situation of German TV stations based on gross TV advertising market share; details on Northern Europe and CEE refer to the audience- (TV) and share of advertising (radio); maxdome is the VoD portal with the largest range of content in Germany.

Organization and Legal Group Structure

There was no legal or structural change to the organizational set-up of the ProSiebenSat.1 Group in 2011; the ProSiebenSat.1 Group is managed centrally by the holding company ProSiebenSat.1 Media AG. However, the Group's Executive Board has been expanded due to the growing importance of the Diversification, Distribution and Media Policy segments. Furthermore, there have been changes in the scope of consolidation. The sale of the subsidiaries in Belgium and the Netherlands was a crucial strategic step towards reducing the Group's debt. At the same time, ProSiebenSat.1 expanded its portfolio in the games business and is now represented in the important markets of the USA and UK with the program production and distribution subsidiary Red Arrow. We report on individual acquisitions and company disposals in 2011 and their impact on earnings, financial position, and performance from page 63, and on Board personnel changes from page 29.

Management and control

ProSiebenSat.1 Media AG is listed in Germany and headquartered in Unterföhring near Munich. A stock corporation under German law has three principal governing bodies: the Executive Board, the Supervisory Board and the Annual General Meeting. The governing bodies' decision-making powers are strictly demarcated from each other.

The cooperation between the boards is explained in the section entitled „Reports from the Executive Board and Supervisory Board". The members of the current Executive Board team are also presented there and their departmental responsibilities are shown; more detailed information on the composition of subscribed capital is included in the Share Chapter from page 88.

The **Executive Board** is responsible for the ProSiebenSat.1 Group's overall performance, and has both professional and disciplinary authority over the managers of the various business segments and holding company units. The **Supervisory Board** monitors and advises the Executive Board in its conduct of business, and is thus directly involved in all corporate decisions of major importance. The basic rules for this dual management system are defined in ProSiebenSat.1 Media AG's articles of incorporation and in the rules of procedure for the Executive Board and Supervisory Board. The articles of incorporation also define the scope of business activity. According to Section 179 of the German Stock Corporation Act (AktG), they may only be amended by a majority resolution of the Annual General Meeting.

The shareholders of ProSiebenSat.1 Media AG exercise their rights of joint administration and oversight at the **Annual General Meeting**. Each share of common stock confers one vote. Preference shares carry no voting rights, except where prescribed by law.

Business areas and investments

In its function as the Group holding company, ProSiebenSat.1 Media AG has no operational role. Its tasks include central financing, Group risk management and the ongoing development of the corporate strategy. The economic development of the ProSiebenSat.1 Group is determined primarily by the subsidiaries held both directly and indirectly.

A detailed overview of the shareholding structure in the ProSiebenSat.1 Group can be found in the Notes on page 207. In addition to this list of investments, the legal Group structure and the international locations are shown on the back cover.

The present consolidated financial statements include ProSiebenSat.1 Media AG and all significant subsidiaries – meaning entities in which ProSiebenSat.1 Media AG directly or indirectly holds a majority of voting rights, or over whose activities it can otherwise exercise a controlling influence.

One of the most important direct subsidiaries of ProSiebenSat.1 Media AG is **ProSiebenSat.1 TV Deutschland GmbH.** All German TV stations work together in a cross-function matrix organization under this umbrella. In terms of structure, ProSiebenSat.1 Media AG differs considerably from other German TV companies. Not only does the company own all shares in the TV stations SAT.1, ProSieben, kabel eins and sixx, it also indirectly holds a 100% stake in the sales companies. This results in advantages with regard to the stations' programming and the sale of advertising time. With the shared use of resources and expertise, the Group can achieve additional synergies and better exploit creative potential. The sales companies for the core market, Germany – **SevenOne Media GmbH** and **SevenOne AdFactory GmbH** – and the sales subsidiaries for Austria and Switzerland are held by ProSiebenSat.1 Media AG via **SevenOne Brands GmbH. Red Arrow Entertainment Group GmbH**, also a direct 100% holding of ProSiebenSat.1 Media AG, is responsible for the sale of program content and the development and production of formats.

Additional directly held holding companies of importance are **P7S1 Erste SBS Holding GmbH** and **P7S1 Zweite SBS Holding GmbH**, under which foreign subsidiaries have been managed since the takeover of the SBS Broadcasting Group. The companies in the online and games and pay TV areas are also affiliated with ProSiebenSat.1 Media AG via subsidiaries consolidated under **ProSiebenSat.1 Digital GmbH** or **SevenSenses GmbH.**

Segment structure and competitive situation

The ProSiebenSat.1 Group's operative business activities are divided into three reporting segments that are strategically, economically and technically interrelated and managed by ProSiebenSat.1 Media AG: Free TV German-speaking, Free TV International and Diversification. (Fig. 10)

- **Segment Free TV German-speaking:** TV activities in Germany, Austria and Switzerland are allocated to the Free TV German-speaking segment. The Red Arrow Entertainment Group with its globally operating sales partner SevenOne International is also consolidated under the Free TV German-speaking segment.

  With a population of over 80 million, Germany is Europe's largest TV market. ProSiebenSat.1 is No. 1 in the advertising market here with its sales subsidiaries SevenOne Media and SevenOne AdFactory. Alongside innovative and customized sales concepts, the high reach of the ProSiebenSat.1 stations is key to the success of the Group in Germany, its most important revenues market. The advertising-funded TV stations SAT.1, ProSieben, kabel eins and sixx cover a broad audience due to their complementary programming. While SAT.1 offers programming for the whole family, ProSieben is the market leader among young viewers. With Hollywood blockbusters, US series such as "The Simpsons" and TV events like "Schlag den Raab", ProSieben mainly appeals to male viewers aged between 14 and 29. kabel eins focuses its programming on viewers aged between 25 and 45. sixx was added to the German TV family in May 2010 and primarily reaches female viewers. In this way, ProSiebenSat.1 is winning new customers for the TV medium: Purchase decisions are made primarily by woman; around 90% of heads of household in Germany are female. sixx is particularly attractive for the advertising market because of the female core target group.

- **Segment Free TV International:** The ProSiebenSat.1 Group is represented in 10 countries with 28 TV stations. Because of this position we benefit from the strengths of individual regional markets. Apart from the German-speaking countries, the most important sales markets in Europe are the TV markets in Norway, Denmark, Sweden and Finland, which are seeing dynamic growth. Investments in TV advertising in Scandinavia are also increasing at a disproportionate rate: In Western Europe, net growth in TV-advertising expenditure totaled 9% between 2009 and 2011, while the growth rate in the Northern European market was in double digits.

  But the Scandinavian countries are not only attractive to ProSiebenSat.1 because of their high growth rates in comparison to the rest of Europe. These countries also represent a strong growth prospect due to a hybrid revenues model. As well as advertising revenues, the TV stations in Northern Europe have a second important source of income: Cable network operators pay the TV stations for the right to include their programs in their packages. As a result, Nordic TV stations are significantly less dependent on cyclical fluctuations in the advertising industry. For example, the ProSiebenSat.1 stations in Norway cover 21.0% of their revenues with distribution fees, in Denmark the figure is 52.4%.

Since the acquisition of the SBS Broadcasting Group in June 2007, ProSiebenSat.1 has successfully launched new stations in all important Northern and Eastern European countries, for example the Norwegian station MAX in November 2010. MAX is targeted specifically at the male target group and is already the No. 2 in this category in Norway. Thanks to the successful launch of MAX, the Norwegian station family strengthened its competitive position in 2011 – and is now in second place among the TV groups (previous year: third place).

ProSiebenSat.1 covers the advertising customers' differing target groups with stations positioned so as to complement each other. Furthermore, with the launch of new stations the Group makes efficient use of the available programming assets. Depending on the core target group of the individual stations, we focus on an individual mix of licensed programs from Hollywood, that is often aired for the first time on European free TV by our stations, and programming concepts, which are designed specially for individual stations. Commissioned and own productions not only sharpen the station's profile, they also help to improve cost-efficiency.

Glossary, page 219.

› **Segment Diversification:** As a TV company, we own an extensive stock of premium video content that we can use of on all platforms from TV, to mobile, to online and video-on-demand. In this way we can serve different media-use habits. However, for ProSiebenSat.1 as a company the expansion in the portfolio also offers additional potential for growth in revenues and earnings. By diversifying our business operations, we tap into new revenue sources beyond the TV advertising business and can reduce our dependency on cyclical fluctuations in individual markets. All business areas outside the classic TV and production business are included in the Diversification segment.

Glossary, page 219.

In recent years, the Group has established recognizable internet brands with advertising-funded websites like MyVideo. In Germany, we reach more than 25 million unique users via our online network. The Group is thus one of the leading providers and is also capitalizing on this strong position in the advertising market. The range of premium content is augmented by maxdome, the largest video-on-demand portal in Europe with over 45,000 titles.

An important growth area is the online games business. It is the fastest-growing sector in the entertainment industry throughout the world. In recent years, ProSiebenSat.1 has established games portals such as SevenGames.de and increased in significance with the takeover of burda:ic and Covus Games in 2011. ProSiebenSat.1 primarily generates revenues here via "virtual item selling": Players purchase extensions to their online games.

Glossary, page 218.

ProSiebenSat.1 uses its expertise and high level of recognition to establish successful companies and business models in related areas. Alongside music and artist management, this includes the young business area Commerce and Ventures. This includes the business model media-for-revenue-share or media-for-equity. Start-ups with interesting products receive media services from the ProSiebenSat.1 Group in return for a revenue share and/or an equity participation.

In 2011, ProSiebenSat.1 achieved an earnings contribution of more than EUR 40 million and won new advertising partners with this innovative sales idea.

SEGMENT STRUCTURE OF THE PROSIEBENSAT.1 GROUP (Fig. 10)

Segment Free TV German-speaking

Germany

Austria

Austria

Switzerland

Schweiz

Sales

Germany

SevenOne Media

SevenOne AdFactory

Austria

SevenOne Media

Switzerland

SevenOne Media

Production & Sales

Segment Free TV International

Denmark

Finland

Norway

Romania / Moldova

Sweden

Hungary

Diversification

Online & Games[1]

ProSiebenSat.1 Digital

ProSiebenSat.1 Games

Pay-TV & Video-on-Demand[1]

Commerce & Ventures[1]

SevenVentures

Radio

Denmark

Finland

Norway

Romania / Moldova

Sweden

1 Online & Games, Pay-TV & Video-on-Demand, Commerce & Ventures are combined in the operating segment "Other Media".

Intragroup Management System

The Management of ProSiebenSat.1 Group is carried out centrally by the Group's Executive Board. However, heavily localized markets and target group interests demand customer proximity and local flexibility at the same time. This is why the individual subsidiaries in the various countries of Northern and Eastern Europe operate autonomously with full responsibility for revenues on the basis of central objectives.

The internal management system is primarily made up of the following components:

- A strategy-setting process
- Financial and operational parameters
- An integrated budgeting and planning system
- Monthly reporting to the Executive Board and Supervisory Board
- Ongoing risk and opportunity management
- Management by objectives at all levels of the Company

Risk Report, page 101.

A strategy-setting process

The Executive Board of ProSiebenSat.1 Media AG decides the corporate strategy, and as a consequence the short-term and long-term operational planning targets for the Group and its segments. The objectives are assessed annually in the strategy meeting. The decision-making process involves current market and competition analyses as well as SWOT analyses. These systematic assessments of market conditions and competitive situations form a basis for assessing risks, prioritizing opportunities and defining measures for achieving targets. Strategic planning is firmly integrated in the operating processes. The budget preparation process for the next twelve months follows from the definition of the strategic goals at the end of each financial year, as does the multi-year plan. All employees are required – regardless of the formal process – to deal sensibly with potential risks and to analyze any opportunities that arise.

Further information on the integrated budgeting and planning system, page 53.

Strategic growth targets adopted with four-pillar strategy. We inspire people with first-class entertainment and up-to-the-minute information – any time, any where. We develop individual, cross-media advertising concepts for our advertising customers. It is our goal to strengthen and expand upon our position as a leading European media Group. We are following a course set to strengthen our leading market position in the core business of television and to extend our value chain into promising growth areas. Our course for growth is based on a four-pillar strategy that we developed in 2011 and to which we have attached specific growth targets for 2015. On the basis of the four-pillar growth strategy adopted in Fall 2011, we will make full use of our potential and be able to generate additional revenues of EUR 750 million by 2015.

Four-pillar-growth strategy, page 123.

Alongside these growth measures, cost awareness and efficient processes will be necessary to rank among the leading media groups in Europe in the future. The establishment of a "best practice organization" therefore constitutes an important strategic task for us in future. A standard process management system is a key component in achieving this goal. Regular meetings, or best-practice-sharing days, encourage networking between all the different departments and a systematic transfer of knowledge. A culture of top performance in addition to process efficiency is a prerequisite for best practice. The ProSiebenSat.1 Group therefore continued to intensify its personnel development measures in 2011. The program launched under the name "Performance Development" aims to improve staff member contributions and encourage talent systematically throughout the company. High-performing and motivated employees, guided by a common sense of mission, are the heart of our best practice organization. (Fig. 11)

Employees, page 85.

STRATEGIC FIELDS OF ACTION OF THE PROSIEBENSAT.1 GROUP (Fig. 11)

1. Strengthen the core business television financed by advertising.	2. Develop new business models in related areas and expand the classic Diversification segment.	3. Ensure efficiency through outstanding implementation.

Management system based on key performance indicators

The ProSiebenSat.1 Executive Board manages the Group, its segments and its operating units with a number of key performance indicators. These key performance indicators are derived from the ProSiebenSat.1 Group's long-term strategic goals and encompass operating indicators in addition to financial parameters. The financial parameters used are based on the interests and requirements of the lenders:

Glossary, page 218.

- **Earnings management:** Recurring EBITDA or recurring EBITDA margin is used as an operating earnings benchmark at Group and segment level and for the individual subsidiaries. Recurring EBITDA, or earnings before interest, taxes, depreciation and amortization, adjusted for non-recurring items, reflects the operating profitability. Since it eliminates the influence of taxes and depreciation, as well as the structure of the Company's financing, recurring EBITDA also allows a meaningful assessment of operating profitability internationally.

- **Financial planning:** Free cash flow is the surplus cash generated. It is calculated as total cash and cash equivalents generated in operating business less the balance of cash used and generated in the context of investing activities. It expresses how much liquidity is available to providers of equity and lenders from the business in one period.

  Financial leverage is another parameter used in planning the capital structure at Group level. It indicates how high net debt is in relation to LTM recurring EBITDA, i.e. the adjusted EBITDA that the ProSiebenSat.1 Group has generated in the last twelve months.

Other operating early warning indicators are described in the Risk Report on page 101 onwards.

The audience share of free TV stations is one of the most important operating parameters. They are indicators for the quality of TV station programs and their brand value and are consequently an important mean of documenting performance for the advertising industry. Deviations in actual ratings from anticipated planning figures are assessed as part of early risk detection. Parameters in the Diversification segment include the number of unique users in the online business or the number of subscribers in the video-on-demand and pay TV areas.

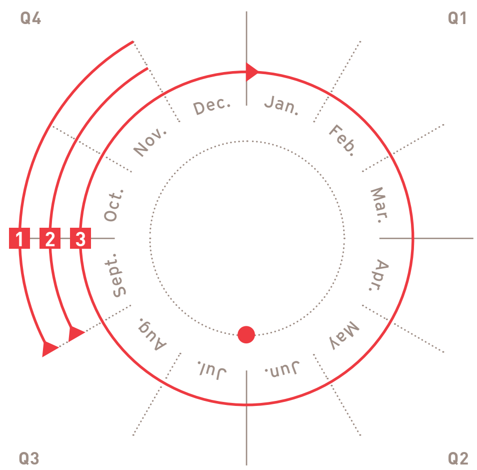
Business and Industry Environment, page 57.

In addition to these internal performance indicators, the Group-wide management and planning process includes external indicators. Current economic data, such as the trend in private consumption or gross domestic product serve, for example, as important indicators for the advertising industry's willingness to invest.

An integrated budgeting and planning system

The planning is based on strategic and operating corporate objectives. For this purpose, the ProSiebenSat.1 Group defines internal targets for the indicators explained above – for the individual subsidiaries of the Group, for the corresponding segments and for the Group as a whole. The individual planning processes – the budget and the multi-year plan – are coordinated systematically. This is a matter of fundamental importance for managing target figures and assessing risks and opportunities effectively.

PLANNING PROCESS (Fig. 12)



1 **Budget** (Operating plan for the year on a monthly basis)	The operating plan for the year is prepared on the basis of 'mixed planning'. This process is a chronologically staggered combination of top-down and bottom-up planning. In the first stage, the upper management level defines the superordinate targets for the Group (top-down). These are based on in-depth analysis of the company and its environment. The detailed planning of how these targets are to be achieved then occurs in the second stage at the operational level (bottom-up). To this end, company-specific data relating to individual subsidiaries is aggregated at segment and Group level via the income statement, the preparation of the statement of financial position and the cash flow statement. Here, particular account is taken of projections about volumes and prices, program scheduling, costs and investment planning, and staffing plans. The company prepares the budget at the end of a financial year for the following year. It reports target figures on a monthly basis and is passed by the Executive Board and the Supervisory Board.
2 **Multi-year plan** (Long-term corporate plan on a quarterly basis)	The budget is the foundation of the multi-year plan: Planning figures are set on a quarterly basis for the financial and operating management indicators. The planning figures are based on the Group's strategy and take management findings and estimates into account. Like the budget, these target figures for the next five years are calculated from the bottom up.
3 **Monthly reporting** (Trend projections)	Monthly reporting is an element of short-term control. With the help of trend projections during the year, the company continuously compares actual figures with the budget and, if necessary, introduces counter measures. To this end, the expected development of revenue, earnings and cash flows for the current year is calculated and compared to the budget on the basis of actual figures. Apart from this monthly reporting to the Executive Board and the Supervisory Board, potential risks are reported to the Group Risk and Compliance Officer as part of the quarterly reporting process. Any changes to the previously mentioned early warning indicators over time are analyzed in particular here. This ensures that suitable management measures can be instigated in a timely manner.
Strategy meeting	Strategic objectives are determined in the strategy meeting.

Legal Environment

ProSiebenSat.1 Media AG has to comply with a large number of legal requirements. As a German stock corporation, it is in particular subject to German laws that govern corporations, co-determination, and the capital markets, and it is bound by the German Corporate Governance Code. Important reporting obligations that result from the legal requirements for this management report are shown below:

- **Disclosures regarding corporate acquisitions under Section 315 (4) of the German Commercial Code (HGB) and their explanations under Sections 124 a Sentence 1 No. 3 and 176 (1) Sentence 1 of the German Stock Corporation Act (AktG):** The nonvoting bearer preference shares of ProSiebenSat.1 Media AG are listed for trading in the regulated Prime Standard segment of the Frankfurt Stock Exchange.

  By contrast, the Company's registered common stock is not traded on an organized market within the meaning of Section 2 (7) of the German Securities Acquisitions and Takeover Act (WpÜG). It is not listed for trading on any stock exchange and, according to the articles of incorporation of ProSiebenSat.1 Media AG, may only be transferred with the Company's consent. Against this background, there is no requirement for disclosures regarding corporate acquisitions under Section 289 (4) of the German Commercial Code and under Section 315 (4) of the German Commercial Code in the parent company and Group management reports of ProSiebenSat.1 Media AG respectively. A report by the Executive Board explaining these disclosures pursuant to Sections 124 a Sentence 1 No. 3, 176 (1) Sentence 1 of the German Stock Corporation Act is therefore not necessary either.

- **Report on relations with affiliated companies and closing statement by the Executive Board under Section 312 (3) of the German Stock Corporation Act:** In compliance with Section 312 of the German Stock Corporation Act, the Executive Board of ProSiebenSat.1 Media AG has prepared a report on relationships with affiliated companies for the financial year 2011. For every legal transaction entered into between ProSiebenSat.1 Media AG and Lavena 1 S.à r.l. or its affiliated entities 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 in so far as performance was due during the year under review.

- **Management Declaration under Section 289a of the German Commercial Code.** The Company has published its Management Declaration on its website. In addition, in the Annual Report the Executive Board and Supervisory Board each year report on the corporate governance of the ProSiebenSat.1 Group. The Group auditor has critically reviewed the Corporate Governance Report in accordance with the IDW auditing standard. The Management Declaration and the annual Declaration of Compliance under Section 161 of the German Stock Corporation Act (AktG) were also part of the auditor's review.

http://www.prosiebensat1.com/en/company/corporate-governance/management-declaration

Corporate Governance Report, page 33 onwards.

- **Description of the key features of the internal control and risk management systems in regard to the reporting process pursuant to Section 315 (2) No. 5 of the German Commercial Code:** The Risk Report includes information about internal controlling and risk management systems – according to Section 315 (2) No. 5 of the German Commercial Code – in regard to the consolidated reporting process.

Risk Report, page 112.

- **Compensation Report under Section 315 (2) No. 4 of the German Commercial Code:** The disclosures required under Section 315 (2) No. 4 of the German Commercial Code are included in the Compensation Report, which is part of the Corporate Governance Report. The Compensation Report is an integral part of the audited Group management report.

Compensation Report, page 35 onwards.

Media Policy Environment

- **Distribution and technological requirements:** Germany is distinguished by the dominance of a few large cable network operators. After the anti-trust approved takeover of Kabel Baden-Württemberg by Unitymedia at the end of 2011, there are now two large regional providers alongside a few smaller cable network operators: Unitymedia, reaching approximately 6.9 million households and Kabel Deutschland with a reach of approximately 8.6 million households. Germany differs from many international markets such as the Northern European countries, in which cable network operators transfer a portion of their revenue to TV stations for the use of their programs. In contrast, TV stations in Germany pay supply fees to the major regional cable network operators. For analog suppliers there is a feed-in fee per household of approximately EUR 0.22. However, refinancing with distribution revenue is becoming increasingly important for German TV stations. In 2011, ProSiebenSat.1 Media AG came to an agreement with the major regional cable network operators on the supply and transmission of ProSiebenSat.1 German stations in HD standard. Since then the stations have taken a share of the technical access fees charged by the platform operators.

Opportunity Report, page 117.

  The technological requirements for the distribution of the broadcast signal are currently also different than in the majority of European countries. In April 2012, the complete conversion to the digital standard will be a turning point. Digital transmission is less susceptible to faults and enables better sound and picture quality, such as high-definition television (HD). At the same time, more programs can be broadcast with the digital TV signal. One of the first EU countries to cease broadcasting analog TV completely was Denmark as early as Fall 2009. With digital television, a hybrid revenue model has been established there based on revenue from TV advertising revenue and distribution.

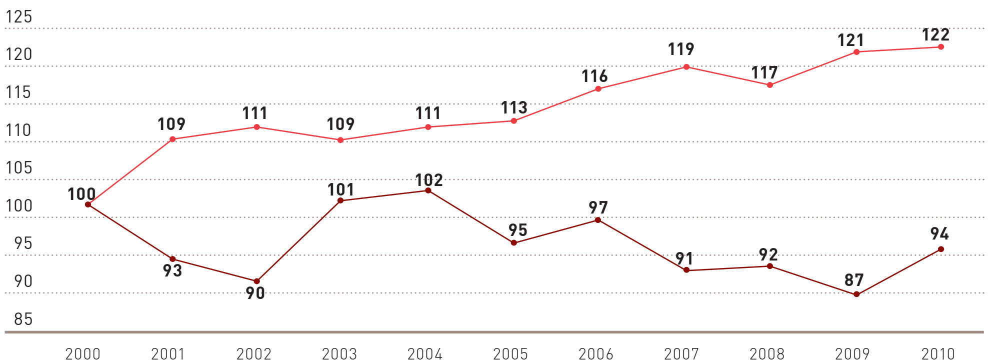
Glossary, page 218.

- **Dual broadcasting system in Germany:** In no other European market do the public broadcasters have access to such high and increasing budgets as is the case in Germany. Per TV, the fee is currently EUR 17.98. In 2000 it was DM 28.25 or EUR 14.44. In addition to the license fee guaranteed by law, the public stations also have revenue from advertising and sponsorship. In 2011, the gross advertising revenue of ARD totaled approximately EUR 267 million, those of ZDF EUR 233 million. Over the last ten years, the public broadcasting budget, including advertising revenue, increased by 22%, while gross revenue of private broadcasting funded by advertising shrank by 6%. The private providers are funded primarily by advertising revenue. The German advertising market is dominated by five major media agencies. In view of the intense competition, private broadcasting has consolidated considerably in recent years, and is now organized in two families of stations. The ProSiebenSat.1 Media Group, the market leader in the German advertising market, and the RTL Group.

  Despite increasing budgets in public broadcasting, private broadcasters with fewer financial resources supported considerably more programs. With a current overall budget of approximately EUR 8.7 billion, the public broadcasters provide 21 TV stations and 19 "regional window" programs, and 65 radio stations. With a yearly budget of EUR 6.7 billion, private providers finance 277 TV stations and 237 radio stations. Due to continuously increasing revenue from license fees, the financial bases of the two pillars of the dual system are becoming increasingly imbalanced. (Fig. 13)

CHANGE IN TOTAL REVENUES IN BROADCASTING (2000 = 100) (Fig. 13)

in percent



■ Public broadcasting revenue ■ Private broadcasting revenue without teleshopping
Source: Wirtschaftliche Lage des Rundfunks 2010/2011.

Opportunity Report, page 117.

As a result of the changes to the 15th Interstate Broadcasting Amendment Treaty, from 2013 a broadcasting fee will be charged on all households, regardless of whether they own a TV or radio set. In addition, from January 2013 a sponsorship ban will come into force in public television after 8 p.m. and on Sundays and public holidays. This is in line with private broadcasting companies' demand that public broadcasters stop being funded by advertising. In countries such as France and Spain, public broadcasters are already funded entirely by revenue from fees.

Information on our commitment in society appears on page 95 onwards.

The function of public broadcasting is also defined in the Interstate Broadcasting Treaty: It should guarantee the free forming of public opinion in Germany. In accordance with this public service mission, the public stations concentrate on giving as comprehensive and overview as possible of events in all major areas of life. The same function does not apply to private broadcasting due to its funding on the advertising market and consequent necessary focus on popularity with audiences. However, relevance of the ProSiebenSat.1 Group in society is no less significant. With a market share of 22.5%, ProSieben is the market leader with young viewers in the 14-19 age group. In Germany alone, we reach more than 70 million TV viewers and over 25 million unique users on the internet.

Our program reaches the young generation to a particular degree. At the same time, the content shown on the stations is regulated by numerous programming obligations – in addition to general requirements such as youth protection and copyright law. To ensure plurality of opinion, for example, SAT.1 is legally required to finance regional programs for a total of five broadcast areas and to broadcast these parallel to prime time. In accordance with the requirements of the Interstate Broadcasting Treaty, SAT.1 also funds formats produced independently by third-party companies and for the content of which the latter are responsible. As well as programming restrictions, private broadcasting in Germany is regulated by advertising restrictions and media concentration legislation. For example, advertising time on TV stations is limited to a maximum of twelve minutes per hour.

REGULATION OF PRIVATE BROADCASTING IN GERMANY (Fig. 14)

Broadcasting obligations

- Regional windows: Monday to Friday, simultaneous broadcast of 5 regional magazine formats at 30 minutes each (SAT.1)
- Broadcasting time for independent third parties: Broadcast of 180 minutes per week of independent producers' programs (SAT.1)
- Appropriate broadcasting time for churches to transmit religious programs (SAT.1, ProSieben)

Advertising restrictions

- Advertising time limited to a maximum of 12 minutes per hour
- Advertising ban for certain products (e.g. gambling, prescription medication)
- Ban on political, ideological or religious advertising
- Ban on advertising breaks in certain shows (children's programming)

Media concentration law

- Specific competition control for television broadcasters, in addition to general anti-trust law, specific merger control
- Limitation of the growth of station groups according to audience share (maximum 35%)

Business and Industry Environment

Economic Environment

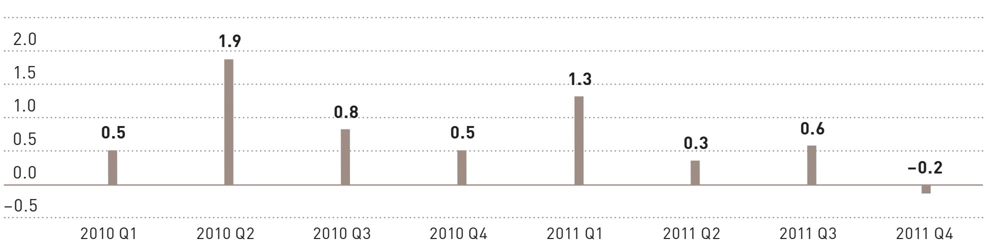
In 2011, the global economy showed real growth of 3.8% year-on-year, even though the momentum let up considerably at the end of the year according to the International Monetary Fund. Significant impulses came from the rapidly expanding developing countries, particularly the Asian zone. In contrast, growth in the established industrial nations was considerably more restrained. The US economy expanded by less than 2%, while Japan – following the tsunami and Fukushima – fell into recession.

Even the growth in the euro zone (EU 17), which saw a good first quarter, weakened considerably over the rest of the year. The declining world economy, consolidation efforts in some member states and uncertainty resulting from the euro debt crisis caused growth in the third quarter to fall to just plus 0.1% up against the previous quarter, in the fourth quarter to minus 0.3% against the previous quarter. For the year as a whole, the forecast is plus 1.5%.

Despite the weak European environment, the German economy again grew strongly in 2011 with a real plus of 3.0%. On the back of a positive employment market and income development, private consumer spending increased by more than at any time in the last five years with plus 1.5%. Investing activities were also lively. However, the export-oriented German economy did not fully escape the global downturn and the debt problem in the euro zone. This became particularly noticeable toward the end of the year. The growth rate in the third quarter was still at plus 0.6% up on the second quarter, but in the final quarter it was down by minus 0.2%.

DEVELOPMENT OF THE GROSS DOMESTIC PRODUCT IN GERMANY (Fig. 15)

In percent, change vs. previous quarter



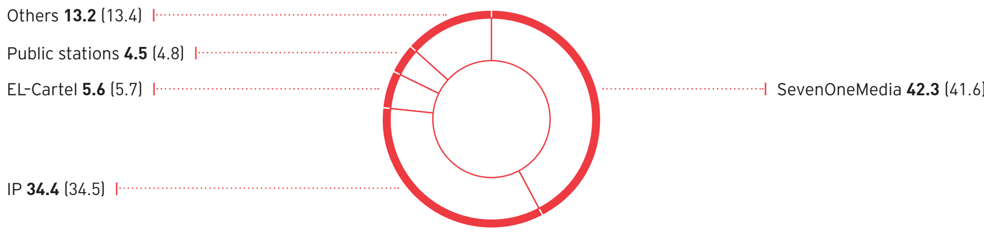
Price-adjusted, adjusted for seasons and calendar days; Source: Destatis.

Development of the advertising market

The gross investments in TV advertising increased by 1.8% to EUR 11.11 billion in 2011 (2010: EUR 10.91 billion). In the fourth quarter, the market again grew strongly. Gross advertising investments climbed by 1.0% to EUR 3.66 billion (2010: EUR 3.62 billion). In this environment, SevenOne Media GmbH continued to expand its competitive lead. For the full year, its market share rose by 0.7 percentage points to 42.3% gross – meaning that SevenOne Media posted the strongest growth out of all German TV sales companies. The fourth quarter was particularly successful with a plus of 6.6% to EUR 1.58 billion gross (2010: EUR 1.48 billion). SevenOne Media increased its gross advertising revenue to EUR 4.70 billion in 2011 (2010: EUR 4.54 billion). The growth rate of 3.5% year-on-year was considerably above the market average. On the basis of net figures, the German TV advertising market likewise developed positively. Here ProSiebenSat.1 also exceeded market growth, partly as a result of moderate price increase and strong new customer business.

GERMAN GROSS TV ADVERTISING MARKET SHARE (Fig. 16)

in percent, 2010 figures in parentheses



Source: Nielsen Media Research, SevenOne Media excl. N24 and 9Live.

In the German online advertising market, the company strengthened its lead in the marketing of video content. In this segment, SevenOne Media posted significant growth of 103.5% gross to EUR 82.0 million (2010: EUR 40.3 million). SevenOne Media increased its market share to 40.0% (IP: 27.5%). Overall, the German online advertising market, which includes video advertising alongside traditional banner marketing, recorded growth of 34.2% to EUR 3.2 billion gross in 2011 (2010: EUR 2.4 billion). SevenOne Media increased its total online advertising revenue by 28.3% to EUR 161.8 million gross (2010: EUR 125 million). In the northern European markets the TV advertising market developed dynamically. Norway displayed the strongest growth with net market growth of 12.1% (2010: 9.1%). But Sweden (+11.1% net) and Denmark (+10.9% net) also showed strong rates of growth. Hungary and Romania TV advertising expenditure was below that of the previous year due to a weak economy.

DEVELOPMENT OF THE TV ADVERTISING MARKETS (Fig. 17)

in percent	Change from previous year 2011
Germany	1.8
Austria	8.4
Switzerland	8.6
Norway	12.1
Sweden	11.1
Denmark	10.9
Finland	6.6
Hungary	–11.7
Romania	–13.9

Some of the data presented is based on gross figures and therefore only provide a limited idea of what the associated net figures will prove to be. **Germany:** gross, Nielsen Media Research. **Austria:** gross, Media Focus. **Switzerland:** gross, Media Focus. **Norway:** net, IRM. **Sweden:** net, IRM. **Denmark:** net, DRRB. Finland: net, TNS Media Intelligence. **Hungary:** net, own calculations. **Romania:** net, own calculations. Due to the disposals of the TV activities in the Netherlands and Belgium, the advertising market data for these countries are no longer reported.

Development of the audience market

In 2011, the ProSiebenSat.1 Group increased its audience shares in almost all significant markets:

PROSIEBENSAT.1 FREE TV STATIONS' AUDIENCE SHARE (Fig. 18)

in percent	Q4 2011	Q4 2010	2011	2010
Germany	**29.6**	28.3	**28.9**	28.5
Austria	**20.4**	19.9	**20.2**	19.3
Switzerland	**15.7**	18.3	**16.1**	17.6
Norway	**18.1**	15.4	**17.4**	14.4
Sweden	**15.0**	15.6	**13.8**	14.5
Denmark	**16.3**	15.7	**16.2**	16.7
Finland	**5.2**	4.0	**5.1**	3.3
Hungary	**18.2**	25.0	**20.5**	22.5
Romania	**8.1**	7.4	**7.8**	7.3

Figures for Germany, Austria and Switzerland are based on 24 hours (Mon-Sun). Audience shares in the other countries are based on extended prime time (RO, FI: 6 pm to midnight/SE, NO, DK, HU: 5 pm to midnight). **Germany:** SAT.1, ProSieben, kabel eins and sixx; key demographic age 14-49: Data released only from February 2011. In the 2011 calculation, 0 is used for the calculation. 2010 figures without sixx. **Austria:** SAT.1 Österreich, ProSieben Austria, kabel eins austria and PULS 4; key demographic age 12-49. **Switzerland:** SAT.1 Switzerland, ProSieben Switzerland, kabel eins Switzerland; key demographic age 15-49. All data are based on daily weighting and since 2011 include solely the use of the Swiss signal/program window. **Norway:** TVNorge, FEM, MAX, The Voice; key demographic age 12-44. **Sweden:** Kanal 5, Kanal 9; key demographic age 15-44. **Denmark:** Kanal 4, Kanal 5, 6'eren, The Voice; key demographic age 15-50, based on 14 advertising-financed TV stations. **Finland:** TV5, The Voice; key demographic age 15-44. **Hungary:** TV2, FEM3, PRO4 from March 2011; key demographic age 18-49. **Romania:** Prima TV, Kiss TV; key demographic age 15-44. Romanian figures are based on the urban population.

In Germany SAT.1, ProSieben, kabel eins and sixx expanded their combined market share in 2011 by 0.4 percentage points to 28.9% (previous year: 28.5%). The four stations steadily improved their performance during the television year. Thus the figure of 29.6% in the fourth quarter of 2011 was significantly up on the first quarter, by 2.1 percentage points. Particularly popular among viewers were programs such as "Danni Lowinski" (up to 18.2%), "Der letzte Bulle" (up to 19.6%) or "The Voice of Germany". In SAT.1 and on ProSieben the very successful music show captured market shares of up to 30.9%. With an annual market share of 0.5%, the woman's station sixx also made an important contribution to growth. In October and December, ratings were as high as 0.8%.

In 2011, the Austrian stations SAT.1 Österreich, ProSieben Austria, kabel eins austria and PULS 4 improved their combined market share by 0.9 percentage points to 20.2% (previous year: 19.3%) and thus expanded their advantage against private competitors again. PULS 4 made a particular contribution to the higher ratings with a significant upturn of 0.5 percentage points and a market share of 3.3% (previous year: 2.8%). Of all the Austrian full-service stations, PULS 4 was the one with the strongest growth.

Aside from this, the ProSiebenSat.1 Group stations achieved high growth rates, particularly in Scandinavia. In Norway, TVNorge, FEM, MAX and The Voice achieved an audience share of 17.4% for the whole year (previous year: 14.4%), a year-on-year upturn of 3.0 percentage points. The strong growth is primarily due to the successful development of the men's station MAX, which has steadily increased its ratings since its launch in November 2010, achieving a market share of 2.6% for the whole of 2011.

In Finland, the ProSiebenSat.1 Group also made considerable gains with its stations TV5 and The Voice. With a market share of 5.1% in 2011 (previous year: 3.3%), the two stations achieved a plus of 1.8 percentage points. The significant upturn is primarily due to developing TV5 as a 24-hour station. Previously, TV5 and The Voice shared a broadcasting license.

TV-HIGHLIGHTS 2011

2011 was a year full of TV surprises.
With exciting shows, series and movies.

.....a

SHOW SENSATION.....(a) **"The Voice of Germany"** has already made history with its first season on SAT.1 and ProSieben: With dream ratings and a new broadcasting strategy on two stations. Viewers and critics were enthusiastic about the music show where only the voice counts. The format achieved audience shares of up to 30.9%.

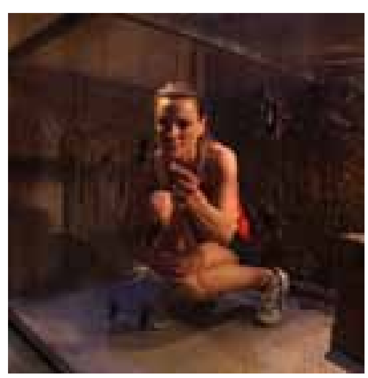
CHAOTIC.....(b) **Hancock** is a superhero who is anything but super. Instead of saving the inhabitants of L.A., he leaves a trail of destruction in his wake. With 28.2% of viewers in the 14 to 49 age group, "Hancock" was the most successful ProSieben film in 2011.

.....b

SPORTING SPIRIT.....(c) With **"ran"** SAT.1 offers its viewers pure sport. Whether soccer or boxing, the ran experts provide knowledgeable commentary on sporting events, conduct fascinating interviews and give interesting background reports. With audience shares of up to 30.2% among the viewers relevant for advertising, "ran" is SAT.1's successful sports brand.

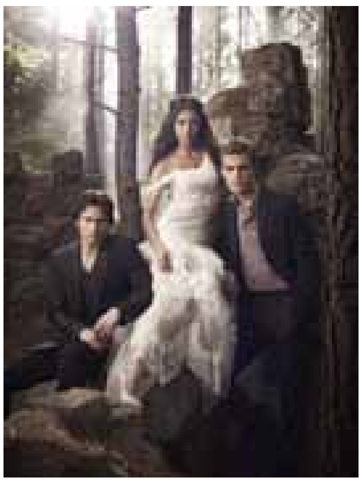
.....c

CHALLENGE.....(d) On kabel eins, **"Fort Boyard"** drove 54 celebrities to their limits – and beyond. They had to climb up the outer wall of the fort and look for codes on the bellies of tarantulas – all for a good cause. The stars' winnings went to social projects. This met with the public's approval – the show reached audience shares of up to 11.9%.



.....d

VAMPIRES.....(e) Vampires, werewolves, witches: The mystery series **"Vampire Diaries"** is one of the most successful shows on sixx with ratings of up to 3.2%. The women's station steadily expanded its audience share since launching in May 2010, and in October and November 2011 achieved its highest daily figures with 1.4% since its launch.


.....e


.....f

WINNER.....(f) The three boys from Kilmokit shone "as bright as the sun" when their name was called in the final of **"Popstars – Mission Österreich"**, living up to the title of their winning song. The talent show with Detlef D! Soost reached audience shares of up to 6.9% in Austria on PULS 4.

ADVENTURE.....(g) Scorching sun, unbearable heat, endless drought. Left in the Namibian desert, the participants in **"Homerun"** had to find their way back to Switzerland. At their side were four experts, who gave them survival tips. The factual entertainment in SAT.1 Schweiz achieved audience shares of up to 4.9%.

.....g

MEN'S NIGHT.....(h) MAX makes men's hearts beat faster! The newest Norwegian ProSiebenSat.1 station delights football fans with games from the Norwegian league on its **"Fotball Fredag"**. Up to 9.5% of the viewers of the 12 to 44 age group tuned in. Since launching at the end of 2010, the station has grown rapidly and achieved its highest monthly audience share in 2011 with 3.3% in August.


.....h


.....i

SUMMER FAIRYTALE.....(i) Five young people have the summer of their lives in **"Kalajoen hiekat"**, the Finnish Riviera. The station TV5 accompanied them in its biggest local production so far. Up to 8.7% of the audience tuned in.


.....j

BEAUTY KINGS.....(j) In **"Miss fata de la tara"**, the Romanian station Prima TV looks for the country's most beautiful girls. In 2011 the format was awarded the title "Best Reality Show" and, with audience shares as high as 13.5%, was so successful that the station went on a search for a "beauty king" in "Mi-s baiatul de la tara" – with just as much success and audience shares of up to 12.8%.

Business Performance

Overall statement of business – management view.

The ProSiebenSat.1 Group looks back on a very successful financial year. We have set new records, both in Group revenues as well as consolidated net profit and recurring EBITDA on the basis of continuing operations. All segments made a contribution here. We have not only increased our profitability in 2011, but also significantly reduced our level of debt. As a result of optimizing the business portfolio, we repaid a significant share of our term loans early and extended the maturities of the remaining term loans at the same time. As a result the ProSiebenSat. 1 Group has a solid financial and operating basis.

Comparison of the actual and expected Business Performance

We achieved our financial targets in 2011. This applies both to our revenue and earnings forecasts for the entire Group published in the 2010 Annual Report and the individual segments on the basis of continuing operations. Due to investments in new growth areas and programming assets, operating costs increased as expected. At the start of the year, we forecast a cost increase in the low single-digit percentage range. In fact, operating costs increased by 5.2% in 2011 compared to the previous year.

Glossary, page 217.

We had forecast a further improvement in net financial debt. The repayment of a significant portion of our term loans resulted in an adjustment of our future financial position expectation over the course of the year, we are now aiming for a leverage of 1.5 to 2.5 times. At the end of the year, net financial debt amounted to EUR 1.818 billion (previous year: EUR 3.021 billion), leverage sank to 2.1 (previous year: 3.3) and is thus within the target range.

COMPARISON OF THE ACTUAL AND FORECAST BUSINESS PERFORMANCE FOR THE GROUP[1] (Fig. 19)

	Actual figures 2010	Forecast for 2011	Actual figures 2011
Revenues	2,601.0	Increase in a mid single-digit percentage range	2,756.2
Operating costs	1,820.6	Increase in a low single-digit percentage range	1,915.7
Recurring EBITDA	791.5	Significant increase	850.0
Underlying net income	275.2	Significant increase	309.4
Net financial debt (per 12/31/)	3,021.0	Reduction	1,817.8
Leverage	3.3	1.5 – 2.5	2.1

COMPARISON OF THE ACTUAL AND FORECAST BUSINESS PERFORMANCE FOR THE SEGMENTS[1] (Fig.20)

	Actual figures 2010	Forecast for 2011	Actual figures 2011	Actual figures 2010	Forecast for 2011	Actual figures 2011
	Revenues	Revenues	Revenues	Recurring EBITDA[2]	Recurring EBITDA	Recurring EBITDA[2]
Free-TV German-speaking	1,866.8	Increase	1,936.6	631.3	Significant increase	666.4
Free-TV International	421.9	Significant increase	475.2	86.1	Significant increase	97.8
Diversification	312.3	Significant increase	344.4	69.9	Stable development	82.4

1 The figures and statements relate to continuing operations.
2 Recurring EBITDA is adjusted for effects resulting primarily from the associated business of the Sultan Sushi Group totaling EUR 3.4 million in 2011 and EUR 4.2 million in 2010.

EXPLANATORY NOTES ON REPORTING

Recurring EBITDA and net financial debt are key financial indicators for the ProSiebenSat.1 Group. In addition, analysts often refer to operating costs and underlying net income in their estimates. Operating costs are defined as total costs excluding depreciation and amortization and non-recurring expenses and are the relevant cost items for calculating recurring EBITDA. Recurring EBITDA is defined as earnings before interest, taxes, depreciation and amortization adjusted for non-recurring effects. Period or group net income is the net result after taxes, depreciation and amortization.Therefore, the development of these key financial indicators is also described in the following presentation of the Group's financial position and performance and in the outlook report.

ProSiebenSat.1 does not report on the basis of order volumes. There are various reasons for this: There are framework agreements on volumes to be taken and the underlying conditions with a large number of our advertising customers. In so-called program screenings, the ProSiebenSat.1 Group informs its customers about the direction of the station planning. Advertising customers use this preview as an important basis for making decisions about their advertising investments for the subsequent year. The price level is primarily based on the factors of audience share, reach, broadcast time, demand and number of available advertising inventory. As is customary in this business, the final budgets are confirmed on a month-by-month basis – sometimes, however, only in the short term. Only then is the revenues level transparent. Furthermore, additional advertising budgets are granted at short notice towards the end of the year.

Major Influencing Factors on Financial Position and Performance

Impact of general conditions on the Business Performance

Economic situation and advertising market, page 58.

In 2011, the ProSiebenSat.1 Group generated the biggest share of its revenues from the sale of TV advertising time, at 76.0%. 76.4% of this is attributable to the German TV advertising market. There is a strong correlation between the development of the TV advertising markets and macroeconomic conditions. At the same time, the advertising market often reacts to macroeconomic developments pro-cyclically. Budgets are often allocated in the very short term. As well as economic conditions, our revenue performance is influenced substantially by success in the audience market. Ratings, i.e. the actual audience reach of the TV programs and therefore the advertising spots, influence our advertising customers' budget allocation and have a significant impact on pricing. Because of this, advertising business is subject to a strong seasonal fluctuation like virtually no other industry: The ProSiebenSat.1 Group generates the largest share of its annual TV advertising revenues in the fourth quarter, because both television use and propensity to spend rise during the Christmas season. Every year a total of about 30% of revenues, and about 40% of recurring EBITDA, are generated in the fourth quarter. This was also the case in 2011. (Fig. 21 and fig. 22)

In 2011, the economy in the euro zone continued to grow, although economic risks increased over the year. Despite increasing macroeconomic uncertainty, the advertising industry as expected developed positively overall. The ProSiebenSat.1 Group's TV advertising revenues developed dynamically particularly in Scandinavia. The Group benefited from the growth of the overall advertising market and capitalized on ratings successes at appropriate prices. The Group implemented a moderate price increase also in Germany and steadily increased its TV advertising revenues. While advertising investments in the German-speaking and Northern European markets remained robust, we did not achieve the same level as in the previous year in the steeply declining advertising environment of Eastern Europe.

Risk Report, page 110.

The ProSiebenSat.1 Group generates most of its revenues in the euro zone with 77.3% of total revenues (previous year: 79.6%). Therefore, currency fluctuations only have a marginal influence on revenues and earnings performance. Furthermore, ProSiebenSat.1 limits exchange rate fluctuations, which in particular could arise from the purchase of licensed programs in the USA, by using derivative financial instruments. As well as currency fluctuations, changing interest rates could affect the company's result. However, this did not influence the interest or financial result of the ProSiebenSat.1 Group. By December 31 2011, the Group covered nearly 100% of its variable-rate financial instruments via interest rate swaps (2010: around 79%).

DEVELOPMENT OF REVENUES 2011 BY QUARTERS (Fig. 21)

EUR m, 2010 figures in parentheses

DEVELOPMENT OF RECURRING EBITDA 2011 BY QUARTERS (Abb. 22)

EUR m, 2010 figures in parentheses

Changes in the scope of consolidation

In 2011, the ProSiebenSat.1 Group sold its TV business in Belgium and its TV and print operations in the Netherlands as a result of the strategic portfolio review. The corresponding contracts for the disposal were signed on April 20, 2011. Business activities in the TV and print sectors in the Netherlands were acquired by the Sanoma Corporation and Talpa Holding N.V. For the TV activities in Belgium, the consortium of leading international media companies comprises the Sanoma Corporation, Corelio N.V. and Waterman & Waterman CVA. The production companies belonging to the ProSiebenSat.1 Group in the Netherlands and Belgium did not form part of this transaction and remain part of ProSiebenSat.1.

The enterprise value on which the transactions was based totals EUR 1.225 billion. The adjusted EBITDA calculated in 2010 for the two segments is EUR 115 million. This represents a valuation multiple of 10.6 times adjusted EBITDA. At the end of August 2011, ProSiebenSat.1 prepaid a part of its existing term loans at EUR 1.2 billion with the proceeds from the disposal of the Dutch and Belgian operations. The impact on the financial position and performance is explained in detail on pages 72 to 74, resulting effects on the financial result are explained on page 69.

The disposal of the Belgian TV activities was completed and the companies deconsolidated on June 8, 2011. The transaction in the Netherlands was concluded and the companies deconsolidated on July 29, 2011. As a result of the requirements of IFRS 5, the companies disposed of in Belgium and the Netherlands were recognized separately as "discontinued operations" up to the point of their deconsolidation. Consequently, earnings contributions and deconsolidation effects from the Belgian and Dutch business are not contained in the individual items of the income statement but are recognized as "results from discontinued operations". While the earnings contributions and deconsolidation effects from the Belgian business are recognized as "discontinued operations" up to and including May 2011, the Dutch business is also included under this item for the month of July. The previous-year figures of the income statement have been adjusted accordingly at consolidated and segment level. Up to now the disposal of the TV and print activities were recognized in the Free TV International and Diversification segments.
Beyond that there were no events in the year under review that would have resulted in significant changes for ProSiebenSat.1 and its segments in terms of structure or value. However, the

company augmented its portfolio with strategic acquisitions in the Games and VoD area. ProSiebenSat.1 took over one of the leading publishers of free online games in Europe with burda:ic and acquired a 51% stake in Covus Games. The rest of the Covus Games shares will be transferred to the Group in 2013. The acquisitions were concluded in July and May 2011 respectively. With these takeovers, we made a decisive step closer to our goal of becoming one of the leading providers in the European online gaming market. We also strengthened our position in the video-on-demand area and acquired all shares in maxdome effective January 1, 2011. Over the course of the year, we added to the program inventory of the online video library and increased the technical reach of TV devices. maxdome is the video-on-demand market leader and is of high strategic importance to ProSiebenSat.1. The portal is funded by subscriptions and pay-per-view downloads and is not only an additional way to distribute program content. It also provides the Group new methods of generating revenues beyond selling advertising space. The objective is to generate approximately 50% of total revenues independently of the traditional TV advertising industry in Germany by 2015. This objective is also being pursued with the international expansion of the Red Arrow Entertainment Group. In 2011, Red Arrow expanded its portfolio via acquisitions and gained a foothold in new markets, including the world's largest TV market, the USA.

Glossary, page 219.

New business areas are being expanded in pursuit of the objective to use additional revenues potential and become more independent of individual markets' economic fluctuations. Disinvestments are part of our portfolio strategy as much as acquisitions and investments in future markets. In August, ProSiebenSat.1 fully discontinued the transmission of the call TV station 9Live. This was due to a sustained decline in revenues at the transaction channel. The company had already discontinued live broadcasting as of May 31. Since then, series and feature films have been broadcast on the frequency of 9Live. After closing 9Live, the broadcasting slot was assumed by the women's station sixx, which thus considerably extended its technical reach. In 2011, the ProSiebenSat.1 Group divested its subsidiaries in Bulgaria and the Greek radio station Lampsi FM as part of the portfolio optimization process. The Group sold its Bulgarian radio stations and the music channel the Voice TV to A.E. Best Success Services Bulgaria EOOD. The transaction was completed on November 10, 2011. The sale of the Lampsi FM radio station to the Attica Publications Group S.A. was concluded on September 20, 2011. In markets with an integrated brand portfolio made up of strong TV and radio stations, radio investments remain an important strategic component for ProSiebenSat.1.

The following table provides an overview of the individual portfolio measures. A chronological overview of events in 2011 can be found on pages 44 to 45.

A detailed explanation of the Group structure and the Group's management system can be found on the pages 47 to 50. For more information on current changes in the scope of consolidation refer to the Notes on page 135 to 143. Here there is also a detailed commentary on reporting in line with IFRS 5.

PORTFOLIO MEASURES AND CHANGES IN THE SCOPE OF CONSOLIDATION IN 2011 (Fig. 23)

Segment Free-TV German-speaking	Majority interest in the British production company, The Mob Film Holdings Limited › Fully consolidated since April 2011
	Majority interest in the US production company Fuse Entertainment › Fully consolidated since December 2011
	Majority interest in the Swedish production company Hard Hat › Affiliated company as of December 2011, fully consolidated as of January 2012
Segment Free-TV International	Launch of PRO4 in Hungary in January 2011
	Sale of the TV activities in Belgium and the Netherlands › Deconsolidation of the activities in Belgium in June 2011 › Deconsolidation of the activities in the Netherlands in July 2011
	Sale of the Bulgarian music channel the Voice TV › Deconsolidation in November 2011
Segment Diversification	Acquisition of a further 50% of maxdome › Fully consolidated since January 2011
	Majority interest in Covus Games GmbH, operator of browsergames.de and 100% acquisition of burda:ic › Full consolidation of Covus Games since May 2011, burda:ic since July 2011
	Discontinued transmission of the call TV station 9Live in August 2011
	Disposal of the Greek radio station Lampsi FM › Deconsolidation in September 2011
	Sale of Bulgarian radio stations › Deconsolidation in November 2011

PORTFOLIO MEASURES AND CHANGES IN THE SCOPE OF CONSOLIDATION IN 2010 (Fig. 24)

Segment Free-TV German-speaking	Foundation of Red Arrow Entertainment Group in January 2010, SevenOne International becomes part of the Red Arrow Entertainment Group
	Launch of the new German free TV station sixx in May 2010
	Sale of the news station N24 Gesellschaft für Nachrichten und Zeitgeschehen mbH and the production company MAZ&More TV-Produktion GmbH › Deconsolidation in June 2010
Segment Free-TV International	Launch of the new free TV station Fem3 in Hungary in January 2010
	Majority interest in the Belgian production company Sultan Sushi BVBA › Fully consolidated since March 2010
	Majority interest in American production company Kinetic Content LLC › Fully consolidated since September 2010
	Launch of the Free TV station MAX in Norway in November 2010

Group Earnings

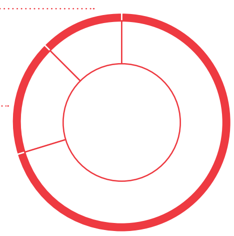
The following analysis relates - if not otherwise indicated – to continuing operations:

In 2011, the ProSiebenSat.1 Group increased **consolidated revenues** by 6.0% or EUR 155.2 million to EUR 2.756 billion. The revenue increase was carried by all segments. In its core business TV - including Free TV German-speaking and Free TV International - the ProSiebenSat.1 Group generated total revenues of EUR 2.412 billion (previous year: EUR 2.289 billion), corresponding to a share of 87.5% of consolidated revenues for the year (previous year: 88.0%). In 2011, business developed particularly dynamically in the Northern European TV markets. The Group also posted double-digit growth rates in the Diversification segment in 2011. The most important growth driver were the recent media-for-revenue-share business model and the broad product range in the online area. Overall the revenue contribution of the Diversification segment increased year-on-year by 10.3% to EUR 344.4 million (previous year: EUR 312.3 million).

Segment Reporting, page 80.

REVENUE BY SEGMENT FROM CONTINUING OPERATIONS (Fig.25)

in percent, 2010 figures in parentheses



Other operating income came to EUR 9.7 million, a year-on-year decline of 13.4% (previous year: EUR 11.2 million).

Notes, page 159.

In 2011, **total costs** of the Group - comprising cost of sales, selling expenses and administrative expenses, were up a total of 5.6% or EUR 113.8 million to EUR 2.159 billion.

Most of this cost increase resulted from higher consumption of programming assets with EUR 1.080 billion (previous year: EUR 957.0 million) the Group`s biggest cost item. Programming assets are amortized depending on the number of permitted or planned broadcasts. This scheduled consumption increased in 2011 by 11.1% or EUR 96.9 million to EUR 970.3 million. In addition, impairment on programming assets resulted in higher unscheduled consumption of EUR 109.9 million (previous year: EUR 83.6 million). Impairments taken in 2011 included among others those on the programming assets of 9Live. In addition, in the fourth quarter unscheduled consumptions were taken on the programming assets of the Eastern European TV stations.

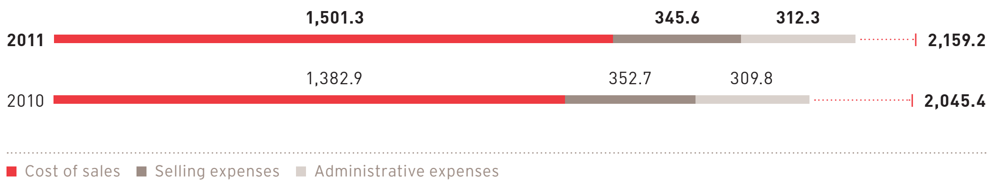
Programming assets, page 173.
Glossary, page 218..

Scheduled and unscheduled consumption of programming assets are reported as part of the cost of sales. The cost of sales rose by 8.6% to EUR 1.501 billion compared to 2010. Another factor driving the increase in cost of sales by EUR 118.4 million was investments in new growth areas. These include the complete takeover of maxdome effective from January 1, 2011 and the development of new TV-stations such as MAX in Norway.

In contrast to cost of sales, at EUR 312.3 million, administrative costs were almost at the level of the previous year (+0.8% or EUR 2.5 million). On the other hand, selling expenses declined by 2.0% to EUR 345.6 million (previous year: EUR 352.7 million).

TOTAL COSTS FROM CONTINUING OPERATIONS (Fig.26)

EUR m



Glossary, page 218.

Adjusted for non-recurring expenses totaling EUR 97.8 million (previous year: EUR 97.8 million) and depreciation and amortization in the amount of EUR 145.7 million (previous year: EUR 127.0 million), operating costs amounted to EUR 1.916 billion. Therewith **operating costs** in 2011 were up year-on-year by 5.2% or EUR 95.1 million. However, the increase in costs was again less than the growth in revenues. Higher operating costs were incurred particularly in our growth areas. On the other hand, in the core business, despite higher revenues operating costs for the year were kept almost stable on the basis of efficient cost management.

RECONCILIATION OF RECURRING COSTS FROM CONTINUING OPERATIONS (Fig. 27)

EUR m	2011	2010
Total costs	2,159.2	2,045.4
Non-recurring expenses	–97.8	–97.8
Depreciation and amortization[1]	–145.7	–127.0
Operating costs	**1,915.7**	**1,820.6**

1 Amortization of intangible assets and depreciation of property, plant and equipment.

Glossary, page 217.

Revenue growth resulted in a considerable increase of **EBITDA** before and after non-recurring items: EBITDA increased year-on-year by 8.4% to EUR 752.4 million (previous year: EUR 693.8 million). It includes reducing income non-recurring items amounting to EUR 97.6 million (previous year: EUR 97.7 million), primarily due to expenses resulting from the optimization of the portfolio and organizational structure. In addition to non-recurring costs resulting from the disposal process for the Belgian and Dutch subsidiaries, there were also expenses in connection with the shutdown of 9Live. Further major non-recurring expenses came from the realignment of the TV and sales activities in Hungary and the disposal of the subsidiaries in Greece and Bulgaria. In addition, non-recurring costs include expenses in connection with consulting projects. Adjusted for these non-recurring effects **recurring EBITDA** rose by 7.4% to EUR 850.0 million (previous year: EUR 791.5 million). In 2011, the operating profit margin increased to the record figure of 30.8% (previous year: 30.4%).

Glossary, page 218.

A reconciliation of EBITDA before and after non-recurring effects is shown in the following table. Recurring EBITDA from discontinued operations is shown in the table of key figures on page 70.

RECONCILIATION OF RECURRING EBITDA FROM CONTINUING OPERATIONS (Fig. 28)

EUR m	2011	2010
Profit before income taxes	366.6	328.6
Financial result	240.1	238,2
Operating profit	**606.7**	**566.8**
Depreciation and amortization[1]	145.7	127.0
Thereof from purchase price allocations	68.7	49.5
EBITDA	**752.4**	**693.8**
Non-recurring items (net)[2]	97.6	97.7
Recurring EBITDA	**850.0**	**791.5**

1 Amortization of intangible assets and depreciation of property, plant and equipment
2 Non-recurring expenses of EUR 97.8 million (previous year: EUR 97.8 million) less non-recurring income of EUR 0.2 million (previous year: EUR 0.1 million).

At minus EUR 240.1 million, the **financial result** was almost on the previous-year level of minus EUR 238.2 million (minus 0.8%). The development of the financial result is characterized by opposing effects. Lower interest expenses resulting from the reduced average level of Group debt had a positive effect on the financial result. In this context, net interest expenses improved by 9.6% or EUR 21.1 million to minus EUR 198.3 million. Another positive effect was the gain from the revaluation of EUR 18.2 million in the context of the initial consolidation of the VoD portal maxdome. On the other hand, there were opposing effects from one-off expenses included in the other financial result. They resulted from maturity extensions and the early repayment of term loans as well as the related unwinding of interest rate hedges. As a result, the other financial result worsened from minus EUR 7.5 million to minus EUR 45.1 million.

Profit before tax increased by 11.6% or EUR 38.0 million to EUR 366.6 million due to the developments described. After income taxes of EUR 97.2 million (previous year: EUR 88.4 million), the ProSiebenSat.1 Group generated net income from continuing operations of EUR 269.4 million (previous year: EUR 240.2 million). The tax rate was 26.5% (previous year: 26.9%). The result after taxes from discontinued operations was primarily shaped by the high tax-free profit from the disposal of the Dutch and Belgian operations amounting to EUR 335.8 million. At EUR 375.0 million, it was considerably up on the previous-year figure of EUR 78.1 million. Overall, the media group thus increased its net income after taxes and non-controlling interests to EUR 637.5 million (Fig. 30). This represents a considerable year-on-year increase of EUR 324.8 million. Basic earnings per preference share rose from EUR 1.48 to EUR 3.01, basic earnings per common share from EUR 1.46 to EUR 2.99.

RECONCILIATION OF UNDERLYING NET INCOME FROM CONTINUING OPERATIONS (Fig. 29)

EUR m	2011	2010
Consolidated net profit (after non-controlling interests)	262.5	234.6
Amortization from purchase price allocations (after tax)[1]	36.6	40.1
Impairment in connection with original purchase price allocations (after tax)[2]	19.5	0.5
Valuation effects from the first time consolidation of maxdome	–18.2	– / –
Impairment of ZeniMax	9.0	– / –
Underlying net income	**309.4**	**275.2**

1 Amortization of purchase price allocations before tax: EUR 43.7 million (previous year: EUR 48.9 million).
2 Impairment before tax of EUR 25.0 million (previous year: EUR 0.6 million).

Glossary, page 218.

Underlying net income from continuing operations adjusted for non-cash special items forms the basis for the dividend distribution. Underlying net income improved by 12.4% year-on-year to EUR 309.4 million (previous year: EUR 275.2 million). On the basis of underlying net income, basic earnings per preference share for continuing operations increased to EUR 1.46 (previous year: EUR 1.30), basic earnings per common share to EUR 1.45 (previous year: EUR 1.29).

An overview of the selected figures taking into account the business represented as "discontinued operations" is shown in the reconciliation figures below.

KEY FIGURES OF THE PROSIEBENSAT.1 GROUP (Fig. 30)

	ProSiebenSat.1 incl. discontinued operations		Discontinued operations		ProSiebenSat.1 continuing operations	
EUR m	2011	2010	2011	2010	2011	2010
Revenues	2,971.2	3,004.2	215.0	403.2	2,756.2	2,601.0
Operating costs[1]	2,079.7	2,109.4	164.0	288.8	1,915.7	1,820.6
Total costs	2,325.9	2,345.9	166.7	300.5	2,159.2	2,045.4
Cost of sales	1,635.3	1,612.2	134.0	229.3	1,501.3	1,382.9
Selling expenses	364.0	391.0	18.4	38.3	345.6	352.7
Aministrative expenses	326.6	342.7	14.3	32.9	312.3	309.8
EBIT	990.9	669.5	384.2	102.7	606.7	566.8
Recurring EBITDA[2]	901.1	905.9	51.1	114.4	850.0	791.5
Non-recurring items (net)[3]	238.2	–98.3	335.8	–0.6	–97.6	–97.7
EBITDA	1,139.3	807.6	386.9	113.8	752.4	693.8
Consolidated net profit attributable to shareholders of ProSiebenSat.1 Media AG	637.5	312.7	375.0	78.1	262.5	234.6
Underlying net income[4]	685.3	357.2	375.9	82.0	309.4	275.2

KEY FIGURES OF THE PROSIEBENSAT.1 GROUP FOR THE FOURTH QUARTER (Fig. 31)

	ProSiebenSat.1 incl. discontinued operations		Discontinued operations		ProSiebenSat.1 continuing operations	
EUR m	Q4 2011	Q4 2010	Q4 2011	Q4 2010	Q4 2011	Q4 2010
Revenues	873.7	955.6	– / –	126.7	873.7	828.9
Operating costs[1]	560.4	601.4	– / –	80.6	560.4	520.8
Total costs	633.7	656.0	– / –	83.4	633.7	572.6
Cost of sales	451.5	465.8	– / –	63.3	451.5	402.5
Selling expenses	87.7	112.6	– / –	11.2	87.7	101.4
Administrative expenses	94.5	77.6	– / –	8.9	94.5	68.7
EBIT	237.9	304.1	–5.9	43.3	243.8	260.8
Recurring EBITDA[2]	317.7	358.6	– / –	46.1	317.7	312.5
Non-recurring items (net)[3]	–42.8	–19.7	–5.9	–0.1	–36.9	–19.6
EBITDA	274.9	338.9	–5.9	46.0	280.8	292.9
Consolidated net profit attributable to shareholders of ProSiebenSat.1 Media AG	129.9	181.4	–5.6	34.4	135.5	147.0
Underlying net income[4]	151.7	194.3	–5.6	35.5	157.3	158.8

1 Total costs excl. D & A and non-recurring items. 2 EBITDA before non-recurring (exceptional) items. 3 Non-recurring expenses netted against non-recurring income. 4 Consolidated profit from continuing operations for the period, before the effects of purchase price allocations and non-cash currency valuation effects.

Explanation of reporting principles in the fourth quarter or December 31, 2011. The figures for 2011 relate to the key figures from continuing operations in line with IFRS 5. The previous-year figures for the income statement and the cash flow statement have been adjusted accordingly. According to IFRS, key figures from the previous-year statement of financial position are not to be adjusted. The Belgian activities and the Dutch TV and Print activities were deconsolidated with the completion of the contracts for the sale of the participation at the beginning of June and end of July 2011 respectively. As a result these companies are separately reported as discontinued operations. The result from discontinued operations contains the net profit and the profit of deconsolidation after taxes.

Group Financial Position and Performance

Principles and objectives of financial management

- Risk control and the centralized management are key principles underpinning ProSiebenSat.1 Group's financial management. Financial management is centrally managed by the Group Finance & Treasury department at ProSiebenSat.1 Media AG. This department manages the Group's financing activities and is the contact for all managing directors and employees in the Group responsible for finance. The prevailing objectives of our financial management are:

- to ensure that the entire ProSiebenSat.1 Group remains solvent by managing its liquidity efficiently across the organization;

- to secure its financial flexibility and stability, in other words, maintaining and optimizing its ability to obtain funding;

Glossary, page 217..

- to manage its financial risks by using derivative financial instruments.

The Group financial management covers the capital structure management and corporate funding, cash and liquidity management, and the management of market price risks, counterparty risks and credit default risks.

Glossary, page 217.

- The aim of **capital structure management** is to optimize the way in which the Group's capital structure and funding are organized by employing a range of financial instruments. These include equity or equity-like instruments as well as debt instruments. In its choice of suitable instruments, the Company takes into account factors such as the level of market receptivity, funding terms and conditions, flexibility or restrictions, diversification of the investor base and maturity profiles. The ProSiebenSat.1 Group raises and manages its debt funding on a centralized basis. This enables the Group to obtain economies of scale and optimize its cost of capital. In connection with the capital management structure at the ProSiebenSat.1 Group, managing leverage is given particularly high priority.

RCF, page 68.

- As part of its **cash and liquidity management**, the Group optimizes and centralizes cash flows and secures liquidity across the Group. An important tool here is cash pooling. Using rolling, Group-wide liquidity planning the ProSiebenSat.1 Group captures and forecasts both operating cash flows and cash flows from non-operating activities, thus deriving liquidity surpluses or requirements. Liquidity requirements are covered either by existing cash positions or the revolving credit facility (RCF).

- The **management of market price risks** comprises interest rate and currency management. It is conducted and coordinated centrally, with the objective to limit the effects of interest and currency volatility to Group profit and cash flow. Cash instruments as well as derivatives such as conditional and unconditional forward transactions are deployed. These instruments are used only for hedging purposes.

Financial risks, page 109.

- The management of counterparty and credit default risks centers on trading relationships and creditor exposure to financial institutions. When entering into trading transactions, the ProSiebenSat.1 Group pays attention to ensuring that business is widely diversified involving counterparties of sufficiently high credit quality. For this, tools such as external ratings supplied by international agencies are used. The Group's risk with respect to financial institutions arises primarily from its investment of cash and cash equivalents and from its use of derivatives as part of its interest-rate and currency management activities.

Debt financing

As of December 31, 2011, EUR 2.336 billion loans and borrowings were outstanding. As of December 31, 2010, the equivalent figure was EUR 3.762 billion.

Glossary, page 218.

At the end of August 2011, the ProSiebensat.1 Group prepaid EUR 1.2 billion, approximately a third of its term loans. The Group used the proceeds from the disposal of its Belgian and Dutch activities to repay part of its **term loans**. Parallel to this, the Group extended a significant part of its remaining term loans to July 2016 at attractive conditions. The Group thus improved its capital structure on a sustained basis.

Against this background, as of December 31, 2011 financial liabilities declined year-on-year to 71.4% of the balance sheet total (December 31, 2010: 83.8%). As of December 31, 2011, the financial debt of the ProSiebenSat.1 Group comprised 65.0% non-current loans and borrowings (December 31, 2010: 66.7%) and 0.0% current loans and borrowings (December 31, 2010: 4.4%).

RATING OF THE PROSIEBENSAT.1 GROUP:

Credit ratings represent an independent assessment of a company's creditworthiness. The rating agencies do not take the ProSiebenSat.1 Group's term loans into account in their credit ratings. Consequently there are no official ratings at present.

Financing

Glossary, page 218.

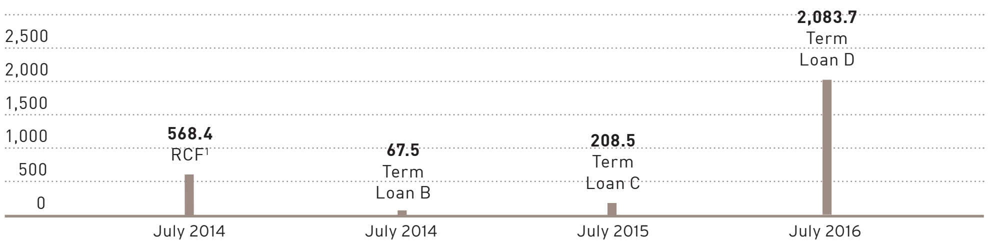
An essential part of the Group's funding comprises secured term loans (Term Loan B, C und D) with different maturities. In addition to these term loans, which are carried as non-current loans and borrowings, the secured facilities agreement includes a revolving credit facility (RCF).

- **Term Loans B and C** were partially repaid by EUR 1.2 billion at the end of August 2011. At the same time, the ProSiebenSat. 1 Group extended most of its remaining loans – almost EUR 2.1 billion – to July 2016, creating the new Term Loan D. The remaining Term Loans B und C have maturities until July 2014 and July 2015 respectively. As of December 31, 2011, the nominal value of the term loans amounts to EUR 2.360 billion. As of December 31, 2010, the term loans totaled EUR 3.560 billion.

- The facility amount of the **revolving credit facility** has been reduced from its original amount of EUR 600.0 million in Fall 2008 to the current level of EUR 568.4 million (December 31, 2010: EUR 581.8 million). This is due to the default of certain lenders as a result of the financial crisis. All remaining drawings under this facility (totaling EUR 230 million) were repaid during the third quarter of 2011. As of December 31, 2011, EUR 20 million was drawn through guarantees. As a consequence, the Group's total available facility as of the reporting date amounted to EUR 548.4 million (December 31, 2010: EUR 325.3 million). The Company can draw down these facilities on a revolving basis for general corporate purposes.

DEBT FINANCING AND MATURITIES AS OF DECEMBER 31, 2011 (Fig.32)

EUR m



1 Thereof drawn down: bank guarantees to the amount of EUR 20.0 million.

Further information on leasing arrangements, Notes, page 147.

Furthermore, the ProSiebenSat.1 Group has concluded lease contracts for property used at the Unterföhring site. In line with IFRS, these are largely classified as finance leases. This real estate is capitalized as property, plant and equipment and the respective leasing obligations are recognized as other financial liabilities. Although these leases are not due to expire until at least 2019, the relevant interest rate conversion dates may be earlier. There are also leases on a smaller scale of technical equipments. The ProSiebenSat.1 Group reported liabilities under finance leases totaling EUR 101.0 million as of December 31, 2011 (previous year: EUR 109.6 million). There were no other significant off-balance sheet financing instruments.

The term loans and the amounts drawn under the available revolving credit facility are variable and are based on Euribor money market rates plus an additional credit margin.

Glossary, page 217.

- For the remaining Term Loan C, the **credit margin** was 1.875% per annum in 2011. A provision in the facilities agreement stipulates a change of the credit margin for Term Loan B and the RCF if the leverage falls below specific levels. As a result as of December 31, 2011, this margin amounted to 1.0% per annum (previous year: 1.5% per annum). The new Term Loan D has a credit margin of 2.5% per annum. Risks from the change of variable interest rates are hedged in the form of **interest rate swaps**. In the context of the partial repayment of Term Loans B and C, interest rate swaps of EUR 450 million were unwound early. After the loan was repaid and the interest rate swaps were unwound, the hedging rate was almost 100% (December 31, 2010: 78.7%). The average fixed swap rate amounts to roughly 4.6% per annum as of December 31, 2011.

- In the reporting period, **Euribor money market** conditions increased slightly in comparison to the previous year. Due to the high hedging rate, this had no material impact on the net interest result.

Financial Result, page 69.

In 2011, the Group's **interest expenses** declined by a total of EUR 16.7 million year-on-year to EUR 207.8 million, as a result of the lower average level of Group debt.

GROUP-WIDE CORPORATE FINANCING

The ProSiebenSat.1 Group entered into the loans with an original facilities amount of EUR 4.2 billion in the course of the acquisition of the SBS Broadcasting Group in 2007. In connection with the partial repayment totaling EUR 1.2 billion of Term Loans B and C and a maturity extension for EUR 2.1 billion (new Term Loan D), the ProSiebenSat.1 Group agreed with its lenders various amendments to the syndicated facilities agreement. The amendments primarily relate to improved flexibility for future refinancing for ProSiebenSat.1 Group.

The syndicated facilities agreement for Term Loans B, C and D and the revolving credit facility requires the ProSiebenSat.1 Group to comply with specific key financial ratios. Thus the ProSiebenSat.1 Group has to maintain a specific ratio of net financial debt to EBITDA. The ratio of consolidated EBITDA to the consolidated net interest result is also defined in the agreement. Compliance with the key financial covenants is reviewed quarterly for the respective previous twelve-month period.

The ProSiebenSat.1 Group complied with the contractual requirements in the reporting period. Non-compliance with the contractual financial ratios would give cause for early termination.

Glossary, page 217.

In the case of impending or incurred breaches of the key financial covenants, the ProSiebenSat.1 Group's facilities agreement also allows the contribution of equity or equity like funds in the form of subordinated loans within certain periods. Such an addition of equity or equity-like funds – a so-called equity cure – is treated as an increase in consolidated EBITDA for the purposes of calculating compliance with the financial covenants. For the purposes of an equity cure of the financial ratios, the majority shareholders (through an affiliated company) of ProSiebenSat.1 Media AG made a commitment on April 1, 2010, to make available a loan facility which is subordinated to the syndicated facilities agreement, should this be required for purposes of an equity cure. In such a case, the ProSiebenSat.1 Group would have been able to draw on subordinated loans for up to EUR 150 million until September 2011. ProSiebenSat.1 Media AG did not accept the offer on the subordinated loan facility and terminated it in February 2011.

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 market obligations which, subject to extensive exceptions and among other elements, limit ProSiebenSat.1 Group's ability to furnish other security interests in its present or future assets, to assume 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 of 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.

Financing analysis

Cash and cash equivalents, page 75, Glossary, page 217.

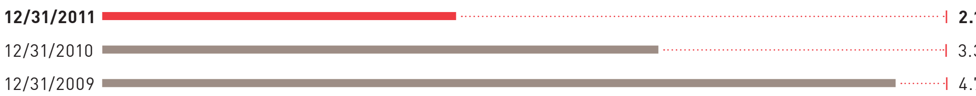
Net financial debt declined significantly in 2011. Compared to the previous-year reporting date, it declined by EUR 1.203 billion to EUR 1.818 billion (December 31, 2010: EUR 3.021 billion). This was driven by the early repayment of approximately one third of the term loans.

GROUP NET FINANCIAL DEBT (Fig. 33)

Glossary, page 217.

In this context, the leverage factor also improved considerably. Thus the ratio of net financial debt to recurring EBITDA of the last twelve months (LTM recurring EBITDA) was 2.1 times on the reporting date (December 31, 2010: 3.3 times). So the leverage factor is within the defined target range of 1.5 to 2.5 times. The improved leverage factor is based on the lower amount of net financial debt and the high earnings growth.

RATIO OF NET DEBT TO LTM RECURRING EBITDA (Fig.34)



Leasing commitments are not included when calculating the leverage factor.

Analysis of liquidity and capital spending

There were three events considerably impacting the cash flows shown in the statement of cash flows for 2011 – the disposal of the Belgian and Dutch subsidiaries, the partial repayment of the term loans and the complete repayment of the revolving credit facility.

Glossary, page 217.

Unless stated differently, the textual analysis of the development of cash and cash equivalents below describes the cash flows from continuing operations. The reconciliation below provides an overview of selected key ratios in the cash flow statement taking account of discontinued operations in Belgium and the Netherlands.

CASH FLOW STATEMENT (Fig.35)

EUR m	Q4 2011	Q4 2010	2011	2010
Result from continuing operations	**135.6**	**147.9**	**269.4**	**240.2**
Result from discontinued operations	**–5.6**	**34.4**	**375.0**	**78.1**
Cash flow	594.9	650.5	1,916.3	1,922.2
Change in working capital	12.0	22.4	–13.0	35.6
Dividends received	– / –	–0.1	3.3	2.4
Income tax paid	–8.5	–42.3	–107.7	–133.6
Interest paid	–44.5	–64.1	–204.5	–230.0
Interest received	2.7	2.0	8.3	3.8
Cash flow from operating activities of continuing operations	**553.7**	**489.2**	**1,489.5**	**1,365.4**
Cash flow from operating activities of discontinued operations	**2.9**	**94.4**	**–132.7**	**241.9**
Cash flow from investing activities of continuing operations	**–297.2**	**–285.7**	**–1,228.7**	**–1,186.4**
Cash flow from investing activities of discontinued operations	**– / –**	**–40.5**	**1,377.5**	**–138.7**
Free cash flow	**259.4**	**257.4**	**1,505.6**	**282.2**
Cash flow from financing activities of continuing operations	**–0.5**	**–264.7**	**–1,724.6**	**–290.7**
Cash flow from financing activities of discontinued operations	**– / –**	**0.3**	**– / –**	**0.3**
Effect of foreign exchange rate changes of continuing operations on cash and cash equivalents	1.7	4.1	–1.9	11.7
Effect of foreign exchange rate changes of discontinued operations on cash and cash equivalents	– / –	0.2	–1.9	–0.2
Change in cash and cash equivalents total	260.6	–2.7	–222.8	3.3
Cash and cash equivalents at beginning of reporting period	257.3	743.4	740.7	737.4
Cash and cash equivalents at end of reporting period	**517.9**	740.7	**517.9**	740.7

Cash flow from operating activities: In 2011, cash flow from operating activities increased to EUR 1.490 billion and was thus 9.1% or EUR 124.1 million higher than the corresponding prior-year figure. The increase compared to the prior-year period is characterized by opposing effects: The good business performance resulted in improved consolidated net income for the period compared to the prior year, which had a positive effect on the cash flow from operating activities. This development was partially offset by changes in working capital which was minus EUR 13.0 million as of December 31, 2011 (previous year: EUR 35.6 million).

Glossary, page 218.

Cash flow from investing activities: In 2011 the Company had inflows from investing activities from discontinued operations of EUR 1.378 billion (previous year: minus EUR 138.7 million). This high cash flow reflects the purchase price payment for the Dutch and Belgian companies totaling EUR 1.459 billion.

The purchase price payment is broken down in the Notes on page 141.

In 2011, cash outflow from continuing operations totaled EUR 1.229 billion, up 3.6% on the previous year figure of EUR 1.186 billion. The core area of investing activities within the ProSiebenSat.1 Group was the acquisition of programming rights. In addition to investments in programming assets, EUR 57.0 million was spent on intangible assets (+33.8% compared to prior year) and EUR 31.5 million on property, plant and equipment (+9.4% compared to prior year).

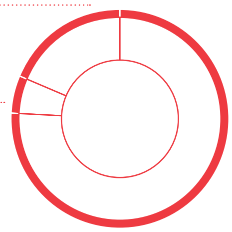
The Group secures attractive content through three different channels – the purchase of licensed formats and commissioned productions as well as own productions based on the development and implementation of its own ideas. In 2011, cash outflow from acquiring programming rights rose to a total of EUR 1.161 billion, up 5.7% or EUR 62.4 million year-on-year. Of this EUR 567.1 million went into acquiring licensed formats. This meant that cash outflow from investments in licensing rights was up year-on-year by 0.9% or EUR 4.9 million. Investments in commissioned formats increased by 9.8% or EUR 42.9 million to EUR 478.9 million. Generally own productions are currently being produced with the intention of their being broadcast in the near future. For this reason they are posted directly as an expense in cost of sales and do not represent capital expenditure.

At EUR 932.9 million or 80.4%, most of the programming investments relate to the Free TV German-speaking segment (previous year: EUR 900.2 million or 81.9%), EUR 222.3 million or 19.1% going to the International TV segment (previous year: EUR 197.2 million or 18.0%). In addition to funds for the acquisition of programming rights, the ProSiebenSat.1 Group invested primarily in expanding the Red Arrow Entertainment Group in the Free TV German-speaking segment. In 2011 it broadened its portfolio on an international basis, acquiring majority stakes in American and British production companies. The content produced by Red Arrow are considered commissioned formats and are posted in this item. In the Diversification segment, in 2011 the Company invested a total of EUR 69.9 million (previous year: EUR 25.1 million). With effect from January 1, 2011, ProSiebenSat.1 took over a 100% stake in maxdome and expanded the VoD portal by acquiring additional programming rights. In addition, the Group expanded its radio business in 2011 in the Nordic countries, which included acquiring new licenses for its radio stations in Sweden. Furthermore, the Group continued its expansion in the Games business with the acquisition of leading online games providers. In addition to the complete takeover of burda:ic, the Group took over a 51% stake in Covus Games, a provider of online games.

The following diagram shows an overview of the investments made in 2011, broken down by segment:

INVESTMENTS BY SEGMENTS FROM CONTINUING OPERATIONS (FIG. 36)

In percent, 2010 figures in parentheses



Assets resulting from initial consolidations are not reported as segment-specific investments but are shown as cash outflow from additions to the scope of consolidation.

Cash outflow from additions to the scope of consolidation – which included the described acquisitions – increased in 2011 by a total of 53.4% or EUR 6.3 million to EUR 18.1 million. Cash inflows from disinvestments totaled EUR 2.6 million (previous year: cash outflows of EUR 37.3 million). The cash flow is due to the disposal of the radio station in Greece and the portfolio in Bulgaria.

Free cash flow: Free cash flow is one of the key ratios for assessing the financial strength of the ProSiebenSat.1 Group. In 2011, this figure including discontinued operations increased significantly to EUR 1.506 billion (2010: EUR 282.2 million). The considerable rise in free cash flow reflects not only the good Group earnings but also the cash flows from the disposal of the Dutch and Belgian operations. Free cash from continuing operations increased to EUR 260.8 million (previous year: EUR 179.0 million).

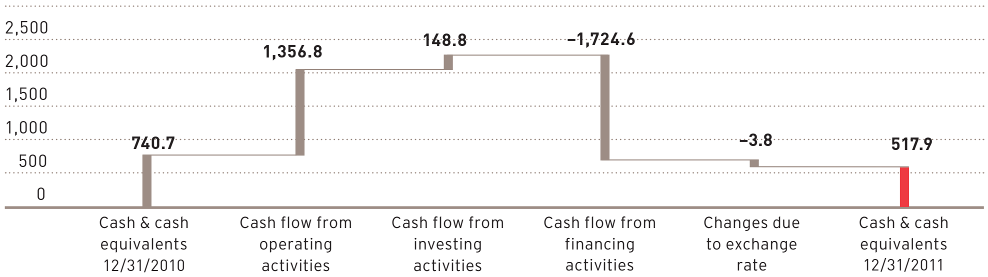
Cash flow from financing activities: In the reporting year, cash outflows from financing activities amounted to EUR 1.725 billion, as compared to EUR 290.4 million in the previous year. The high outflows are largely due to the partial term loan repayment of EUR 1.2 billion and the full repayment of the revolving credit facility by EUR 230.0 million. On July 4, the dividend payment led to a cash outflow of EUR 241.2 million. In addition, in 2011 the ProSiebenSat.1 Media AG purchased preference shares as treasury shares (including fees EUR 32.6 million).

Liquidity is managed centrally at the holding on the basis of cash pooling. For this reason no segment-specific information is provided on this point. The principles and objectives of financial management are described on page 71

Cash and cash equivalents: The cash flows described overall resulted in a decline of cash and cash equivalents against the prior-year reporting date. Therefore, they decreased by 30.1% or EUR 222.8 million to EUR 517.9 million compared to the previous year. In the fourth quarter – the strongest revenues period of the Group – there were cash inflows of EUR 260.6 million (2010: minus EUR 2.7 million). This means that the ProSiebenSat.1 Group has a comfortable level of liquidity. (Fig.37)

CHANGE IN CASH AND CASH EQUIVALENTS (Fig.37)

EUR m

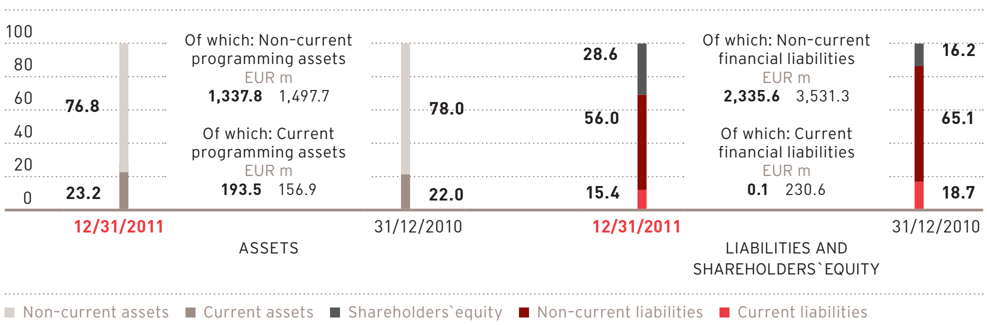


Analysis of assets and capital structure

As of December 31, 2011, total assets amounted to EUR 5.034 billion (December 31, 2010: EUR 6.316 billion). This corresponds to a decline of 20.3% or EUR 1.282 billion as compared to the previous-year reporting date. The main reason was the disposal of the Belgian and Dutch subsidiaries and the related loan repayment in August 2011.

BALANCE SHEET RATIO (Fig.38)

in percent



Non-current and current assets: On the assets side there was a considerable decline of the total assets, primarily due to lower intangible assets. This was primarily due to the disposal of the Belgian and Dutch operations. Their deconsolidation resulted in retirements of goodwill amounting to EUR 601.0 million and other intangible assets – especially brands – totaling EUR 276.4 million. Another reason for lower intangible assets were impairments taken primarily on brands totaling EUR 21.5 million (2010: EUR 0.6 million). This resulted mainly from the shutdown of 9Live at EUR 11.2 million. Impairment was also taken on brands in the Radio unit — EUR 4.4 million — mainly in connection with the disposal of the Greek radio station. On the other hand, goodwill of EUR 42.8 million was capitalized in the context of consolidating maxdome for the first time.

For the reasons stated, intangible assets declined by 28.6% to EUR 2.169 billion as of the reporting date of December 31, 2011 (December 31, 2010: EUR 3.037 billion). The share of total assets was 43.1% (December 31, 2010: 48.1%).

Glossary, page 217.

Current and non-current programming assets also decreased as a result of changes in the scope of consolidation, by 7.5% to EUR 1.531 billion (December 31, 2010: EUR 1.655 billion). With a share of 30.4% of total assets (December 31, 2010: 26.2%), alongside intangible assets non-current and current programming assets are the most important assets of the ProSiebenSat.1 Group.

Cash and cash equivalents, page 75 onwards.

Cash and cash equivalents totaled EUR 517.9 million at the end of the year (December 31, 2010: EUR 740.7 million).

Shareholders' equity: Compared to December 31, 2010, shareholders' equity increased considerably by 40.5% or EUR 415.5 million to EUR 1.441 billion. As a result the equity ratio increased to 28.6% (December 31, 2010: 16.2%) . The improved profits situation and the term loan repayment strengthened the Group's equity position on a sustained basis. In addition, positive developments in the measurement of cash flow hedges, reported in other comprehensive income resulted in an increase in shareholders' equity.

Glossary, page 217.

Non-current and current liabilities and provisions: Compared to the previous year, non-current and current liabilities declined by 32.1% or EUR 1.698 billion to EUR 3.592 billion. This trend is due primarily to non-current loans and borrowings which posted a considerable decline as a result of the loans being repaid.

At the same time, the level of current loans and borrowings was considerably down compared to the previous year. As of December 31, 2011, they totaled only EUR 0.1 million, after EUR 230.6 million on December 2010. This was due to the full repayment of cash drawings on the RCF. Non-current and current financial liabilities totaled EUR 2.336 billion on December 31, 2011. This corresponds to a decline of 37.9% or EUR 1.426 billion compared to the previous-year reporting date.

RCF, page 72.

The loan repayment also resulted in other financial liabilities moving down by 15.8% to EUR 326.5 million (December 31, 2010: EUR 387.9 million). This was impacted by the early unwinding of interest rate hedges.

Provisions, see Notes page, 152.

There were no significant changes in the provisions, either quantitative or structural. The largest single provisions item was the EUR 78.7 million for other current provisions (December 31, 2010: EUR 74.3 million). This is made up of various individual items. As well as programming provisions amounting to EUR 17.6 million (December 31, 2010: EUR 14.5 million), this also includes provisions for restructuring measures in connection with the disposal of N24. As of the December 31, 2011, reporting date, these amounted to EUR 7.0 million (previous year: EUR 7.7 million).

Compared to December 31, 2010, other non-current provisions declined by EUR 9.8 million or 60.5% to EUR 6.4 million. This item includes, among others, obligations in connection with the disposal of N24 and in the programming area.

As of December 31, 2011, there were no other material structural or quantitative changes to the statement of financial position compared to the previous year.

ACCOUNTING ASSUMPTIONS AND ESTIMATES

Preparers of financial statements need to make assumptions and estimates to a certain extent when applying accounting policies and when recognizing income, expenses, assets, and liabilities. Detailed information on the effect of using assumptions and estimates is disclosed under No. 6 of the Notes to the consolidated financial statements.

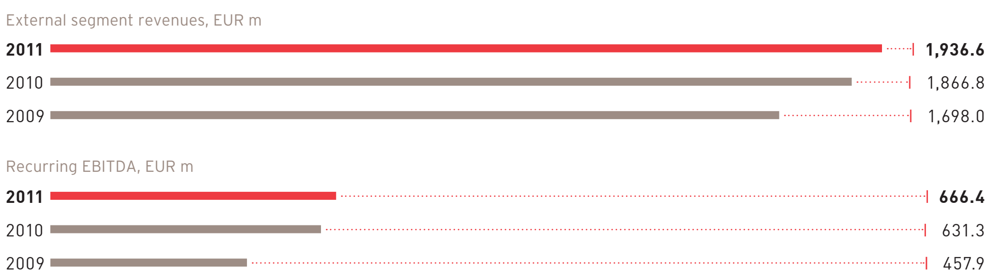
Segment Reporting

Segment Free-TV German-speaking

With **revenues** of EUR 1.937 billion, the Free-TV German-speaking segment posted year-on-year growth of 3.7% or EUR 69.8 million. In 2011, the Group increased its advertising revenues in its core market Germany as well as in Austria and Switzerland. For the German market higher advertising revenues and the renegotiation of distribution agreements with various cable network operators is already having a positive impact. Since 2011, the German stations have been broadcast not only with standard definition but also in HD quality via cable. There was also high growth momentum in content production and global sales. In 2011, the responsible Red Arrow Entertainment Group expanded its global portfolio, further enhancing its presence in Great Britain and the USA.

The positive revenue trend resulted in improved earnings in comparison to 2010: EBITDA moved up to EUR 632.0 million, thus exceeding the previous-year figure by EUR 82.1 million or 14.9%. This figure includes non-recurring items of EUR 34.4 million (previous year: EUR 81.4 million). Non-recurring expenses resulted primarily in connection with the strategic review. The previous-year figure is dominated by comparatively high non-recurring expenses, resulting from the disposal of the news business. In 2011, **recurring EBITDA** for the segment rose by 5.6% or EUR 35.1 million to EUR 666.4 million.

MULTI-YEAR OVERVIEW FREE-TV GERMAN-SPEAKING SEGMENT (Fig.39)



Segment Free-TV International

In 2011, there was a very positive trend in the Free-TV International segment, with both revenues and recurring EBITDA achieving double-digit growth rates. Following the disposal of the TV companies in Belgium and the Netherlands, the Free-TV International segment comprises the TV stations in Northern and Eastern Europe.

According to IFRS 5 the disposed activities in Belgium and the Netherlands are included under discontinued operations in the present report. Selected figures taking into account discontinued operations are shown in the reconciliation figures below. The following text relates to continuing operations.

KEY FIGURES FREE-TV INTERNATIONAL SEGMENT (Fig.40)

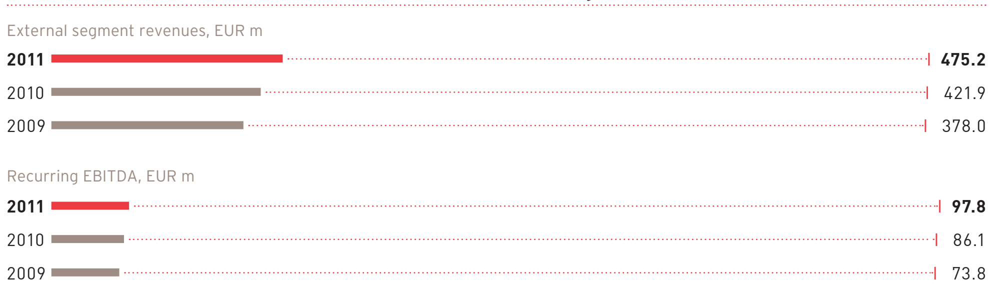
	Segment Free-TV International incl. discontinued operations		Discontinued operations		ProSiebenSat.1 continuing operations	
EUR m	**2011**	2010	**2011**	2010	**2011**	2010
External revenues	655.3	764.2	180.1	342.3	475.2	421.9
Recurring EBITDA	139.4	183.2	41.6	97.1	97.8	86.1
EBITDA	444.3	179.4	377.4	97.1	66.9	82.3

In 2011, **external segment revenues** rose to a total of EUR 475.2 million, up 12.6% or EUR 53.3 million year-on-year. This revenue upturn is a result of higher advertising and distribution revenues in virtually all markets. Particularly in Norway and Denmark the Group posted high growth rates in a positive economic environment. While revenues rose dynamically in Northern Europe revenues in Eastern Europe were down on the previous year due to the general economic situation. The ProSiebenSat.1 Group has already reacted to the ongoing decline in revenues, among others with measures for restructuring its TV activities in Hungary. In 2011, the Company has revised its sales strategy in this TV market and made changes to its programming structure and alignment.

The segment closed the 2011 financial year with a recurring EBITDA of EUR 97.8 million, a year-on-year increase of 13.6% or EUR 11.7 million. In 2011, operating costs were higher than the previous year, among others due to higher programming costs and investments in developing new TV stations. However, they increased at a level below that of the revenue upturn. Non-recurring expenses of EUR 30.9 million (previous year: EUR 3.8 million) resulted in EBITDA declining by 18.8% or EUR 15.4 million to EUR 66.9 million. The major share of these non-recurring expenses relate to the restructuring measures in Hungary. In addition, the Group made a strategic analysis of its international portfolio in 2011. Non-recurring expenses resulted here primarily from the disposal of the Belgian and Dutch subsidiaries.

Non-recurring expenses, page 68.

MULTI-YEAR OVERVIEW FREE-TV INTERNATIONAL SEGMENT (Fig.41)



Segment Diversification

In 2011, the Diversification segment posted dynamic growth in respect to **revenues** and **recurring EBITDA** as well. The Diversification segment covers all activities outside the traditional TV business financed by advertising. These include Online, Pay TV, VoD, Games, Commerce/Ventures and Radio. The Dutch Print business, which was disposed of, is reported under discontinued operations. The analysis in the text relates to continuing operations. The following table provides an overview of the key figures for continuing and discontinued operations.

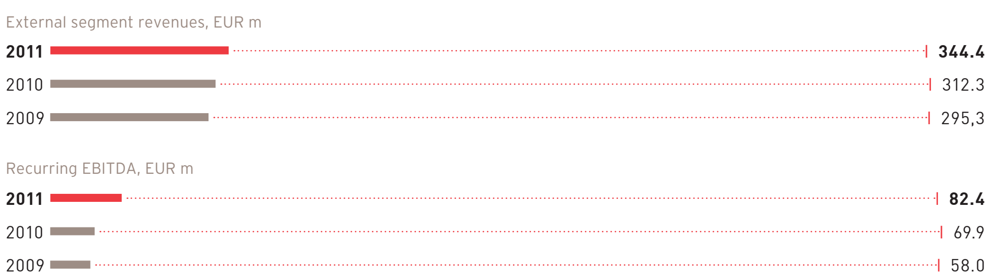
KEY FIGURES DIVERSIFICATION SEGMENT (Fig.42)

	Segment Diversification incl. discontinued operations		Discontinued operations		ProSiebenSat.1 continuing operations	
EUR m	2011	2010	2011	2010	2011	2010
External revenues	379.3	373.2	34.9	60.9	344.4	312.3
Recurring EBITDA	95.5	91.5	13.1	21.6	82.4	69.9
EBITDA	63.2	78.4	13.1	21.1	50.1	57.3

External segment revenues rose to EUR 344.4 million in 2011, up 10.3% or EUR 32.1 million year-on-year. A key factor here was the further development of strategically important units. The most important revenue driver in 2011 was the Venture business, i.e. the successful sale of media space to start-up companies according to the "media-for-revenue-share" or "media-for-equity" principle. Online business also made a major contribution to revenue growth. In addition to classical display advertising, the ProSiebenSat.1 Group is increasingly generating advertising revenues by selling video content on the Internet. In 2011, high double-digit growth rates were achieved in the Online Video Advertising unit. The range of online games and the video-on-demand portal maxdome were other drivers of revenue growth in the Online unit. In the 2011 financial year, the Radio unit business increased by 11.4%. On the other hand, due to the decline in call TV revenues the ProSiebenSat.1 Group discontinued broadcasting 9Live in August 2011.

EBITDA decreased in 2011 by 12.6% to EUR 50.1 million (previous year: EUR 57.3 million). The EBITDA downturn is due primarily to higher non-recurring expenses of EUR 32.3 million (previous year: EUR 12.6 million). Key items here were expenses in connection with the shutdown of 9Live and the disposal of radio stations in Greece and Bulgaria. Adjusted for these non-recurring effects, **recurring EBITDA** improved to EUR 82.4 million, up year-on-year by 17.9% or EUR 12.5 million.

MULTI-YEAR OVERVIEW DIVERSIFICATION SEGMENT (Fig.43)



Employees

As of December 31, 2011, the ProSiebenSat.1 Group had 4,112 employees (previous year: 4,117 full-time equivalents). The average workforce level in 2011 was 4,258 full-time equivalents after 4,061 in 2010. Of that number 2,456 (previous year: 2,339) full-time equivalents worked in Germany, Austria and Switzerland. This is equivalent to 57.7% (previous year: 57.6%) of the Group's total employees. The increased number of employees in the German-speaking region resulted primarily from the full consolidation of maxdome (+45 full-time equivalents) at the beginning of the year and higher staff numbers in the Games unit (+33 full-time equivalents). At international level the new participations of the Red Arrow Entertainment Group resulted in 116 new full-time equivalents. In 2011, personnel expenses from continuing operations totaled EUR 343.1 million (previous year: EUR 317.2 million). The increase by 8.2% or EUR 25.9 million is due primarily to expanding the production and diversification area.

EMPLOYEES BY REGION (Fig. 44)

2010 figures in parentheses

As the following chart shows, in 2011 the ProSiebenSat.1 Group with 2,290 FTEs (previous year: 2,217) employed the majority of the staff in the Free TV German-speaking segment.

EMPLOYEES BY SEGMENT (Fig. 45)

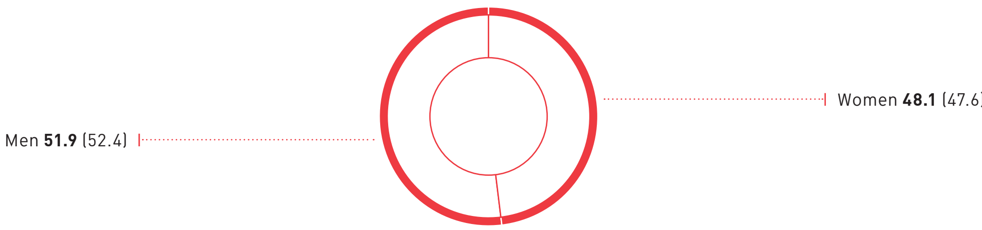
2010 figures in parentheses

In summer, ProSiebenSat.1 Group discontinued its call TV station 9Live due to a sustained decline in revenue. The closure impacted 52 employees. However, on the basis of an extensive package of measures, 30 persons, a large proportion of the former 9Live employees, were mediated directly and received new employment contracts within the ProSiebenSat.1 Group. The decline of 126 FTEs at the Hungary location was due primarily to a reorganization of the TV2 Group. At Group level this resulted in a slightly higher fluctuation rate of 14.6% after 14.0% in the previous year.

Diversity Management at ProSiebenSat.1: We value the diversity which our employees have in terms of personal characteristics, talents and abilities. Our way into the future is determined significantly by the way we promote and use this diversity. An important issue here is the share of men and women within the company in management positions. There is already a very balanced ratio of men and women in the ProSiebenSat.1 Group. In 2011, 48.1% of ProSiebenSat.1 employees were female (previous year: 47.6%) and 51.9% were male (previous year: 52.4%).

SHARE OF WOMEN AND MEN IN THE WHOLE GROUP (Fig. 46)

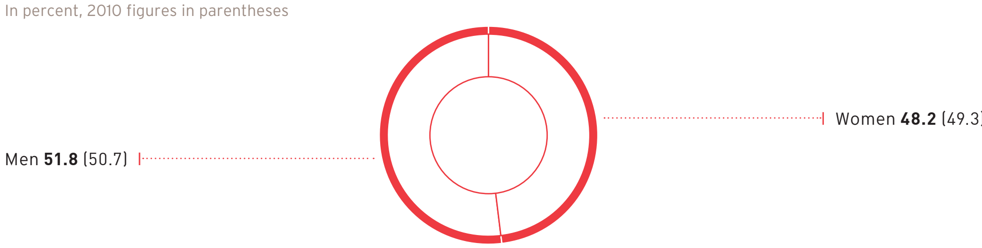
In percent, 2010 figures in parentheses



In the core market of Germany, the share of women was 48.2% (previous year: 49.3%). A share of women totaling 46.2% puts the ProSiebenSat.1 Group above the average of German companies.

SHARE OF WOMEN AND MEN IN THE GERMAN CORE MARKET (Fig. 47)

In percent, 2010 figures in parentheses



At management level, the ProSiebenSat.1 Group also has a high proportion of women at 29.4% (previous year: 30.8%). In Germany, at management level, the female ratio was 27.3% in 2011 (previous year: 29.3%). In German companies, according to Eurostat the share of women in management positions is 30.0%.

Award as family-friendly company: For the success of the ProSiebenSat.1 Group, a key element is offering general conditions which are positive for families. Many ProSiebenSat.1 Group employees have a family. This is a factor of the high share of women among those with permanent contracts and the relatively low average age of 37.0 (previous year: 37.1 across the Group). As early as 2002, the company founded an in-house day-care centre in Germany which currently has 74 places. In 2011, the Group invested some EUR 630,000 in day care, EUR 190,000 of which related to the company nursery, EUR 440,000 to care subsidies which are paid to all parents with pre-school children who receive care outside the home. In addition, in 2011 the ProSiebenSat.1 Group concluded an agreement with a service agency offering staff an extensive package of benefits in areas such as child care or nursing for sick and older dependents. Teleworking as an option as well as flexitime models and part-time work help to balance family and career.

In 2011, the part time ratio in Germany increased by 1.6 percentage points to 14.8% (previous year: 13.2%). For the whole Group, the equivalent figure was 11.5% (previous year: 12.5%). To make it simpler to return to work, ProSiebenSat.1 also offers its employees opportunities to take advantage of vocational training courses in the Company during the period of parental leave. For this extensive package of benefits, ProSiebenSat.1 in February 2011 received the accolade of "family-friendly company" from the trade magazine "werben & verkaufen". The TV Group was the only large media company among the group of winners.

ProSiebenSat.1 with compensation guided by objective criteria: ProSiebenSat.1 Group staff are managed on the principle of management by objectives, drawing on a system of goals that puts higher-level corporate objectives into more specific terms for both staff and management by breaking targets down systematically into segment, departmental and individual goals. At annual assessment interviews, employees and their supervisors define personal targets for the financial year. These are intended not only to provide clear goals but also to encourage motivation. The system of goals is tied to a special, performance-based bonus plan that recognizes individuals' accomplishment of their goals. The maximum amount of the bonus is partly based on recurring EBITDA. Due to the successful financial year, the bonus share based on recurring EBITDA was 110% in 2011. For managers, the Company introduced the Performance Development program in 2010. Key factors include specialist performance, behavior as manager and business activity. The program is linked to a bonus system, in an ideal case making employees eligible to receive a one-time payment of up to 200% of the individual target bonus. A further incentive system was initiated at the ProSiebenSat.1 Group in 2005 – a stock option plan (Long Term Incentive Plan) in which selected managers participate. This long-term incentive plan was renewed in 2010.

Further Information on the LTIP appears in the Notes on page 197.

Apart from a performance-oriented remuneration model, ProSiebenSat.1 Group offers its employees an attractive benefits package. This includes offers for private retirement provision, extra leave for special personal causes as well as sports and health programmes within the company.

ProSiebenSat.1 with compensation guided by objective criteria: With the Organization & Talent Review program (OTR), together with executives and potential managers without management responsibility the ProSiebenSat.1 Group provides long-term development and career plans. In this way the ProSiebenSat.1 Group gives talented employees clear development perspectives, at the same time having an efficient instrument for successor planning. In 2011, approximately 280 persons took part in the Organization & Talent Review, 26.4% of who were female.

Professional and specialist training expanded: In 2011, the ProSiebenSat.1 Group expanded its specialist training portfolio for employees. With an investment of EUR 2.38 million, the company spent over EUR 1 million more in professional and specialist training than in the previous year (EUR 1.35 million). Approximately half of the higher investments went to the ProSiebenSat.1 Academy whose extensive program is available to all staff. In 2011, the training program in German-speaking countries covered 441 events, with 3,525 participants taking part in the programs.

- **The ProSiebenSat.1 Academy:** Qualified, high-performing and motivated employees are a key factor underpinning the success of the ProSiebenSat.1 Group. It is for this reason that the Group offers an extensive specialist training portfolio at the ProSiebenSat.1 Academy. This includes seminars and lectures on specialist and personal development, aligned specifically to the qualification requirements of ProSiebenSat.1 employees. The focus is mediating theoretical and practical knowledge on an ongoing basis. The central platform provides events such as "Lunch & Learn" or "Guest Speaker" which regularly offer employees analyses on trends and developments in the media and entertainment industry.

- **First Learning Expedition implemented:** In 2011 for the first time, the Company organized a "Learning Expedition" for managers to Seoul and Hong Kong with the purpose of strengthening the Group's innovative strength. During their one-week trip, the participants met with representatives of large business enterprises, researchers and academics to obtain information on trends and future issues in the media and entertainment industry. In South Korea and China, digital development is already considerably more advanced than in Europe. After the participants returned, a structured process ensured that what was learned was transferred into the Group.

- **New management development program introduced:** For managers, in 2011 the ProSiebenSat.1 Group established a development program with five modules which all managers of the ProSiebenSat.1 Group go through. The program promotes not only the management competence of the participants, but at the same time also ensures that the Group has management standards which impact employee motivation in a positive fashion.

Training offers for interns, management trainees and trainees: For the ProSiebenSat.1 Group, training is an important topic for developing qualified young talented staff for the Company. In Germany alone, the ProSiebenSat.1 Group employed an average figure of 140 apprentices and trainees in 2011. This includes interns, trainees and management trainees in the career groups of audiovisual media, events, office management, video and sound media design as well as digital and print media design. After their training, ProSiebenSat.1 Group takes into full employment the majority of trainees, interns and management trainees, as shown in the chart below:

RETENTION RATE OF TRAINEES AND APPRENTICES IN THE PROSIEBENSAT.1 GROUP (Fig. 48)

In percent, previous year figures in parentheses

Developing employer branding and enhancing attraction as employee: Parallel to establishing loyalty of the talent already working for ProSiebenSat.1, it is very important that the Company positions itself on the open employment market as an attractive employer, so as to gain qualified and new staff.

- For this reason, the ProSiebenSat.1 Group developed an employer branding campaign including an employer mission statement. This included advertising in print and online media with strong coverage. The campaign generated high response levels. Four days after the start at the beginning of 2011, accesses on the career area of the ProSiebenSat.1 company website tripled.

- In 2011, ProSiebenSat.1 entered into four new cooperations with institutes of higher education, including the Hamburg Media School and the Hochschule der Medien in Stuttgart. Together with the Ludwig Maximilian University and other companies, the ProSiebenSat.1 Group initiated the Internet Business Cluster research project.

For the ProSiebenSat.1 Group this cooperation also offers the company the possibility of presenting itself as an employer to students, thus gaining young talent.

CAREER AT PROSIEBENSAT.1

We offer employees an extensive range of specialist training and great working conditions for families.

.....a

PROSIEBENSAT.1 ACADEMY.....(a) Knowledge is a competitive advantage. At our in-house Academy we offer our employees learning opportunities on an ongoing basis – in theory and in practice.

FASCINATING PEOPELE.....(b) With this slogan, in 2011 we started a large employer branding campaign to inspire new talents for us. Four days after the start, clicks on our career site tripled.


.....b

FAMILY AND WORK: .....(c) Since 2002 the ProSiebenSat.1 Group has been running its own day-care center. Flexible working times, part-time models and teleworking jobs make it possible for our employees to balance family and job.

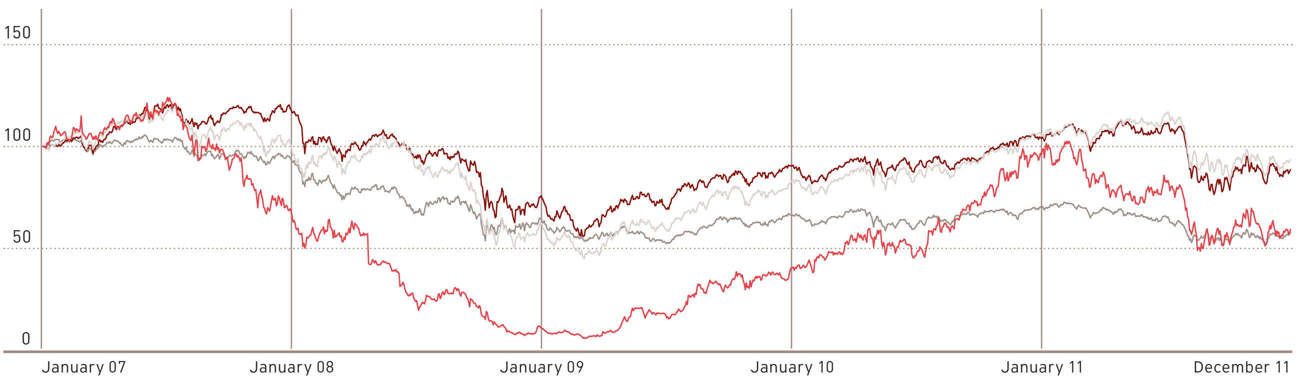

.....c

The ProSiebenSat.1 Share

The majority of analysts recommend to buy the ProSiebenSat.1 share. 2011 was a year characterized by high volatility of the stock markets. After a good start to the year with increasing corporate profits and positive economic data, the equity markets declined sharply in August of the year. The slowdown in the momentum of growth worldwide, the ratings downgrade of the USA and the sovereign debt crisis in several euro zone countries led to a loss of confidence among capital market participants.

Against this backdrop, the DAX fell 14.7% compared to the end of the previous year and closed at 5,898 on the last trading day in 2011. The MDAX also closed 2011 lower than the last trading day of 2010 with 8,898 (–12.1%). In this trading environment, the share prices of cyclical equities in particular, which includes media stocks, posted high losses in value.

PROSIEBENSAT.1 SHARE: PRICE PERFORMANCE (Fig. 49)



■ ProSiebenSat.1 ■ Euro Stoxx Media ■ MDAX ■ DAX basis: Xetra closing quotes, an index of 100 = January 2007; Source: Reuters

PROSIEBENSAT.1 SHARE: KEY DATA (Fig. 50)

		2011	2010	2009	2008	2007
Share capital	Units	218,797,200	218,797,200	218,797,200	218,797,200	218,797,200
Number of preferences shares[1] at reporting date	Units	109,398,600	109,398,600	109,398,600	109,398,600	109,398,600
Number of common shares at reporting date (unlisted)	Units	109,398,600	109,398,600	109,398,600	109,398,600	109,398,600
Market capitalization at year´s end	EUR m	3,089	4,923	1.764	525	3,586
Close at end of financial year (XETRA)	EUR	14.12	22.50	8.06	2.40	16.39
High (XETRA)	EUR	24.80	23.88	8.98	16.62	30.10
Low (XETRA)	EUR	11.49	8.13	0.90	1.26	16.00
Dividend per dividend entitled preference share	EUR	[2]	1.14	0.02	0.02	1.25
Total dividend	EUR m	[2]	241.2	2.07	2.08	269.9
Underlying earnings per preferred share	Euro	3.23	1.69	0.88	0.79	1.26
Dividend yield on basis of closing price	Percent	[2]	5.1	0.25	0.83	7.60
Total XETRA trading volume	Units m	233.4	196.5	278.7	313.8	180.6
XETRA trading volume (average daily trading volume)	Units	908,214	767,439	1,097,195	1,235,341	716,821

1 Incl. treasury shares.
2 Dividend proposal: see page 26.

The relevant sector index for European media stocks, the Euro Stoxx Media, closed 2011 at 135.13, down 16.5% vs. the end of 2010. Despite the company's good operational performance and positive analysts evaluations, the ProSiebenSat.1 preference share fell 37.2% compared to the end of 2010 and closed the last day of trading in 2011 at EUR 14.12. The ProSiebenSat.1 share achieved its highest closing price of the year 2011 on February 10 at EUR 24.80. The share price low was at EUR 11.49 on August 23. A total of 233.4 million shares (previous year: 196.5 million shares) were traded over the XETRA trading system in the reporting period. This corresponds to an average daily trading volume of 908,214 shares (previous year: 767,439).

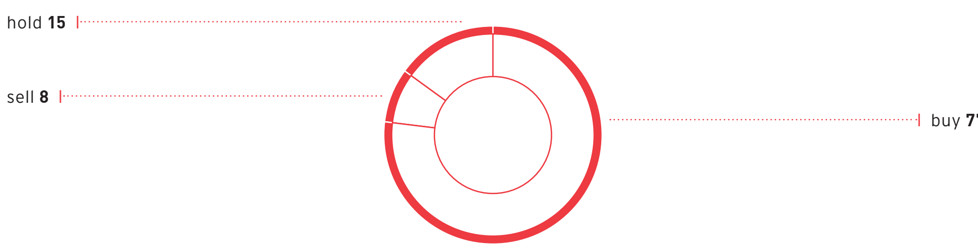
PROSIEBENSAT.1 SHARE: BASIC DATA (Fig. 51)

Name	ProSiebenSat.1 Media AG
Type of share	No par bearer preference shares
Stock exchange listing	Prime Standard/regulated market
Sector	Media
ISIN	DE0007771172

The analysts' median price target at the end of the reporting period was EUR 19.70; 77% of analysts recommended the ProSiebenSat.1 share as a buy in 2011. For investors, recommendations by financial analysts are an important basis for decision making. In the year under review, a total of 28 brokerage firms and financial institutions published reports on ProSiebenSat.1 Media AG.

ANALYSTS´ RECOMMENDATIONS (Fig. 52)

in percent



As of: 12/31/2011.

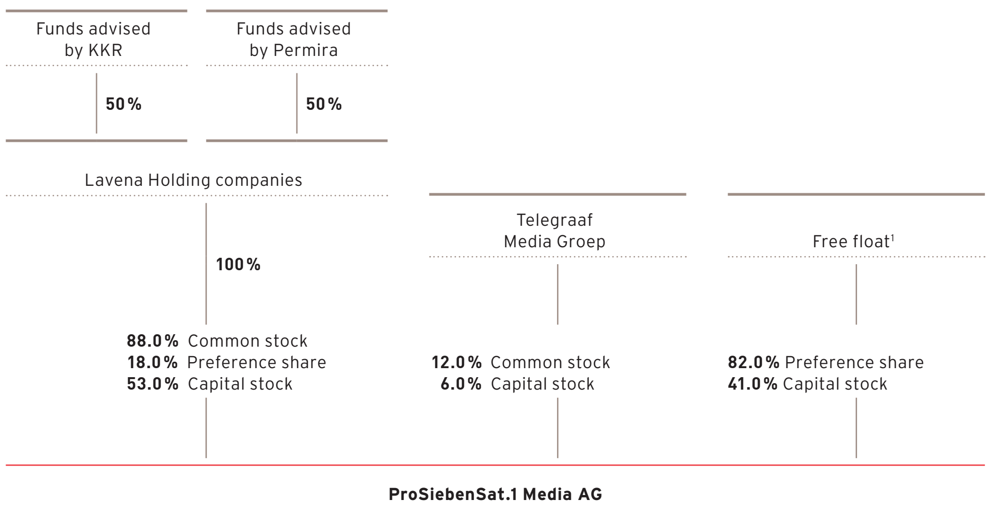
ProSiebenSat.1 Media AG purchased preferred shares as treasury shares. In 2011, ProSiebenSat.1 Media AG acquired a further 2,500,000 non-voting preference shares or 1.15% of the share capital via the Deutsche Börse at an average price of EUR 13.01. The share buyback serves to hedge the company's long-term incentive programs and took place between August 29 and September 14, 2011. On December 31, 2011 ProSiebenSat.1 Media AG held a total of 7,640,000 shares as treasury stock. This corresponds to 7.0% of the preference shares or 3.5% of the share capital.

Under Section 71b of the German Stock Corporation Act, ProSiebenSat.1 Media AG has no rights from the ownership of this treasury stock; shares that the Company holds either directly or indirectly are not entitled to receive dividends. The share capital of ProSiebenSat.1 Media AG amounts to EUR 218,797,200 and is made up of 109,398,600 voting common shares and 109,398,600 non-voting listed preference shares. Treasury shares are assigned to the free float.

No structural change to the shareholdings. The majority shareholders of ProSiebenSat.1 Media AG are the Lavena Holding companies with a holding of 53.0% of the total share capital. On January 13, 2011 the Lavena Holding companies sold eight million or 7.3% of the non-voting preference shares. The Lavena Holding companies thus hold 88.0% of the voting common shares and 18.0% of the non-voting preference shares. The Lavena Holding companies are controlled by funds advised by Kohlberg Kravis Roberts & Co. L.P. and Permira Beteiligungs GmbH.

The Dutch media corporation Telegraaf Media Groep N.V. (TMG) still holds 12.0% of the voting common stock, equivalent to 6.0% of the share capital. The remaining 82.0% of the preference shares, equivalent to approximately 41.0% of the share capital, is included in the free float. Large parts of the listed preference shares are held by institutional investors, most notably from the USA and the UK. The shareholdings therefore did not change structurally in 2011.

SHAREHOLDER STRUCTURE OF PROSIEBENSAT.1 MEDIA AG AS OF DECEMBER 31, 2011 (Fig. 53)



1 As of: 12/31/2011; incl. 7,640,000 treasury shares.

Annual General Meeting unanimously accepts proposed resolutions. The Annual General Meeting of shareholders of ProSiebenSat.1 Media AG for the 2010 financial year was held at the International Congress Center Munich (ICM) on July 1, 2011. About 300 shareholders and guests attended the meeting. Attendance was equivalent to 60% of the total share capital.

All proposed resolutions requiring the approval of shareholders of common stock were adopted unanimously. This included electing Herman M.P. van Campenhout, CEO of Telegraaf Media Groep N.V., to the ProSiebenSat.1 Media AG Supervisory Board. He succeeds Adrianus Johannes Swartjes, former CEO of Telegraaf Media Groep. The proposed allocation of profits for the 2010 financial year was also accepted unanimously and a resolution for a dividend payout of EUR 1.14 (previous year: EUR 0.02) per bearer preference share entitled to dividend as well as EUR 1.12 (previous year: EUR 0.00) per registered common share entitled to dividend was passed. The total dividend payment amounted to approximately EUR 241.2 million (previous year: EUR 2.1 million). The dividend was paid out on July 4, 2011.

The Supervisory Board met immediately after the Annual General Meeting and elected Götz Mäuser, Partner at Permira Beteiligungsberatung GmbH, as Chairman of the Supervisory Board. Götz Mäuser succeeds Johannes Peter Huth, Partner and Head of Europe at Kohlberg Kravis Roberts & Co. Ltd., who takes on the role of Vice Chairman.

Intensive dialog with the capital market. Our ambition is to provide all capital market participants with transparent, timely and comprehensive information about our Company's business situation and prospects for the future. In 2011, the Investor Relations team held more than 400 one-on-one meetings and conference calls with analysts, investors and bank representatives. The Company presented itself in a large number of roadshows and participated in ten analyst and investor conferences.

On October 5, 2011, ProSiebenSat.1 Media AG organized a Capital Markets Day for the first time. At the conference the Executive Board and the Managing Directors of the various business areas presented the Group's growth strategy and provided an outlook on the development of the company up to 2015. About 100 analysts, investors and bank representatives attended the event. Even more analysts, investors and bank representatives followed the Capital Markets Day via the live webcast. The Capital Markets Day helps to intensify the dialogue with analysts and investors.

Excellent financial reporting and IR work. For its communication on the capital markets, the ProSiebenSat.1 Group again won awards in 2011. At the "German Investor Relations Awards 2011" conducted by Thomson Reuters, the ProSiebenSat.1 Group was ranked first among companies included in the MDAX (2010: ranked fourth). More than 800 fund managers and analysts evaluated investor relations departments on the basis of criteria including clarity of reporting, specialized expertise, industry knowledge and speed of response.

In the competition for the best annual report, ProSiebenSat.1 achieved a convincing result, being ranked fourth among the MDAX companies. In the overall assessment of all stock exchange indices, the ProSiebenSat.1 Group achieved 15th place out of around 160 companies and consequently improved its ranking by seven places compared to the previous year. The competition is organized annually by the manager magazin and Prof. Dr. Dr. h.c. Jörg Baetge, Professor at the University of Münster. The jury assessed the annual reports in line with the criteria of content, design and language.

Non-Financial Performance Indicators

Employees, page 85.

A variety of important assets are not recognized on the statement of financial position. Most significant among these are intangible assets, such as the values of brands and other non-financial performance indicators that are of great importance to the ProSiebenSat.1 Group's business success. Employee potential is another important criterion for which there is no financial measurement. On the other hand, we capitalize certain internally generated intangible assets at a low level. For information on internally generated intangible assets, see Note 18 "Intangible Assets" in the Notes to the consolidated financial statements.

Popular Brands

Statement on financial position, page 132.

All the ProSiebenSat.1 Group's Free-TV companies as well as most of the companies in the Diversification segment are wholly owned subsidiaries of the Group. This arrangement provides the Company with operating advantages over its competition, e.g. in selling advertising time, licensing programming rights or the target group alignment of individual TV stations. In most of its markets, ProSiebenSat.1 operates several channels with complementary programming, in order steadily to increase its reach and to offer advertising customers a diversified viewer portfolio. The values of the brands acquired in connection with the SBS acquisition in 2007 are reported in the consolidated statement of financial position as intangible assets. However, the Group's "own brands" SAT.1, ProSieben, kabel eins and sixx are not reported on the balance sheet. They are among the most important non-financial performance indicators of the ProSiebenSat.1 Group. For years the ProSiebenSat.1 family of stations have been some of the most popular and successful TV stations in Germany – even though each German household can receive an average of 78 stations. But only a few channels make it into what is known as the viewers' "relevant set". The ten strongest stations combined, including SAT.1, ProSieben and kabel eins, have the largest audience share of 81%. Surveys from 2011 prove that the ProSiebenSat.1 stations remain very well known and very popular.

- **ProSieben.** The surveys show that ProSieben is the most popular and appealing station for 14 to 49 year olds in Germany, ahead of market leader RTL. Of all stations, ProSieben receives the most positive mentions when participants are asked about the probability of finding something they like in the schedule. The station also has a strong image: ProSieben is rated as particularly cool and appealing, the range of shows as entertaining, exciting and modern. ProSieben is in first place for the genres movies, evening series, mystery series, cult series for women and American and English comedy series.

- **SAT.1** is perceived as an entertaining, modern and well-rounded family station. The range of programming is considered informative and emotive. SAT.1 is the front runner for the genres investigative documentaries and breakfast television. SAT. 1 is ranked second for American crime series, telenovelas and daily soaps.

- **kabel eins.** Among the second-generation stations, those surveyed rank kabel eins as the most entertaining, exciting, reliable station, as well as the station with the most emotion. The survey attests to the station's broad audience; most of those asked describe kabel eins as a station for the whole family. kabel eins is accredited with showing the best classics in general as well as the best classic movies.

- **sixx.** Awareness of sixx, launched in May 2010, has grown rapidly: In 2010 a mere 12% were aware of the women's channel. In August 2011, the level of awareness was 57%. sixx scores particularly well in its areas of expertise: For cult series for women, sixx is in fourth place after ProSieben, RTL and SAT.1. The station is also named in connection with telenovelas and daily soaps.

Fan sites in social networks also indicate the quality and popularity of ProSiebenSat.1 programs. The hit show "The Voice of Germany" gained 400,000 on Facebook alone within a few weeks. The ProSiebenSat.1 Group developed an interactive digital platform for the show, "The Voice Connect", which integrates the social networks Facebook and Twitter alongside a livestream of the show. In this way, viewers can switch to the live show for the first time without having to leave the ProSiebenSat.1 Group's online apps. Interactive services of this kind strengthen the relationship between the audience and the show and station brand. In addition to "The Voice of Germany", many other ProSiebenSat.1 Group shows have a strong fan base on social networks. Stations use the portals as marketing tools and provide viewers with up-to-date information about TV programs. At the same time, viewers' comments from the networks are an important instrument for departments to gain qualitative viewer feedback.

Marketing measures are very important for improving awareness for new programs and the strong image figures for the stations. In 2011, the marketing expenses of the group amounted to EUR 57.2 million (previous year: EUR 58.3 million). These include all expenses in relation to program and image communication of the ProSiebenSat.1 Group with the exception of market research and communication activities. In 2011, 58.7% of the marketing expenses related to the German-speaking region (previous year: 64.9%).

Long-Standing Supplier Relationships

Attractive programming is required for the ProSiebenSat.1 stations' success with viewers. For this reason the Group maintains 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 CBS, Paramount, Sony Pictures International, Twentieth Century Fox and Warner Brothers. These contracts secure the TV Group's long-term programming supply. ProSiebenSat.1 negotiates large and international content packages centrally. License agreements are signed by the European broadcasting subsidiaries themselves. Additionally, the ProSiebenSat.1 Group works with creative partners in its various markets. In 2011, one of the Group's successes included arranging for exclusive cooperation with Dutch format developer John de Mol for the German market. He developed "The Voice of Germany", one of the most successful shows of 2011.

Solid Customer Relationships

For explanations on our investors and our relationships to capital markets, Share chapter, page 90.

Stable relationships with advertising clients are a necessity to counter short-termism and volatility in the advertising market for advertising time. For that reason, ProSiebenSat.1 sets great store on retaining customer loyalty. With their regional structure, its sales subsidiaries in the German core market can provide in-depth consulting on location, and thus take detailed account of client needs. In recent years, SevenOne Media has also expanded its creative portfolio on an ongoing basis. In 2009, the company founded its sister agency, SevenOne AdFactory, which develops and implements individual campaigns for advertising customers. With 360 degree concepts, as they are known, the sales companies include all of the ProSiebenSat.1 Group's media platforms, from TV to online to games. In this way, they can pass on all the advantages offered to them by ProSiebenSat.1 as a fully integrated media house to their advertising customers and provide efficient communications solutions. This concept proved doubly successful in 2011: Every second campaign developed by SevenOne AdFactory was put into practice. In addition, the company contributed significantly to the ProSiebenSat.1 sales company achieving the highest revenue from new customers.

Glossary, page 219.

To strengthen audience loyalty, the ProSiebenSat.1 Group offers an extensive information service. Viewer service departments in various markets take viewers' questions and suggestions. In Germany, the centralized viewer services for the ProSiebenSat.1 Group's free and pay TV stations logged almost 120,000 contacts in 2011. Each contact was dealt with individually. Contacts most often had questions about the shows. Viewer comments and suggestions help optimize programming. Those responsible are given regular reports. They are supplemented with special analyses of specific topics ordered by the departments.

Research and Development

The ProSiebenSat.1 Group conducts intensive market research in every area in which it operates and in every area in which it foresees growth potential. However, market research activities do not fulfill the definition of research and development in a narrower sense, so these figures are omitted from the management report.

Intensive market research and creativity are competitive advantages. Market analyses are used as a guiding parameter in the process of planning operations and strategy. At the same time, market data and analyses are an important basis for capably advising our advertising clients. Expenses for the Group's market research activities totaled EUR 13.2 million in 2011 (previous year: EUR 17.5 million), about 58.5% of which was for the German-speaking region (previous year: 52.4%).

At ProSiebenSat.1 approximately 25 staff in various research units prepare investigations and analyses on advertising impact, on trends in the advertising market and media use and assess economic and advertising market projections. For advertising customers, the results of the studies are an important basis for making investment decisions.

It is enormously important for the ProSiebenSat.1 Group to bring new promising formats quickly to air. For this reason, program research is assigned a decisive role – as early as the format development phase. The team provides quantitative and qualitative analyses of the ProSiebenSat.1 stations' programming. Furthermore, the unit tests own productions with the aid of surveys and audience screenings and relays the results back to the editorial teams. With the market research results, formats can be adjusted in the development phase and the number of successful formats increased.

In 2011, ProSiebenSat.1 TV Deutschland GmbH optimized the creative process for its four stations SAT.1, ProSieben, kabel eins and sixx. The objective was to find the ideal balance between process structure and organization. This was achieved with a uniform system for all stations and editorial teams — "format management". The development, preparation, production and analysis of own productions is thus managed centrally across all technical areas by the format process as early as possible. It creates structure and planning security without constraining the scope of creativity. Quality assurance is guaranteed by milestones, fixed process elements and review deadlines. In addition, a comprehensive evaluation is made following the broadcast of every format looking at content and organizational aspects. This enables continuous learning and development for the individual departments and the organization as a whole. Format management was introduced in June 2011 and is already having a noticeable effect on the top rate of the ProSiebenSat.1 Group's own productions.

Sustainability as a Factor for Success

For companies like the ProSiebenSat.1 Group, their commitment to society is also having an increasingly significant impact on business success. Public interest in issues concerning sustainability and social responsibility has increased considerably in recent years, including among the viewers of ProSiebenSat.1 stations. For example, a 2011 survey about "Tolerance Day" (ProSieben) showed that especially young viewers appreciate programs with socio-political content – entertainingly presented – and want to see more projects of this kind on the Group's stations. This proves that initiatives such as "Tolerance Day" have a positive effect on the brand image of a station, so that both sides – society and company – benefit from social engagement.

ProSiebenSat.1 expands public engagement. As one of Europe's largest media companies, the ProSiebenSat.1 Group reaches many millions of people every day. Due to this high reach, particularly for young TV viewers and internet users, the company bears a great deal of responsibility in its reporting and in its commitment to society. For many years, the ProSiebenSat.1 Group has made an important social contribution with numerous initiatives, and its programming includes extensive reports on ecological, social and political issues. For many projects, the company deliberately relies on the popularity of its various media to get young people in particular excited about important topics like tolerance and environmental protection, and to impart values to them. In general, our company's commitment is in pursuit of four goals: We want to offer opportunities to disadvantaged people, promote culture, disseminate values and create knowledge.

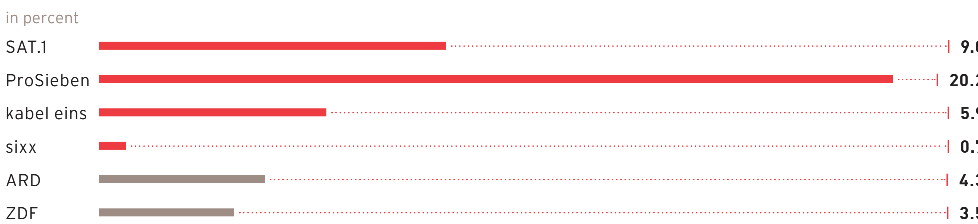
In 2011, the subject continued to increase in importance for the ProSiebenSat.1 Group. The company founded an interdisciplinary Advisory Board chaired by Dr. Edmund Stoiber, which will support the Media Group in the implementation of relevant socio-political projects and put forward its own suggestions. It will also provide reflections and suggestions on the media offerings of the Group. The focus is on areas that will be of crucial importance to the ProSiebenSat.1 Group and society in the future: Research, ecology and sustainability, young people and social issues, art, culture and sport. Alongside Dr. Edmund Stoiber, the following people are members of the interdisciplinary body:

- Minu Barati-Fischer, producer and author
- Prof. Dr. Dr. h.c. mult. Wolfgang A. Herrmann, President of the Technische Universität München
- Dr. Heike Kahl, Managing Director of the German Children and Youth Foundation
- Prof. Dr. Dieter Kronzucker, journalist
- Prof. Markus Lüpertz, painter
- Dr. Christine Theiss, doctor, world champion in kick boxing
- Prof. Dr. Dr. h.c. mult. Klaus Töpfer, Executive Director IASS, Institute for Advanced Sustainability Studies e.V., former Federal Minister

Pilot project for new factual shows for young people launched. The Advisory Board meets four times a year. Each meeting is shaped by key topics. On November 22, 2011 the Advisory Board held a constituent meeting and led a first advisory discussion with the Executive Board of the ProSiebenSat.1 Group. One key topic was "communicating politics". At the suggestion of the Advisory Board, the ProSiebenSat.1 Executive Board resolved, together with a major German journalism school and an online medium, to launch a three-year pilot project to develop new formats to inform young people about politics and the economy. The objective is, in active dialog with politics, to find contemporary ways to present complex relationships that allow in particular for the interconnection of TV, online and mobile media. The project is initially funded with EUR 500,000. With this project, the ProSiebenSat.1 Group is continuing its efforts to introduce young people in particular to important social, political and ecological issues.

Private stations such as SAT.1 and ProSieben have a special role in this, because they have reached significantly more young people than the public channels from ARD and ZDF for many years, as the following graphic shows:

MARKET SHARES AUDIENCE 14-29 YEARS (Fig. 54)



ProSiebenSat.1 switches power supply to regenerative sources. Companies operate in a market environment where resources are growing scarcer and cost pressure is continually rising. Doing business on a sustainable basis, as well as using resources sparingly, is an important guarantor of future corporate success for a media corporation just as it is for any other company. Therefore, the ProSiebenSat.1 Group decided to convert its power supply at the Munich/Unterföhring location to use renewable energy sources and in so doing to accept additional costs of approximately EUR 40,000 per year. In April 2011, ProSiebenSat.1 signed a contract with a provider that generates environmentally friendly energy from hydropower. The TV Group will thus significantly reduce its carbon footprint. Previously, the company consumed more than 16 GW/h electricity per year at its main location. With the switch to renewable energy, the Group is cutting its emissions by 8,100 tons of CO2 and 11 kilograms of radioactive waste a year. The ProSiebenSat.1 Group is thus making an important contribution to protecting the environment. Under the motto "Green World", the company also regularly informs its employees over the intranet how they can contribute to protecting the environment in the office, by being aware of their use of energy and paper, for example.

Independence and Transparency

Transparency and independence are important values for our management and for us as a publishing company.

- **Transparency**: Relationships of trust with journalists and financial analysts have significant value. Our media presence improves awareness of our brands and shapes our social reputation. Our public relations and investor relations work is guided by the transparency guidelines of the German Corporate Governance Code. Accordingly we communicate fully, promptly and frankly with journalists, investors and analysts. Here equal treatment of all market participants is very important. At the Company website www.ProSiebenSat1.com we provide detailed information in German and English about all aspects of our business activities, the ProSiebenSat.1 stock, and our financial results.

- **Journalistic independence**: To protect journalistic independence and fundamental journalistic conditions, the ProSiebenSat.1 Group formulated guidelines already in 2005 that all program creators in Germany are obliged to uphold. The "Guidelines for ensuring journalistic independence" can be viewed on the Company website under Company/Legal framework. The Media Group's journalists are free to shape their contributions and report independently of social, economic or political interest groups.

http://www.prosiebensat1.com/en/company/corporate-responsibility/legal-framework

Protecting young people is also something that the Company is particularly responsible for. Independent youth protection officers make sure that the ProSiebenSat.1 Group offers programming appropriate for young people and complies with the requirements of law. Youth protection workers are involved early on in the production and purchase of programs at ProSiebenSat.1. They assess screenplays, productions and formats in the preliminary stages and compile reports.

PUBLIC VALUE

ProSiebenSat.1 helps people in need and inspires young people about important social issues.

.....a

TOLERANCE DAY (PROSIEBEN).....(a) As an opinion-leader with high reach, especially for young people, ProSieben campaigns for an open society – for example with the "Tolerance Day" initiative. In April 2011, in a large, independently developed TV and internet campaign, ProSieben spent a whole month making the case for treating one another with respect. The issue attracted attention both before and after the event day on April 8 thanks to regular TV spots and a social media campaign. Celebrities such as top model Sara Nuru and presenter Aiman Abdallah spoke about their experiences and understanding of tolerance under the motto "Enjoy Difference. Start Tolerance". On "Tolerance Day" itself, ProSieben shone a light on the multifaceted topic in magazine shows such as "taff" and "Galileo". At prime time, the station showed the German movie "Die Welle", which deals critically with authoritarian forms of society, and achieved the highest audience share of the day (age 14-49: 20.7%). A survey also showed that viewers appreciate ProSieben's dedication. Two thirds assessed the campaign day as "good" or "very good", 80% were in favor of more projects of this kind.

AUDIENCE SHARES TOLERANCE DAY IN THE AGE 14-49 TARGET GROUP (Fig. 54)

Die Welle	**20.7%**
Der große Toleranz-Test	**12.4%**
Galileo	**11.6%**

RED NOSE DAY 2011.....(b) In December 2011, RED NOSE DAY aired for the ninth time on the ProSiebenSat.1 Group's German stations. In contributions, shows and appeals from celebrities like Aiman Abdallah, SAT.1, ProSieben, kabel eins and sixx urged viewers once again to donate for children in need. RED NOSE DAY is the most well-known charity brand in Germany – and one of the most successful. Over EUR 10 million have been raised since ProSieben adopted the idea from England in 2003. ProSiebenSat.1 Group employees also donated to RED NOSE DAY again this year, almost EUR 16,000 in total. Since its foundation, over 30 aid projects for children have benefited from RED NOSE DAY. In 2011, all proceeds again went to organizations that care for children in need, including Die Arche, Kindernothilfe e.V. and the Off Road Kids foundation.


.....b

DIE ARCHE.....(c) The Christian children's and youth charity "Die Arche e.V." was founded in Berlin in 1995 and helps children and young people growing up in difficult circumstances. Currently, 100 staff support more than 2,000 children and young people in eight German cities with a program for promoting social skills, education and sports facilities, healthy eating and individual counseling. RED NOSE DAY 2011 supports "Die Arche" in setting up a campsite and in funding holiday activities for children whose parents cannot afford a vacation.


.....c

.....d

DIE KINDERNOTHILFE E.V. .....(d) was founded in 1959 in Duisburg to help children living in hardship in India. As the decades passed, it became one of the largest Christian child rights organizations in Europe and now supports more than 650,000 children and young people in Africa, Asia, Latin America and Eastern Europe. It focuses on the issues of academic and vocational training, health and nutrition of children and their families. RED NOSE DAY 2011 supports the Kindernothilfe project "Protection and education for street children in North Uganda".

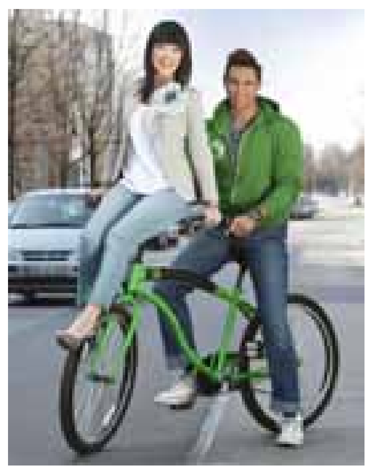
.....e

OFF ROAD KIDS STIFTUNG .....(e) From Bad Dürrheim, the Off Road Kids Foundation has operated the only nationwide aid organization for street children in Germany since 1994. As well as street social work branches in Berlin, Hamburg, Dortmund and Cologne, the foundation now maintains two children's homes in Bad Dürrheim and a helpline for parents of runaways. Since 1994, the Off Road Kids streetworkers have got more than 2,000 young people off the streets and shown them new prospects. To this day the foundation finances all of this almost entirely from donations, without government funds. RED NOSE DAY 2011 wants to help the foundation get more children off the streets and offer them a better life.

RAN HILFT HAITI .....(f) As part of RED NOSE DAY, the SAT.1 sport editorial team organized "ran hilft Haiti". Following the devastating earthquake, the station collected more than EUR 500,000. With these donations and support from Rotary Germany, 80 Haitians, under the direction of a German construction company based in Port-au-Prince, built the ran soccer school. There, 120 boys and girls have found a new home and, under the motto "study in the morning, kick in the afternoon", are not only supported in their talent for soccer but are also receiving a well-founded education. The school also offers schooling for children from the surrounding area in the afternoons and on weekends. The school provides new prospects for children who lost everything in the catastrophic earthquake.

.....f

GREEN SEVEN .....(g) The ProSiebenSat.1 Group grants plenty of programming space to environmental protection issues. In addition, the group of stations pushes ecological issues into the public consciousness with campaigns such as "Green Seven". In 2011, the "Green Seven" initiative went on air on ProSieben for the third time. For one month, the station explained in various shows such as "taff" and "Galileo" how everyone can do their bit to protect the earth. The project was again met with a great response. Some 30,000 viewers took part in the online survey "How eco are you?" by ProSieben and the Wuppertal Institute for Climate, Environment and Energy. "Love Green" then launched on SAT.1 in June.



.....g

Events after the Reporting Period

Andreas Bartl leaves ProSiebenSat.1 Media AG. Andreas Bartl, Executive Board member for TV Germany, left ProSiebenSat.1 Media AG at his own request on March 1, 2012, in order to become an independent media entrepreneur. His new company, Bartl Media, will be dedicated to developing new TV stations, formats and artistic talent. Andreas Bartl will also be a consultant to ProSiebenSat.1 Media AG in this role. Andreas Bartl's management segment is being headed provisionally by Thomas Ebeling, CEO of ProSiebenSat.1 Media AG. Managing Director of ProSieben, Jürgen Hörner, becomes Acting Chairman of the Management Board of ProSiebenSat.1 TV Deutschland GmbH. The information on issues relevant to the Executive Board in 2011 given in the Notes to the consolidated financial statements and the Group management report are unaffected.

Extension of hedging transactions. In February 2012, interest rate swaps totaling EUR 1.05 billion were extended to 2016. The ProSiebenSat.1 Group is thus hedging the interest rate risk from the newly created variable-rate Term Loan D. This measure reduces the average fixed swap rate for the extended interest rate swaps from approximately 4.6% to about 3.4%. This impacts positively the Group's interest expenses.

Directors' Dealings announcement. In line with Section 15a of the German Securities Trading Act and reports of equity holdings under Sections 21 et seq. of the German Securities Trading Act, ProSiebenSat.1 immediately publishes directors' dealings notifications in the Investor Relations section of the Group web page at www. prosiebensat1.com. In March 2012, ProSiebenSat.1 Media AG was notified by its Executive Board members Thomas Ebeling (CEO), Axel Salzmann (CFO), Conrad Albert (Legal, Distribution & Regulatory Affairs) and Dr. Christian Wegner (New Media & Diversification) about the sale of ProSiebenSat.1 shares.

DIRECTORS' DEALINGS ANNOUNCEMENTS BETWEEN DECEMBER 31, 2011 AND MARCH 8, 2012 (Fig.56)

First name, last name	Reason for notification	Name of financial instrument	Purchase/Sale	Date/place	Shares	Price in EUR	Total amount of transaction in EUR
Thomas Ebeling	Own management duties	ProSiebenSat.1 preference share	Sale	March 2, 2012, OTC	105,000	19.35	2,031,750
Axel Salzmann	Own management duties	ProSiebenSat.1 preference share	Sale	March 2, 2012, OTC	60,000	19.35	1,161,000
Conrad Albert	Own management duties	ProSiebenSat.1 preference share	Sale	March 2, 2012, OTC	42,000	19.35	812,700
Dr. Christian Wegner	Own management duties	ProSiebenSat.1 preference share	Sale	March 2, 2012, OTC	42,000	19.35	812,700
Thomas Ebeling	Own management duties	ProSiebenSat.1 preference share	Sale	March 5, 2012, XETRA / Frankfurt/M.	418	19.56	8,176
Thomas Ebeling	Own management duties	ProSiebenSat.1 preference share	Sale	March 8, 2012, XETRA / Frankfurt/M.	100,000	19.30	1,930,000
Thomas Ebeling	Own management duties	ProSiebenSat.1 preference share	Sale	March 8, 2012, XETRA / Frankfurt/M.	40,804	19.50	795,679

Aside, no other reportable events materially impacting the financial position and performance of the ProSiebenSat.1 Group or ProSiebenSat.1 Media AG respectively have occurred between December 31, 2011 and March 8, 2012, the date of authorization of this report for publication and forwarding to the Supervisory Board. The report for the 2011 financial year will be published on March 30, 2012.

Risk Report

Overall assessment of the risk situation – management view.

The business approach of ProSiebenSat.1 focuses on recognizing and taking advantage of opportunities as well as detecting and actively managing risks. There has been no fundamental change in the overall risk situation compared to December 31, 2010. The overall risk assessment is determined by assessing the individual risks across all risk categories in the different business areas and segments. Currently no risks are evident which, individually or in combination with other risks, would have a material adverse effect on the ProSiebenSat.1 Group's financial performance and position. These do not present a threat in the foreseeable future. There was a perceptible reduction in financial risks during 2011. The ProSiebenSat.1 Group paid back a material part of its loans and by extending the maturities of most of the remaining liabilities improved its capital structure on sustained basis. However, after the global economy improved in 2010, risks emanating from the overall economic environment increased over the course of 2011. But we are not currently feeling the impact on our business in our core markets. With our strategy 2015, we prepared the way for future revenue growth. Driven by diversification, we will further reduce dependency of our business from the cyclical fluctuations of individual markets. As of the date of the preparation of the management report, in this context the Executive Board considers that the overall risk situation remains limited and manageable.

Company Outlook, page 123.

Risk Management

As an internationally operating media group, ProSiebenSat.1 is exposed to many changes and a range of uncertainties. The Group deploys effective management and control systems to detect the resulting risks, to assess them and minimize them where possible. We have combined them in a risk management system deployed throughout the Group.

Opportunity Report, page 116.

Intragroup Management System, page 51.

The business approach also means recognizing opportunities at an early stage and leveraging them rigorously. Business opportunities are not recorded by Risk Management at ProSiebenSat.1, but are part of budget planning. They are tracked as part of regular reporting. At the Strategy Meeting, long-term growth potential is determined and measures to drive it agreed.

Clear decision structures, a methodical approach and standardized management are indispensable components for secure risk handling across the Group. At ProSiebenSat.1, these essential factors are ensured by way of consistent guidelines, internal organizational directives and an unambiguous allocation of duties and areas of responsibility for risk management parameters. In this way, all relevant business units and subsidiaries are integrated into the process. In simplified terms, the system implemented across the Group for dealing with risk can be characterized as follows:

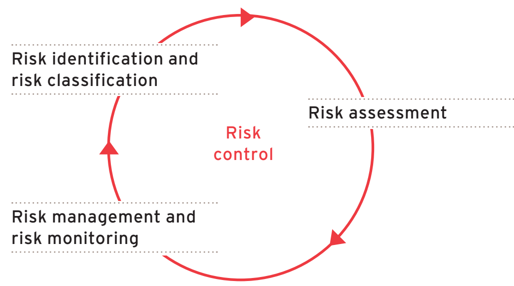
- **Decentralized risk managers** are responsible for detecting and reporting risks from the various corporate units. For each risk a risk manager is defined who monitors and regularly assesses the probability of occurrence and the impact on the company's success. Risk is defined as a potential deviation from a planned result, which might adversely affect the achievement of our goals or the implementation of our strategy in a significant or negative fashion. The results are documented in an IT database.

- The **Group Risk and Compliance Officer** is responsible for the quarterly reporting of detected risks to the Executive Board, as well as for any additional reports as required. The department he manages develops Group standards and supports the various corporate units in identifying risk at an early stage. The risk management system is monitored on an ongoing basis so that it integrates all units and also new business models. This objective is supported by regular training on the part of the decentralized risk managers.

- The **Internal Audit** regularly reviews the quality of the risk management system. It reports the results directly to the Group CFO. These audits are based on the Risk Management Manual, which summarizes not only company-specific principles for risk management, but also the associated organization and procedures.

- The risk management process consists of the following complementary steps:

RISK MANAGEMENT PROCESS (Fig. 57)



Risk identification and risk classification:	Risk identification and classification are founded on risk management reviews that are held regularly for each important subsidiary or division, at dates close to the planning process. The risks identified are allocated to defined risk categories so as to permit a logical aggregation of individual risks. Risk identification is subject to an ongoing updating process due to constantly changing conditions and is incorporated in the decision-making process as part of quarterly risk reporting.
Risk assessment:	The potential probability of risk and the potential impact of each identified risk on ProSiebenSat.1 Group's operating business performance and strategic planning is evaluated. The impact is generally assessed with an eye on how risks could impact recurring EBITDA, liquidity and net debt. 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. Mitigating factors and measures are taken into account in the assessment. However, opportunities are not offset.
Risk management and risk monitoring:	Risk management is based on a uniform system of early identification. Early warning indicators were determined for all material categories of risk. They include performance data of the ProSiebenSat.1 Group in terms of audience share and the advertising market, the ongoing value of the program inventory and the development of human resources. In terms of financial risk, early warning indicators have been defined specifically for liquidity and net debt with a key focus being adherence to the covenants stipulated in financing contracts. The monthly Group Controlling reports provide the information required for monitoring the overall risk situation. A target-actual comparison shows if there is a risk. The key value thresholds are determined by the Executive Board. The responsible management initiates suitable measures to counter each identified risk that is deemed to be relevant. These measures are documented and monitored as a part of the reporting system. The Executive Board discusses and decides on the necessary risk minimization measures, and reports to the responsible Audit and Finance Committee of the Supervisory Board. When new risks arise, or individual indicators change significantly, the Executive Board and Supervisory Board are notified at once, irrespective of the quarterly reporting intervals.

Development of the Individual Risks

The assessment of the overall risk situation is based on a valuation of the most significant individual risks and an aggregate analysis of the Group's three principal risk groups: operating risks, financial risks, compliance risks. The following diagram presents an overview of the material individual risks in comparison to the end of 2010.

DEVELOPMENT OF INDIVIDUAL RISKS AS OF DECEMBER 31, 2011 (Fig. 58)

Change 2011 vs. 2010

↗	→	↗	↘	→	↓	↘	→
External risks	Sales risks	Content risks	Technology risks	Organizational risks	Financial risks	Compliance risks	Overall risk situation

↗ Slight increase → Unchanged ↘ Slight decrease ↓ Decrease

The following sections show the current perspective on the risks which could materially impact our earnings, financial position and performance and our current assessment of their probability of occurrence. We are not aware of or consider immaterial any additional risks which could impact our business activities.

Operating risks

OPERATING RISKS (Fig. 59)

Key management measures	**External risks:** Ongoing analysis of economic and industry trends combined with continuous investments in programming and market research, efficient cost management **Sales risks:** Regular and systematic assessment of the order volume **Content risks:** Long-term relationships with licensors and close contact to producers, development on an in-house production unit **Technology risks:** Regular investments in the technological infrastructure, IT updates, back-up systems to minimize risk of possible failure in studio and broadcasting equipment **Organizational risks:** Monitoring HR figures, strategic human resources recruitment and development programs, employee motivation on the basis of variable remuneration systems
Overall probability of occurrence: medium **Impact (strength):** high	Effective risk management is very important for the ProSiebenSat.1 Group, not least due to the low visibility of the advertising market typical for the industry and the short-term nature of booking TV advertising. Our experience in the TV advertising market and our expertise in the media sector, together with clear organizational structures and highly qualified staff, enable us to deal with operating risks appropriately and implement effective measures for risk reduction. We address challenges posed by the economy – the largest potential external risk factor – with systematic cost and efficiency management. At the same time, we optimize our risk and opportunity profile by successively diversifying our dependency on individual markets and leverage additional growth potential on the basis of innovative business models such as media-for-revenue-shares. This aim is also pursued by the international expansion of our program production business.

External risks

Economic situation and advertising market. In 2010, the global economy made an astonishingly rapid recovery from the severe recession of the previous year. However, after a very good start into 2011, the momentum of the global economy has since slowed. For Europe, the economic risks have also increased. While economic output in some countries such as the Scandinavian markets is likely to increase further, growth expectations for economies with debt problems are very subdued. Due to its strong alignment to exports, prospects for the German economy have also weakened recently. At the same time, various indicators show that the German economy remains solid. The employment market continues to be robust, and consumer confidence is stable. An expected drop in inflationary pressure and continued low interest rates are also likely to have a positive impact. Whether the economy will recede and if so, how sharply, primarily depends on the effectiveness of European financial policy.

Company Outlook, page 122.

Our advertising business is impacted by the general economy more than anything else. When the economic outlook is positive, not only are companies more willing to invest, but they also respond with higher advertising expenditure. In the post-crisis year of 2010, in which German economic growth was a very strong 3.7%, according to ZAW (Association of German Advertisers) television benefited disproportionally from the positive economic trend with net advertising revenue surging by 8.6%. Conversely, in times of crisis, companies react at relatively short notice by reducing their advertising budgets. For this reason, any considerable cooling down of the economy represents a considerable risk for the ProSiebenSat.1 Group. In view of the current economic situation, an adverse impact on our advertising business cannot be ruled out. However, on the basis of the current state of knowledge, we assess the overall risk as limited. We are currently feeling the impact on our advertising business only in the Eastern European markets. By developing new business models beyond TV advertising, the Group has optimized its risk profile and will continue to pursue this diversification strategy rigorously in the future. By 2015, 50% of total revenue are to be generated outside the TV advertising business in the German market. In addition, during 2011 the Group disposed of its Eastern Europe subsidiaries in Bulgaria and Greece.

Glossary, page 219.

Media usage. For some years now, video content has been distributed not only via the TV screen but by desktops, laptops, smartphones and tablets. In addition to new screen media, social media is becoming a stronger factor in day-to-day life, changing the response to traditional media, particularly television. Nonetheless, the Group currently views the risk of a structural change in TV use as low. Despite numerous new offerings, television continues to be the undisputed No.1 medium. The most likely reason for this is that people using new screen media also search for content which they know from television: Information and entertainment in moving images. For this reason, there is currently no sign of audiences migrating to competing media forms. Instead, what can be observed is an additive use of such media as TV and the Internet. With cross-media television offerings utilizing online, mobile and video-on-demand, the ProSiebenSat.1 Group is reacting to new habits of media use such as the demand for media use independent of time, or the desire to communicate with other users on social media platforms. In this way, the Group strengthens its competitive edge as a television company, securing its competitive advantage also against new suppliers such as Google, which increasingly offer video content on the internet. A key factor driving success is the quality of content – whether on TV or on mobile terminals. To meet the competitive challenges in the future, ProSiebenSat.1 maintains ongoing market research.

Opportunity Report, page 117.

Non-Financial Performance Indicators, page 94.

Audience market. Alongside the economic and industry-specific conditions, audience response to our TV program has a major impact on business performance. Audience market share reflects how the programming offer meets the taste of the audience and the reach of the advertising spots. Audience shares are thus an important performance indicator for our advertising customers and can be a key factor impacting pricing policy. For this reason, they are analyzed on an ongoing basis in the individual markets and are an important indicator to detect risk at an early stage. To assess the performance of German-speaking stations on a daily basis, the ProSiebenSat.1 Group uses the data of the Working Group of Television Research (the Arbeitsgemeinschaft Fernsehforschung or AGF). In addition to this quantitative data, qualitative studies are an important instrument in controlling performance on the audience market. This is the reason why in 2011 program research at ProSiebenSat.1 continued to cooperate closely with a range of institutes. For example, in Germany ProSiebenSat.1 commissioned research institutes to carry out numerous telephone and online interviews with viewers as well as group discussions. In this way, stations obtain direct feedback from their audience and thus can optimize and further develop their programs on an ongoing basis. With innovative TV formats such as "The Voice of Germany", the German stations increased their audience market share in 2011 to 28.9%, thus surpassing the figure for the previous year by 0.4 percentage points. The Group also scored with its audience on an international basis. An example is the successful extension of the TV station MAX in Norway.

Glossary, page 218.

Sales risks

The ProSiebenSat.1 Group generates the biggest share of its revenue from the sale of TV advertising time. Sales risks for the core TV business can result from potentially negative changes in the previously described external situation. A declining price trend for TV advertising spots can negatively impact revenue targets. Due to the fact that they have a potentially huge impact on the commercial success of the ProSiebenSat.1 Group, risks from selling advertising time are the focus of risk management. As part of risk control, actual and forecast values of advertising revenue and advertising market share are regularly compared against the previous-year figures and analyzed. This allows deviations from budget to be recognized at a very early stage and countermeasures taken at very short notice. This could include cost adjustments or changes in program planning.

Over the last few months, the Group has implemented moderate price increases, not only in Germany but also in its Northern European markets. We also succeeded in selling free advertising time according to the media-for-revenue-share model. In this way the Group not only achieves better utilization of its program capacity, but also gains new customers for TV as a medium. The medium-term objective is to increase the share of TV advertising in the overall advertising market.

SevenOne Media, the advertising sales house of the ProSiebenSat.1 Group for the German market, has had a stable client base for many years. The food, cosmetics & toiletries, services and retail sectors provide the largest share of TV advertising investments. In 2011, we achieved a stronger increase of audience share in the commercially most important time slots than our private competitors. Nearly 65% of TV advertising revenue are capitalized between 5.00 p.m. and 11.00 p.m. Our success in the future depends on continuously improving the existing TV business while at the same time expanding the range of services offered to customers. For this reason, the Company is working hard to develop individual and cross-media advertising concepts in order to further increase the effectiveness of TV advertising.

Content risks

An attractive and varied programming offer is the decisive criterion for the ProSiebenSat.1 Group achieving success with its audience and internet users. While the financial impact of poor program provisioning is potentially high, we assess the probability of our competitive position being adversely impacted by content risk as low. Our program is made up of licensed programming as well as commissioned and own productions. These are secured on a long-term basis.

Notes to the Financial Statements, page 173.

Programming inventory. The business success of programming planning depends on the programming content's appeal and profitability. Generally, programming contracts are signed several years ahead of the broadcast date. Programming rights are capitalized at the amount of their contractual acquisition cost including acquisition-related costs. Contractually secured broadcasting rights are reviewed systematically on a regular basis for potential risks which could result in reduced revenue potential. This minimizes programming inventory risks.

License purchases. The ProSiebenSat.1 Group acquires many of its feature films, TV films and series as licensed content from third parties, with a strong focus on major U.S. studios. In addition to currency risks, the Group is also generally exposed to the risk of potential price increases. Last year, pressure was exerted on prices for licenses, particularly in Germany. In addition to competition from private competitors, this was driven by the public stations which have higher budgets than in any other European market. However, with our strong position as a licensee, we are able to limit price risks. Alongside our large purchasing volume, close business relationships which have been in place for many years secure our negotiating position with the licensors.

As a result of the ongoing dialog between our central license purchasing department and international and national licensors, the Group is always informed about new productions and trends at an early stage. However, to ensure the exclusivity of our program, we deploy not only our contacts, but in legal terms also secure our programs against the competition. Blocking periods, so-called hold-back clauses, protect our rights against other licensees and program licensing forms. Furthermore, "qualifiers" guarantee the quality of the program content we acquire. Depending on the contract, the ProSiebenSat.1 Group can broadcast the programs acquired not only on its Free TV stations, but also on digital platforms.

Commissioned and own productions. With its stations, ProSiebenSat.1 Group attaches importance to an individual and generally balanced mix of licensed programs as well as commissioned and own productions. Productions and formats produced locally strengthen the recognition value of a TV station and in some cases can even be created more economically. Because reference figures are sometimes unavailable and there are limited options for advance communication, the prospects for the success of in-house and commissioned productions tend to be less certain than for purchased format or programming licenses which have already been successful in other countries or in the movie theaters.

By developing its own production unit, the Red Arrow Entertainment Group, the ProSiebenSat.1 Group laid the foundation for even more efficient programming supply. In addition to business advantages resulting from bundling content expertise across the group in one central unit, founding a new holding company is an important strategic step within the Group to expand its value chain. Red Arrow develops and produces TV content not only for Group stations, but also offers its expertise to external customers.

ProSiebenSat.1 conducts intensive programming research, so that it can assess the appeal of its in-house productions as reliably as possible. Program research work starts long before the program goes on air. Researchers accompany the development of new programs for ProSiebenSat.1

stations using a wide range different methods, in many cases as early as the screenplay or concept stage. So-called Real-Time-Response tests (RTR) are a frequently used instrument. They are deployed when initial sequences or a pilot episode are available for new TV programs. When programs are screened, test persons document their response and reactions using a type of remote control, with accuracy down to the second and in real time. This makes it possible to measure intuitive and spontaneous reactions without the participants first having to verbalize their impressions. Verbalization is the second step – in the context of an intensive conversation with a professional interviewer.

Non-Financial Performance Indicators, page 94.

Another measure to limit risk was implemented in 2011. This was the launch of "format management" for the German station family. This improvement to the program approval process has two key aims. Firstly to design customized program ideas for specific slots. Secondly, to establish uniform development and production processes by clear meeting and decision-making structures, without restricting creative scope. The measures taken to optimize processes have already impacted tangibly on the success rate of ProSiebenSat.1 Group's own productions.

Technology risks

The appeal of the advertising environment has a key impact on the customer decision when booking advertising time. Uninterrupted transmission is a prerequisite to offering customers high reach. To minimize risks that could result from a defective technological infrastructure, ProSiebenSat.1 implements systematic risk assessment and uses back-up systems as well as state-of-the-art infrastructure. A residual risk with low to medium financial consequences can never be completely precluded. However, we assess the probability of occurrence as low due to various precautionary measures taken, e.g. establishing back-up systems.

Broadcasting equipment and studio operations. Interference to studio and broadcasting equipment could result in program changes at short notice and could cause failure of individual or all stations. Such technical problems can result in guarantee and goodwill claims on the part of our advertising customers. Also, an infrastructure inadequately aligned with the current needs of the market or current security requirements could also inhibit us from achieving our corporate objectives. For this reason, a high level of security for our systems is just as important as ongoing maintenance and improving infrastructure, if required. For this reason, back-up systems are installed for all relevant business processes, thus ensuring a smooth broadcasting process and all material components of studio and post-production equipment, even in case of disruption. These redundant systems are at separate locations and their functioning was further optimized in 2011. The effectiveness of these systems was demonstrated in 2011. Despite a fire, broadcasting operations were maintained.

Already since 2009, ProSiebenSat.1 completely digitalized its transmission operations, transferring the contents of all German-speaking stations and online platforms to a common platform. The new infrastructure secured the Group's technological edge, allowing the parallel use of contents across all media. With this digital pool of materials, the Group has not only set the benchmark in the media industry, but has also leveraged time and quality advantages. Introducing efficient media management with standardized processes reduces dependency on manual flows. The Playout Center started operations in April 2009. In 2011, the conversion of production and playout to file-based HD-operations was concluded.

IT risks. The increasing complexity of the Group's systems means that the lack of an IT infrastructure may have serious consequences for business processes and in the worst case can have a direct financial impact for the Group. Possible risks are failures of systems, applications or networks, as well as violations of data integrity and data confidentiality. For this reason, the ProSiebenSat.1 Group invests on an ongoing basis in hardware and software, in firewall systems and virus scanners, and establishes various access authorizations and controls. The Group has multiple computer centers at separate locations, which assume each other's tasks in the event of a system failure. The security standards are examined by the Internal Audit department for effectiveness and possible potential for improvement. IT security, access controls, the security of the pool of material and the firewalls are regularly evaluated in respect to sustainable risk minimization. To the extent necessary, IT is adjusted in line with the audit results and the measures implemented are monitored as part of risk reporting.

Organizational risks

Employees, page 85 onwards.

The success of a company depends significantly on the talents and dedication of its employees. For ProSiebenSat.1 the loss of specialist and managerial staff in key positions as well as bottlenecks in recruiting staff also represent a potential risk. For this reason, a key focus of our Human Resources management is targeted HR development of our staff. Our employees also benefit from the offers of the ProSiebenSat.1 Academy. In order to provide our employees a motivating work environment, the issue of work-life balance plays an important role, alongside vocational training measures. This is why ProSiebenSat.1 has been investing in offers for many years, allowing staff flexibility in both their careers and personal lives. Examples include our in-house crèche and flexible working hours models as well as home office and teleworking. In October 2011, ProSiebenSat.1 added to this offer: The Group now also supports employees in looking for crèches, schools or babysitters and mediates services for sick employees or those requiring nursing care.

An attractive performance-based remuneration structure is another criterion in competing for qualified staff and managers. As part of our "TOP Targets" bonus plan, employees define individual targets together with their managers. This incentive system was further expanded in 2011. Previously, the maximum level of target performance was 100%. Now top performance can be rewarded with a payment of up to 200% of a monthly salary. For managers Performance Development is a bonus program in which not only specialist performance but also individual managerial competency is assessed. To ensure fair performance-based remuneration in comparison to the competition, all executive positions were reassessed over the last two years. Where appropriate, remuneration was increased.

In 2011, further important measures were also initiated in the area of recruitment. To improve the appeal of ProSiebenSat.1 as an employer, an employer brand was developed. From the beginning of 2011, this was implemented with the launch of the new careers website at www.prosiebensat1.com. We present ourselves on the employment market with the motto "Fascinating people". In order to prevent a lack of specialist staff, the Group trains young staff in commercial and technical careers as well as offering internships in almost all corporate areas. We offer graduate trainees cross-media education in TV, online and PR, aligned specifically to the requirements of a modern media group. Our future success also depends on the extent to which we generate loyalty among employees and managers on a long-term basis, at the same time implementing successor planning for key positions in due time. To do this, ProSiebenSat.1 established a performance and potential management system (OTR) for executives and potential managers, which was rolled out across the Group in 2011.

We assess the financial impact of risks from the HR department as medium. In 2011, we further reduced their risk of occurrence with the measures taken. Interesting tasks, numerous benefits and attractive remuneration make ProSiebenSat.1 a preferred employer. This is reflected in key HR indicators. The average years of service in the Group has increased to 6.4 years (previous year: 5.6).

Financial risks

Related to its operating business and its financing via loans ProSiebenSat.1 is exposed to various financial risks. The individual financial risks are described below. Overall their occurrence of probability is assessed as low. In August 2011, the ProSiebenSat.1 Group repaid a significant part of its term loans and extended the maturities of most of the remaining term loans. As a result the Group significantly reduced its financing risk, potentially the highest financial risk for the ProSiebenSat.1 Group. This reduced the interest rate risk on a sustained basis. The ProSiebenSat. 1 Group has a solid financial and operating basis. Nevertheless, due to the ongoing sovereign debt crisis in Europe, the ProSiebenSat.1 Group has intensified monitoring of its financial risk positions. As part of financial risk management, a regular assessment is made with a valuation of market information and the change of economic indicators.

FINANCIAL RISKS (Fig. 60)

Key management measures	**Financing risks:** Ongoing monitoring of financial covenants **Interest and currency risks:** Targeted use of derivative financial instruments **Liquidity risks:** Securing solvency with a central cash management system and ongoing monitoring of liquidity headroom **Counterparty risks:** Broad basis of capital providers and strict credit rating checks
Overall probability of occurrence: low **Potential impact (strength):** high	Interest and foreign exchange volatility or the default of lenders could considerably impair the financing situation and liquidity of the Group. We counter these risks with extensive measures, so we consider the overall probability of occurrence as limited. In view of current business performance, we assess the financing risk – potentially the biggest financial risk for the ProSiebenSat.1 Group – as low. By prepaying a large part of its loans in 2011, the ProSiebenSat.1 Group considerably reduced its debt and improved the maturity profile of its remaining loans.

The Group Finance & Treasury unit is responsible for managing financial risks on a central basis. The management measures are defined in close cooperation with the Executive Board. Guidelines that apply across the Group regulate principles, tasks and responsibilities of financial risk management on a uniform basis for all subsidiaries of ProSiebenSat.1 Media AG. As part of risk management, the Finance and Treasury units are systematically audited by Internal Audit once a year. The last audit again generated a positive result. The internal controlling and risk management system for the reporting process is also subject to strict checks. For details on this, refer to page 112, (Fig. 61). For more information on the hedging instruments, measurements and sensitivity analyses together with a detailed description of the risk management system in reference to financial instruments, refer to the Notes to the consolidated financial statements.

Notes to the consolidated financial statements, page 135.

Financing risk

A lack of available funding or impeded access to money and capital markets can have a high financial impact on ProSiebenSat.1. The availability of existing borrowing depends particularly on compliance with particular contractual conditions which are subject to strict and ongoing assessment. The covenants of the facilities agreements were complied with in 2011, as was the case in previous years. On the basis of our current corporate planning, a violation of the financial covenants can be ruled out, also in the future. In 2011, the Group improved its capital structure on a sustained basis, thus reducing its financial risks. The ProSiebenSat.1 Group used the proceeds from the disposal of the TV activities in Belgium and the TV and print activities in the Netherlands for the prepayment of approximately one third of its term loans . Parallel to this, in August the Company extended a significant part of its remaining term loans to July 2016. The Group monitors changes on the money and capital markets on an ongoing basis in order to identify risks early and to secure the availability and capital efficiency of financial instruments, also in the future.

For information on Section 289 (2) No. 2 German Commercial Code concerning financial instruments we refer to the section "Further notes on financial risk management and financial instruments according to IFRS 7", in the Notes to the consolidated financial statements, No. 33, page 185.

Group Financial Position, page 72.

Counterparty risks

Risks from financing are manageable. We consider the probability of occurrence as low. However, the larger a company is and the more global its positioning, the more it is exposed to the default of an external business partner in an unfavorable situation. For this reason, finance and treasury transactions are concluded only with business partners which meet high credit rating requirements. The conclusion of finance and treasury transactions is regulated in internal counterparty guidelines. Alongside a thorough assessment of the credit standing, ProSiebenSat.1 limits the probability of the occurrence of counterparty risks by a broad diversification of its lenders.

Interest rate risks

Interest rate risks occur with the movements in market interest rates. We compensate for negative consequences which can result for future interest payments by deploying instruments to hedge interest rates. To the end of the year, ProSiebenSat.1 had hedged almost 100% of its variable-interest term loans on the basis of interest rate swaps. A volume of EUR 750 million will expire in 2012. In addition to the unhedged portion of the term loan, there is a residual interest rate risk from cash drawings the Group takes on its revolving credit facility. However, as of December 31, 2011, there were no cash drawings on the syndicated facility.

Interest rate swaps are recognized in hedge accounting as cash flow hedges. For more information, refer to the Notes to the consolidated financial statements from page 185 and glossary on page 217 to 218. The ProSiebenSat.1 Group does not deploy derivative financial instruments for trading purposes, but only to hedge existing risk positions.

Currency risks

Due to its international business activities, our operating business is subject to risks resulting from currency fluctuations. Currency risks occur primarily if revenues are generated in a currency different from the related costs (transaction risk). It is particularly when purchasing licensed programs that there are currency risks. This is because the ProSiebenSat.1 Group concludes a substantial number of its license agreements with production studios in the United

States. While the Group generally meets the financial obligations deriving from purchasing programming rights in US dollars, it generates the majority of its revenue in the euro zone. ProSiebenSat.1 manages this risk by the targeted use of derivative financial instruments, primarily currency forwards and currency options. Due to the high hedging rate over the next few years, the impact of currency fluctuations is assessed as manageable. The reporting currency of the ProSiebenSat.1 Group is the euro. The financial statements of companies with their registered office outside the euro zone are converted to euro for the consolidated financial statements. As the ProSiebenSat.1 Group generates a comparatively low share of revenue outside the euro zone, the resulting translation risk is low. In 2011, changes in exchanges rates did not have a material impact on the revenue and earnings performance of the Group and its segments. For this reason, the Group has not hedged risk resulting from translating foreign currencies into the Group currency – the euro.

Liquidity risks.

Cash and Cash Equivalents, page 75.

We assess Group liquidity as good, and assume that the liquidity headroom will remain sufficient in the coming years. Liquidity risk is managed centrally through a cash management system. The most important leading indicator is expected liquidity headroom. This is calculated and assessed regularly by comparing currently available funds and budgeted figures, taking into account seasonal influences .

Seasonality, page 63.

DISCLOSURES ON THE INTERNAL CONTROLLING AND RISK MANAGEMENT SYSTEM IN RELATION TO THE GROUP REPORTING PROCESS (SECTION 315 (2) NO. 5 OF THE GERMAN COMMERCIAL CODE) WITH EXPLANATORY NOTES (Fig. 61)

The internal controlling and risk management system in relation to the (consolidated) reporting process is intended to ensure that transactions are appropriately reflected in the consolidated financial statements of ProSiebenSat.1 Media AG (prepared in line with the International Financial Reporting Standards, IFRS) and that assets and liabilities are recognized, measured and presented appropriately. This presupposes Group compliance to legal and company regulations. The scope and focus of the implemented systems were defined by the Executive Board to meet the specific needs of the ProSiebenSat.1 Group. They are regularly reviewed and updated as necessary. Nevertheless, even appropriate and properly functioning systems cannot offer any absolute assurance that all risks will be identified and controlled. The company-specific principles and procedures to ensure that the Group's single-entity and consolidated reporting is effective and correct are described below.

Goals of the risk management system in regard to financial reporting processes

The Executive Board of ProSiebenSat.1 Media AG views the internal controlling system with regard to the financial reporting process as an important component of the Group-wide risk management system. Controls are implemented in order to provide an adequate assurance that in spite of the identified risks inherent in recognition, measurement and presentation, the single-entity and consolidated financial statements will be in full compliance with regulations. The principal goals of a risk management system in regard to single-entity and consolidated reporting processes are:

> To identify risks that might jeopardize the goal of providing single-entity and consolidated financial statements that comply with regulations.

> To limit risks that are already known by identifying and implementing appropriate countermeasures.

> To analyze known risks as to their potential influence on the (consolidated) financial statements, and to take these risks duly into account.

In addition, in the reporting year we updated our process descriptions and our risk control matrices. The focus here was on standardizing the descriptions and establishing effective control mechanisms. These updates combined with regular tests on the basis of samples were part of the PRIME project. Since then they have been an integrated part of the internal controlling and risk management system in relation to the (consolidated) reporting process. On the basis of the test results there is an assessment of whether the controls are appropriate and effective. Any deficiencies in the controls are eliminated, taking into account their potential impact.

Structural organization

> The material single-entity financial statements that are incorporated in the consolidated financial statements are prepared using standardized software.

> The single-entity financial statements are then consolidated to form the consolidated financial statements using modern, highly-efficient standardized software.

> The financial statements of the main individual entities are prepared in compliance with both local financial reporting standards and the Group's accounting and reporting manual based on IFRS (International Financial Reporting Standards) which is available via the Group intranet to all employees involved in the reporting process. The individual companies included in the consolidated financial statements provide their financial statements to Group Accounting in a defined format.

> The financial systems employed are protected with appropriate access authorizations and controls (authorization concepts).

> The entire Group has a standardized plan of accounting items, which must be followed in recording the various classes of transactions.

> Certain matters relevant to reporting (e.g. expert opinions with regard to pension provision, measurement of the stock option plan, impairment testing of intangible assets) are determined with the assistance of external experts.

> The principal functions of the reporting process – accounting and taxes, controlling, and finance and treasury – are clearly separated. Areas of responsibility are assigned without ambiguity.

> The departments and other units involved in the reporting process are adequately provided with resources in terms of both quantity and quality. Regular professional training sessions are held to ensure that financial statements are prepared at a consistent and reliable level of quality.

> An appropriate system of guidelines (e.g. accounting and reporting manual, intercompany transfer pricing guideline, purchasing guideline, travel expense guideline, etc.) has been set up and are updated to the extent necessary.

> The efficiency of the internal controlling system in regard to processes relevant to financial reporting is reviewed on a sample basis by the Internal Audit unit which is independent of the process.

Process organization	› There is a user-friendly web-based tool for the process of planning, monitoring and optimizing the consolidated financial statements. It includes a detailed calendar containing all important activities, milestones and responsibilities. All activities and milestones have specific deadlines. Compliance with reporting requirements and deadlines is monitored centrally by Group Accounting. › All reporting-related processes are subject to such controls as segregation of duties, the dual-control principle, procedures for approval and release and plausibility testing. › There is a clear allocation of duties in preparing the consolidated financial statements (e.g. reconciliation of intra-Group balances, capital consolidation, monitoring reporting deadlines and reporting quality of the data reported by consolidated companies, etc.). For specialist matters and complex accounting matters, Group Accounting functions as the central contact. › All major information included in the consolidated financial statements is subjected to extensive technical validations within the system to ensure that the data are complete and reliable. › Risks relating to the single-entity and consolidated reporting process are continuously detected and monitored as part of the risk management process described in the risk report.

Compliance Risks

Our international business operations result not only in operating and financial risks, but also a wide range of legal risks (Fig. 62). Results of legal disputes and cases can considerably damage our business, our reputation and our brand as well as cause considerable costs. Ways we limit legal risks include cooperation with highly qualified legal experts and targeted staff training. The Group establishes provisions for legal disputes if there is a present obligation arising from past events, it is probable that settlement will require an outflow of resources embodying economic benefits and the obligation can be measured reliably.

Information on specific legal disputes appears in the Notes, page 183.

COMPLIANCE RISKS (Fig. 62)

Key management measures	**General compliance risks:** Group compliance structures and targeted training of employees **Other legal risks:** Close cooperation with legal experts
Overall probability of occurrence: low to medium **Potential impact (strength):** low to high	We see different levels of impact for the potential financial consequences of individual legal and media policy changes as well as legal initiatives. Due to the great differences in compliance risks, we assess the overall potential impact as low to high. For the reasons given above, the same applies to the probability of occurrence. In particular fines imposed for anti-trust violations could have severe financial consequences for the ProSiebenSat.1 Group.

General compliance

The objective of compliance is securing smooth management at all times and in all respects. Possible violations of legal statutory regulations and reporting obligations, infringements against the German Corporate Governance Code or insufficient transparency in corporate management can jeopardize conformity to the rules. It is for this reason that the ProSiebenSat.1 Group has established a Code of Compliance which applies across the whole group, which provides employees specific rules of conduct for various professional situations. Another effective measure to prevent possible compliance infringement is staff training on specific topics such as anti-trust issues or the correct way to deal with insider information.

In order to prevent possible infringements, the ProSiebenSat.1 Group also implemented a Compliance Board constituted of legal experts, Internal Audit staff and operating units. The task of the Compliance Board is to identify possible illegal actions and initiate appropriate countermeasures. Another function of the Compliance Board is to introduce safeguards against possible external threats such as acts of sabotage. For a television group with a high level of public awareness, the issue of company protection is extremely important. For this reason, the ProSiebenSat.1 Group has taken various measures in order to realize comprehensive security of operating equipment. This includes state-of-the-art access control technology and qualified security staff.

The work of the Compliance Board is coordinated centrally by the Group Risk and Compliance Officer. His task is to keep abreast of legal developments and any changes in international legislation so as to be able to initiate suitable measures in due time. To bolster the Compliance organization, additional decentralized structures were implemented in 2011, with local Compliance managers being determined for the most important locations. Regular exchange of experience and information about current trends in different corporate areas have reduced the level of risk. The processes were analyzed by an independent consultant. The result of this external risk assessment demonstrated that the Compliance processes in place are effective. In respect to implementing current anti-trust law, ProSiebenSat.1 was certified as "best in class".

Other legal risks

Alleged infringements against anti-trust laws. In May 2010, the premises of the ProSiebenSat.1 Media AG were searched by the Federal Cartel Office. These investigations were based on the suspicion of alleged agreements between ProSiebenSat.1 Media AG and the RTL Group to make programs of the competing broadcasting groups which are currently available free of charge accessible exclusively in an encrypted, bundled, fee-based format in the future. Since then, a series of negotiations have taken place with representatives of the Federal Cartel Office. Due to the unpredictable nature of such proceedings we do not currently expect a probable outflow of resources. As a consequence, no provision was recognized as of the reporting date. The potential risk is within a range of up to EUR 30 million.

Administrative proceedings (Proceedings B22/07). On February 2, 2007, the Federal Cartel Office initiated administrative proceedings to investigate the signal-encryption practices of ProSiebenSat.1. Currently it is impossible to anticipate the timing for the conclusion of these proceedings. No outflows of resources are currently anticipated in relation to these proceedings.

Requirements for disclosure and action for damages. Requirements for disclosure and action for damages by RTL 2 Fernsehen GmbH & Co. KG and El Cartel Media GmbH & Co. KG against ProSiebenSat.1 Media AG, SevenOne Media GmbH and the stations Sat.1 Satelliten Fernsehen GmbH, ProSieben Television GmbH, kabel eins Fernsehen GmbH and N24 Gesellschaft für Nachrichten und Zeitgeschehen mbH (no longer part of the Group) have been pending at the Düsseldorf Regional Court since November 10, 2008. The plaintiff is asserting disclosure and damages claims in connection with marketing advertising time by SevenOne Media GmbH. In 2011, the matter appeared before the court twice. Further hearings are expected during 2012. The outcome of the case cannot currently be foreseen. As a consequence, no provision was recorded at the reporting date.

Furthermore, TM-TV GmbH and MTV Networks Germany GmbH brought corresponding charges with the same objective. However, the Munich Regional Court dismissed in full the charges brought by TM-TV GmbH in a judgment of November 22, 2011. The plaintiff appealed against this judgment at the Munich Higher Regional Court. The outcome of the case in the court of appeal cannot currently be foreseen. Dates for the hearing have not yet been scheduled. As a consequence, no provision was recorded at the reporting date. Regarding the MTV Networks Germany GmbH case, one oral proceeding took place in January 2012. The outcome of this proceeding can also not be foreseen at present. Therefore, no provision was likewise recorded at the reporting date.

Notes, page 183.

Section 32a German Copyright Act ("bestseller"). On July 19, 2011, the Berlin District Court ordered SAT.1 to pay further remuneration to the author of a screenplay on the basis of Section 32a of the German Copyright Act ("bestseller"). The SAT.1 appeal will be heard at the end of October 2012. In our view, it is very probable that the judgment will be revoked. For this reason, no provisions have been established. On the same legal basis, other authors of TV programs have also made claims, to the courts and out-of-court. Provisions for individual claims have been made.

Outlook

General management statement on expected company performance.

The ProSiebenSat.1 Group closed 2011 with record figures. We want to continue this development in 2012 and are aiming for further increases in revenues and earnings. In comparison to 2010, we are anticipating additional revenue potential of at least EUR 750 million to 2015. TV will remain the most important and most popular medium in the future. Therefore, our future growth will continue to be based on expanding the core business, advertising-financed free TV in the German-speaking region and in our European markets. At the same time, we will push our strategy of diversifying revenues, with the aim of generating close to 50% outside traditional TV advertising in Germany by 2015. In this way, ProSiebenSat.1 Group is to become more independent of cyclical ups and downs on the advertising market. For this reason, despite lower market visibility, we are looking optimistically toward the years to come and are expecting positive business performance.

Opportunity Report

As well as the conscious handling of risks, consistent use of opportunities for additional revenue and earnings potential is a part of the business approach. Early and ongoing identification, analysis and controlling of future sources of growth are a central task of management at ProSiebenSat.1.

Potential opportunities arise from our leading position in the TV business and digital media. Accessing new markets, appropriate price policy and ongoing optimization of our costs give rise to new opportunities for growth. The management of opportunities is centrally organized at ProSiebenSat.1 and controlled by the corporate development and strategic planning department. The department identifies growth potential on the basis of detailed market and competition analyses and maintains close contact with the operational managers. The identified factors for success are summarized in the strategy plan and incorporated in the decision-making process during the annual strategy meeting. The relevant opportunities are prioritized and strategic objectives derived from this. The management of opportunities is part of the Group's internal management system. It takes place in the context of the budget preparation process for the next twelve months and as part of the multi-year plan. The most important opportunities are described below:

Intragroup Management System, page 51.

COMPANY OPPORTUNITIES OVERVIEW (Fig.63)

Opportunities from the development of general conditions	› Economic and industry trends › Trends in the behavior of media usage › New technological developments/innovations › Legislative changes and media policy decisions
Opportunities in corporate strategy	› Expansion of our value-added chain › Launch of new products, accessing new markets
Performance opportunities	› Development and capitalization of audience share › Cost efficiency › Price policy

The digitization opens up a series of growth opportunities for a traditional TV provider such as the ProSiebenSat.1 Group. While the print media industry has had to accept losses in recent years, television remains the most popular form of mass media. With more than three hours of use per day, TV is ahead of all other entertainment media. Industry experts expect this trend to continue. As TV is simultaneously gaining importance, ProSiebenSat.1 sees an opportunity to shift advertising market share from print media to TV.

At the same time, opportunities for growth arise from the diversification of screen media. By extending its station and program brands into digital media, the ProSiebenSat.1 Group can reach new target groups. The growing numbers of flat-screen TVs, PCs, tablets and smartphones will also be a factor resulting in a rapid and ongoing demand upturn for professional video content. The ProSiebenSat.1 Group has an extensive rights portfolio. This is an advantage over Internet providers who own only distribution channels but not their own content. At the same time, ProSiebenSat.1's stock of programming consists entirely of legal content. In 2011, the world's second-largest communications holding company, WWP, announced that it would only be investing in legal, professionally produced advertising environments, because advertising customers rely on high quality content environments to present their brands. If this industry trend continues, ProSiebenSat.1 Group has a clear competitive advantage.

There is also potential to be found in the fast-growing HD market. According to the German Association for Consumer and Communications Electronics, there were approximately 31 million HD-ready television sets in German households at the end of 2011. At the same time, German cable network operators offering HD stations in additional paid packages are seeing a significant rise in subscriber numbers. Between December 2010 and December 2011, the number of HD households increased almost tenfold to 2.9 million. The number of HD households in Germany is expected to reach close to 11 million by 2015. The ProSiebenSat.1 Group is represented in the packages of all major cable network operators with its four HD stations, and since 2011 has been taking a share in the technical access fees charged by cable providers for the stations. This opens up new sources of revenues for the ProSiebenSat.1 Group. Another important trend is the spread of "hybrid" TV sets. According to Screen Digest, there will be such a TV set in every fifth German household by the end of 2012. This will be a considerable boost to the user numbers of online video libraries. In recent years, ProSiebenSat.1 has developed maxdome as Germany's leading video-on-demand platform. ProSiebenSat.1 has thus established an adequate and attractive offer for users at an early stage, putting it in a position to benefit from this technical innovation and new forms of media usage.

New media law conditions also give rise to opportunities for growth. From 2013, a sponsorship ban will come into force on public television after 8 p.m. and on Sundays and public holidays. This gives the ProSiebenSat.1 Group an opportunity for additional revenues in the German TV advertising market.

The ProSiebenSat.1 Group leads the German advertising market in the adaption of new technologies and the implementation of innovative forms of advertising. The company expects to increase revenues in the advertising market further with the start of decentralized advertising. In this regard, ProSiebenSat.1 completed a trial with cable provider Kabel Baden-Württemberg at the end of 2011. New technology makes it possible to blend out the nationwide signal and play in decentralized advertising spots in cooperation with regional cable network operators. This presents an opportunity to win new customers who have not previously advertised on television or on ProSiebenSat.1 Group stations.

Further information on opportunities in corporate strategy, page 122.

Moreover, expansion into new sectors and markets also provides opportunities for growth. In 2011, the company acquired important investments in the games sector with burda:ic and Covus Games. The games sector is one of the fastest growing segments in the international entertainment industry. The European market already has an annual sales volume of EUR 2.0 billion and is thus larger than the North American games market. There is also potential for growth in international expansion. SevenOne International is opening a sales office in China in 2012. The company has successfully placed numerous TV formats on Asian TV, and wants to increase its Asian revenues further by being represented locally.

Cost efficiency, page 49, for a programming outlook on 2012, go to pages 120 and 121.

Our most important performance opportunity lies in further increasing the audience share of our television stations and realizing appropriate prices for our high-quality and effective media performance. New opportunities for growth are also offered by new revenue models such as media-for-revenue-share, through which we capitalize unsold advertising inventory, at the same time accessing new customer groups which have not previously advertised on television.

Future Economic Environment

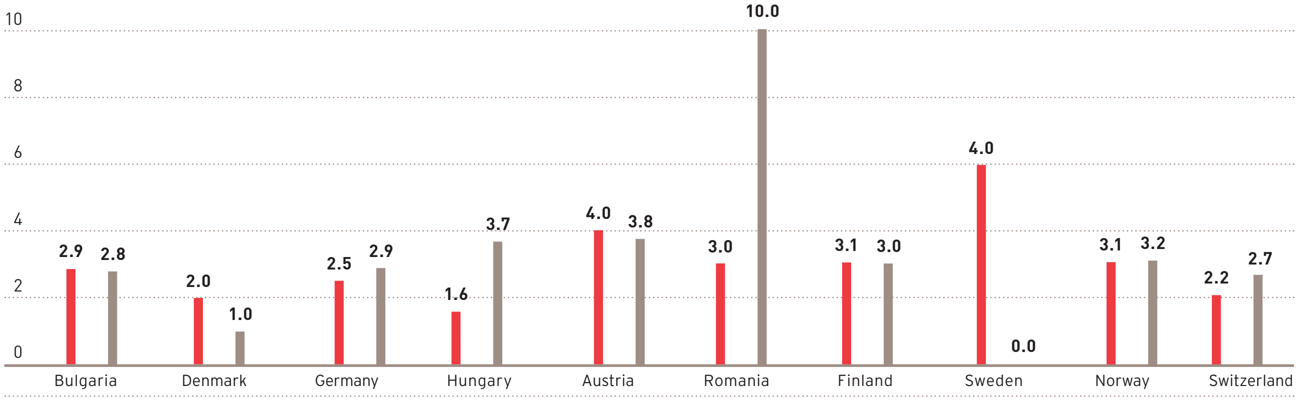
In 2012, it is anticipated that the global economy will continue expanding, but with momentum flagging somewhat. The International Monetary Fund is currently forecasting real growth of 3.3%, after 3.8% in 2011. In comparison to the previous forecast in September, expectations have been lowered considerably by 0.7 percentage points, primarily due to the exacerbation of the European debt crisis in the final quarter of 2011. The estimate for the euro zone was revised downward even more drastically – from plus 1.1% to minus 0.5%. The Monetary Fund identifies high interest rates on government bonds, banks' reduction of debt and austerity measures in many member states as the most important reasons for this. Among the major European economies, Spain and Italy will take the biggest hit. Growth in the emerging economies is also expected to slow down somewhat, one of the reasons for which being the deterioration of the export climate.

In comparison to its European neighbors, the outlook for the German economy is positive. Growth expectations for Germany currently vary between 0.3% (IMF) and a more optimistic 0.8% (Eurostat). There is no imminent risk of recession at the moment – despite the global economic downturn and the accompanying slowing of export momentum. The good employment market situation paired with household income, which is expected to increase, should continue to provide for stable consumer confidence and corresponding support for the domestic economy. The sentiment indicators for consumers and companies, the GfK Consumer Climate Index and the Ifo Business Climate Index, have also been trending upward in recent months. Both values are considered important leading indicators for future development in the advertising market. However, it must be remembered that all forecasts entail downside risks due to the current global economic situation.

With that said, the advertising markets are likely to develop stably. Forecasts for the next two years are predominantly positive – not counting downward trends in Eastern European countries. This also applies to TV advertising market development. The forecasts are summarized in the following graphs:

ANTICIPATED DEVELOPMENT OF THE TV ADVERTISING MARKET IN COUNTRIES IMPORTANT FOR PROSIEBENSAT.1 (Fig. 64)

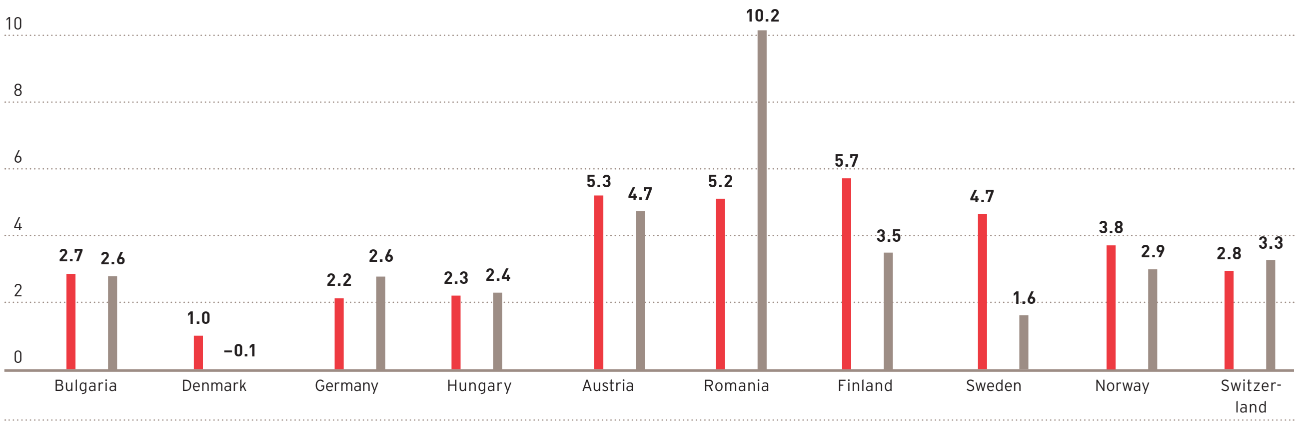
in percent, change vs. prior year



Source: ZenithOptimedia (12/2011), figures extensively harmonized on a net basis, but methodological differences between different countries and sources.

ANTICIPATED DEVELOPMENT OF THE OVERALL ADVERTISING MARKET IN COUNTRIES IMPORTANT FOR PROSIEBENSAT.1 (Fig. 65)

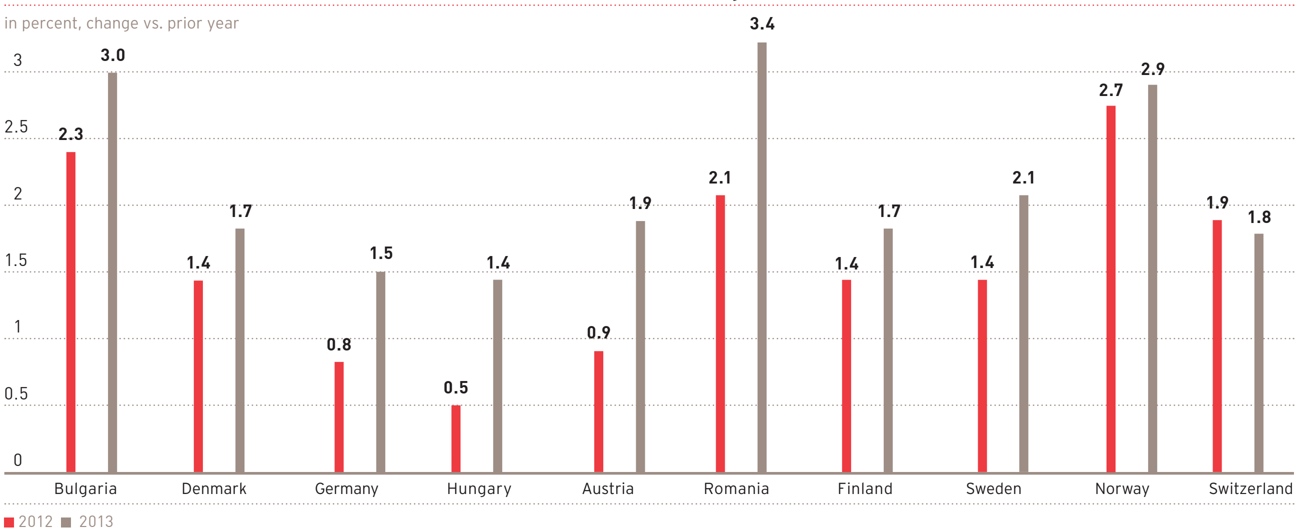
in percent, change vs. prior year



Source: ZenithOptimedia (12/2011), figures extensively harmonized on a net basis, but methodological differences between different countries and sources.

FORECASTS FOR REAL GDP IN COUNTRIES IMPORTANT FOR PROSIEBENSAT.1 (Fig. 66)

in percent, change vs. prior year



Source: Eurostat (as of: February 14, 2012).

Strong local formats and the best programs from Hollywood: This is how we inspire our audience in 2012.

PROGRAMMING OUTLOOK FOR 2012

.....a

TOP MODELS.....(a) From February 23, 51 aspiring models will once again stride down the catwalk, pose for photo shoots and face up to various challenges. After six successful seasons, **"Germany's Next Top Model – by Heidi Klum"** on ProSieben is entering its seventh round – Thursdays at 8.15 p.m. on ProSieben.

VOICES OF GOLD.....(b) The candidates compete against each other in eight categories – and sing for a great deal of money. In the SAT.1 talent-game show **"The Winner is"**, the contestants can win up to EUR 1 million. They are helped along the way by TV presenter Linda de Mol.

.....b

SERIES FAVORITES.....(c) The successful SAT.1 series are back: From February 6, Henning Baum, alias Mick Brisgau, is once again **"Der letzte Bulle"** on Mondays at 8.15 p.m. Directly afterward, lawyer "Danni Lowinski" fights valiantly for the rights of ordinary people in her third season.

.....c

COWBOY.....(d) Deputy Marshal Raylan Givens is reassigned to the backcountry of Kentucky. He is none too pleased when he encounters old acquaintances in his old hometown: his now racist ex-buddy, his criminal father and his ex-wife. kabel eins is showing the critically acclaimed US crime series **"Justified"** from March 10, every Saturday at 11.15 p.m.

.....d


.....e

DANCE FEVER.....(e) In 2011, sixx was enormously successful with its **"Dance Summer"**. This year, the station is causing even more of a stir: "Saturday Night Fever", "Center Stage" or "Save the Last Dance" are just some of the hit films showing on sixx from March on.


.....f

COLD SHOCK.....(f) Who is Norway's toughest celeb? TVNorge will find out once again from February 27 in its hit show **"71 Degrees North – Norways toughest celebrity"**. 14 celebrities battle their way from Southern Norway to the North Cape, completing nerve-wracking tasks along the way. Mondays at 8.30 p.m. on TVNorge.

SHOW MASTER.....(g) The whole of Finland loves him. Tuomas Enbuske will be talking on TV5 from March in the style of the great American role models. The **"Tuomas Enbuske Talk Show"** is on every Monday to Thursday at 8.00 p.m.


.....g

MIRACLE VOICES.....(h) In spring 2012, Hungarian station TV2 is renewing its search for a **"Megasztar"**. The successful talent show is now running for the sixth time and regularly delivers the channel dream ratings.


.....h

.....i

OBSERVER.....(i) From January 30, Denmark will be under the watchful eye of **"Big Brother 2012"**. The show is the biggest multimedia event that Kanal 5 has ever aired and is supported via the radio and internet.

BÊTE NOIRE.....(j) Policewoman Kate Beckett and crime author Richard **"Castle"** make an odd team. She is his muse, he her bête noire. The successful US series launched on the Austrian station PULS 4 on January 6. In Germany, kabel eins is already to start showing the fourth season at the beginning of March.

.....j

Company Outlook

Basis for our forecast

Further information appears in the Notes on page 168. There, the assumptions of the annual impairment test, which is based on the Group's 5-year planning, are explained.

› **Planning assumptions:** The global economy continued to grow in 2011, but visibility decreased at the same time. Our forecast is based on our current estimate that the economy in Europe, and in particular in the German core market, will not weaken considerably. Therefore, we should at least be able to maintain previous price levels. Major TV events like the Olympic Games and the 2012 European Soccer Championship, to which ProSiebenSat.1 does not hold the broadcasting rights, are not likely to weaken our performance on a sustainable basis. Our objective remains to strengthen our profitability primarily through revenue growth. We see most potential for growth in the Diversification segment, in areas including games, ventures and content production.

Advertising markets are very sensitive to changes in the economy. Political conditions and legal developments also influence these markets, so that predictions are always subject to uncertainty. It is customary in this business that TV advertising is very often booked at extremely short notice, which also limits planning certainty. Although ProSiebenSat.1 has concluded framework agreements on volumes to be taken and conditions with a large number of its advertising customers, the final budgets are sometimes confirmed only on a month-by-month basis. The price level is based on factors such as current audience share and broadcast time. Additional advertising budgets are often only granted toward the end of the year. For the reasons given, a full-year forecast cannot be precisely quantified at this point in time. This Company Outlook will give a qualitative forecast for all relevant key financial figures in 2012 and 2013. The qualitative indicators "increase" "slight increase", "medium increase", "significant increase", "stable development" and "reduction" are derived from internal classifications based on percentage deviations from the respective previous year.

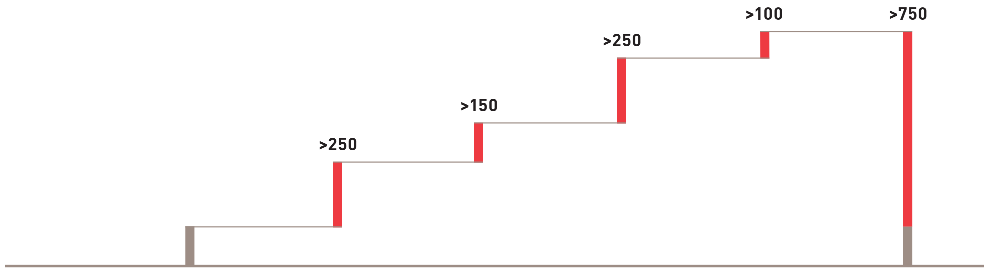
Seasonality, page 63.

› **Strategic focus:** Attractive TV and diversification brands distinguish the ProSiebenSat.1 Group as one of Europe's leading media groups. But ProSiebenSat.1 holds a strong position financially as well as strategically. With a recurring EBITDA profit margin of approximately 30%, we are one of the most profitable media corporations in Europe. To further expand our market position, we have defined three strategic fields of action, which we will pursue vigorously in future. We want to strengthen the core business of television financed by advertising, develop new business models in related areas and ensure efficiency through outstanding implementation.

Our four-pillar strategy will help us take our opportunities even more consistently and to reduce systematically our dependence on the German TV advertising market. We will measure the success of our strategy by the progress made from 2010 on the way to our revenue targets for 2015. In 2011, we hit important intermediate targets in all four growth areas and generated approximately 25% of our 2015 revenue target.

GROWTH TARGETS 2015 AND DEGREE OF ACHIEVEMENT 2011 (Fig. 67)

Revenue growth in EUR m



Degree of achievement 2011	2010[1]	Broadcasting German-speaking	Broadcasting International	Digital & Adjacent[2]	Content Production & Global Sales	2015e
EUR m		**50**	**62**	**53**	**20**	**186**
In percent		**20**	**41**	**21**	**20**	**25**

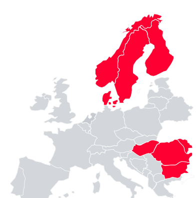
1 Growth rate of external revenues vs. 2010 from continuing operations.
2 Revenues without 9Live. External revenues.

The ProSiebenSat.1 Group presented its growth targets for 2015 to the capital market in Fall 2011. At the beginning of financial year 2012, we adjusted our segment reporting on the basis of our four-pillar strategy. The following outlook for the individual segments is thus presented according to the new structure. It outlines the segment-specific forecasts for the 2012 to 2013 projection period as well as the targets for 2015.

FOUR PILLARS OF THE 2015 GROWTH STRATEGY (Fig. 68)

SEGMENTS

Broadcasting German-speaking[1]	Broadcasting International[2]	Diversification[3]	
		Digital & Adjacent	Content Production & Global Sales



1 The "Broadcasting German-speaking" segment includes TV activities in Germany, Austria and Switzerland, but no longer the production and distribution subsidiary Red Arrow Entertainment.
2 Radio is integrated into the "Broadcasting International" segment.
3 The growth pillars of "Digital & Adjacent" and "Content Production & Global Sales" are consolidated in the Diversification segment.

Future Group and segment revenue and earnings performance

The ProSiebenSat.1 Group expects to continue on its profitable growth in the 2012 and 2013 projection period.

FORECAST FOR GROUP KEY FIGURES – 2-YEAR VIEW (Fig.69)

EUR m	2011	Forecast[1]
Revenues	2,756.2	Increase
Operating costs	1,915.7	Increase
Recurring EBITDA	850.0	Increase
Underlying net income for the Group from continuing operations	309.4	Increase
Net financial debt	1,817.8	Reduction

1 2012 and 2013; against previous year.

The company started the first quarter of 2012 well and is aiming for revenues growth in the mid-single-digit percentage area for the year as a whole. In 2012, recurring costs will increase due to various growth initiatives, particularly in the Diversification segment. However, our strict cost management and high revenues are likely to compensate for this. In our core TV business we anticipate stable to slightly increasing costs. Overall, we anticipate that costs will rise in line with revenues. The revenue growth is expected to lead to an increase in recurring EBITDA and the margin remaining high. In combination with interest and financing expenses decreasing by probably more than EUR 50 million, leading to an improved financial result, the increase in revenues is set to contribute to a further increase in underlying net income compared to the figure for 2011. In line with our current assessment of the general conditions, we expect further revenue and earnings growth in 2013. All segments are set to make a contribution here.

FORECAST FOR SEGMENT KEY FIGURES – 2-YEAR VIEW (NEW SEGMENT STRUCTURE) (Fig. 70)

	2011		Forecast[1]	
EUR m	Revenues	Recurring EBITDA	Revenues	Recurring EBITDA
Broadcasting German-speaking (previously Free-TV German-speaking)	1,936.6	666.4	Stable development to slight increase	
Broadcasting International (previously Free-TV International)	475.2	97.8	Medium increase	
Diversification	344.4	82.4	Significant increase	

1 2012 and 2013; against previous year.

- **Broadcasting German-speaking segment:** In the German-speaking advertising markets we are expecting positive development overall. The positive economic trend is expected to continue in the current year, but is likely to slow down. The net projections for 2012 of the ZenithOptimedia agency group and the World Advertising Research Center (WARC) are relatively optimistic for the German TV advertising market, with 2.5% and 2.2% growth respectively. Our own forecasts our more conservative, but we expect at least stable development in TV advertising investment in Germany. Against this backdrop, revenues in the Broadcasting German-speaking segment should at least grow in line with the market in 2012. In terms of recurring EBITDA, we anticipate at least a stable development, as it is not expected that costs will rise faster than revenues. By 2015, we plan to generate additional revenues in this segment EUR 250 million higher than 2010, using powerful formats such as "The Voice of Germany" and optimized sales strategies.

The use of new broadcasting technology such as HD and the expansion of new stations will make an important contribution. The TV station Austria Neun has complemented the Austrian family of stations since March 2012.

- **Broadcasting International segment:** We likewise anticipate further favorable business performance in Broadcasting International. For 2012, we are expecting revenue growth in the mid-single-digit area for the segment. The basis for this forecast is the assumption of leading research institutes that even though economic momentum in Northern Europe is slowing somewhat, advertising markets will continue to grow. We do not anticipate a recovery of the Eastern European economy in 2012, but in the medium and long term we see the Eastern European markets as an attractive region with clear potential for high growth rates. By 2015, we want to increase segment revenue by more than EUR 150 million on 2010. To this end, the Group is expanding existing operations but also evaluating future growth markets.

- **Diversification segment (Digital & Adjacent and Content Production & Global Sales):** In addition to our strong position in our core business, free TV financed by advertising, which we want to strengthen further over the next few years, we are focused on expanding the Diversification segment. We anticipate that the dynamic growth of the past few years will continue in the Digital & Adjacent business area. We will continue to pursue the goal of linking TV with our online, pay and mobile offerings and expand our games portfolio. The "media-for-revenue-share" and "media-for-equity" business models also made a significant contribution to our success in 2011. Therefore, we will extend these business models further with new strategic partnerships in 2012. For 2012 and beyond, we forecast an increase in revenues in "Digital & Adjacent" in the double-digit percentage area. By 2015, we estimate that revenues will be more than EUR 250 million above 2010.

  In Content Production & Global Sales we are targeting more than EUR 100 million of additional revenue by 2015 as compared to 2010. The expansion to the UK and the USA has already paid off. In 2012, we plan to continue advancing the international growth of the Red Arrow Entertainment Group and enter the dynamic Asian TV market. In the second half of 2012, the international programming sales operation is opening a permanent branch in Hong Kong. We are aiming for a dynamic increase in revenues for 2012. We also intend the annual growth rate in terms of revenue to be well above 20% in the years ahead.

Overall, to 2015 we have identified additional growth potential exceeding EUR 750 million with regard to consolidated revenues in comparison to 2010. It is our aim to generate almost 50% of total revenues outside traditional TV advertising in Germany. ProSiebenSat.1 aims for double-digit overall growth in all areas outside the traditional TV and radio advertising business.

Future financial position and performance

The use of disposal proceeds from the sale of the companies in Belgium and the Netherlands to repay loans was an important step in improving our capital structure. With an equity ratio of 28.6% as of December 31, 2011, the Group is in a solid financial position. For the 2012 and 2013 projection period we are expecting an equity ratio at a high level similar to 2011.

We set a target range of 1.5 to 2.5 for our financial leverage, and we are adhere to it. Last financial year, the ProSiebenSat.1 Group not only repaid a significant portion of its loans, reducing its leverage to 2.1, but also extended the maturities of most of the remaining term loans. Our financing is thus secured at attractive conditions for the long term. However, we are monitoring the financial markets very closely and regularly review options for refinancing or extending the maturities of our loans, in order to increase our capital efficiency further.

As of the reporting date, the ProSiebenSat.1 Group recorded a high level of cash and cash equivalents. Growth in earnings will continue to have a positive impact. From the current perspective, there is thus sufficient liquidity and financing headroom for 2012 and 2013. In the future, the largest part of our investments will continue to go into programming assets – and thus to the Broadcasting German-speaking and Broadcasting International segments. The ProSiebenSat.1 Group expects to increase its free cash flow further and thus cover future business acquisitions.

Dividend policy

The Group is adhering to its general dividend policy of distributing approximately 80% to 90% of the underlying net income from continuing operations adjusted for special items. Therefore, the Executive Board will propose to the Supervisory Board a dividend for 2011 of EUR 1.17 per preference share (previous year: EUR 1.14) and EUR 1.15 per common share (previous year: EUR 1.12). In total, the company would distribute EUR 244.9 million (previous year: EUR 241.2 million) which equates to a payout ratio of 79.2% of underlying net income from continuing operations.

NOTE ON FORWARD-LOOKING STATEMENTS ON FUTURE EARNINGS; FINANCIAL POSITION AND PERFORMANCE:

Our forecast is based on current assessments of future developments. Examples of risks and uncertainties which can negatively impact this forecast are a slowing of the economic recovery, a decline in advertising investments, increasing costs for program procurement, changes in exchange rates or interest rates, negative rating trends or even a sustained change in media use, changes in legislation, regulatory regulations or media policy guidelines. Further uncertain factors are described in the Risk Report from page 101 onwards. If one or even more of these imponderables occurs or if the assumptions on which the forward-looking statements are made do not occur, then actual events can deviate materially from the statements made or implicitly expressed.

CONSOLIDATED FINANCIAL STATEMENTS

TV at any place and at any time: For example with **ONLINE VIDEOS FROM MYVIDEO**! In this way Niklas (18) can show his girlfriend Julia (17) the best "The Voice of Germany" moments again and again. No wonder that immediately after release the MyVideo app for the iPad shot to the **TOP OF THE ITUNES CHARTS** – and stayed there for two weeks.

DIGITAL & ADJACENT

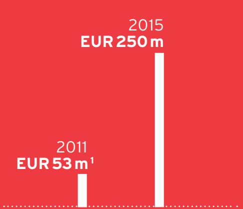
PILLAR 3

Television from ProSiebenSat.1 fascinates – around the clock. We are building our third pillar on this strong foundation – and taking the opportunities offered by the **DIGITAL AGE**. Our viewers can thus keep up-to-date with their favorite shows independently of their scheduled broadcast - whenever and wherever they want. At the same time, we are opening up new and very lucrative business areas.

We have a **UNIQUE STARTING POSITION**: ProSiebenSat.1 owns a near inexhaustible stock of premium video material that we can use on all digital platforms. No wonder that we are already leaders in the marketing of video content on the internet.

We are developing the following products systematically: **ONLINE VIDEOS** with MyVideo, where we already provide more than 20,000 hours of professional entertainment programming - which we want to expand further alongside the user-generated content. **VIDEO-ON-DEMAND** with maxdome – the largest online video library in Europe with 45,000 titles. **ONLINE GAMES** – with which we soon want to be one of the leading providers in Europe. **COMMERCE & VENTURE** – we have set industry standards with innovative revenue models: Start-ups receive advertising time from us in return for a share in the company or revenue.

PILLAR 3 – FACTS & FIGURES



Additional revenues potential to 2015
EUR 250 million, EUR 53 million[1] of which were generated in 2011.

+103 Percent

Selling online video in internet
With a revenues growth of up 103 percent to EUR 82 million in 2011 we are clearly market leader in this area.

1 Number

MyVideo iPad app Within 24 hours after the September 2011 launch the No. 1 in the iTunes charts – for two weeks.

[1] Revenues without 9Live.

Income Statement

INCOME STATEMENT OF PROSIEBENSAT.1 GROUP (Fig. 71)

EUR m			2011	2010	Change	Change in %
CONTINUING OPERATIONS						
1.	Revenues	[8]	2,756.2	2,601.0	155.2	6%
2.	Cost of sales	[9]	-1,501.3	-1,382.9	-118.4	9%
3.	**Gross profit**		**1,254.9**	**1,218.1**	**36.8**	**3%**
4.	Selling expenses	[10]	-345.6	-352.7	7.1	-2%
5.	Administrative expenses	[11]	-312.3	-309.8	-2.5	1%
6.	Other operating income	[12]	9.7	11.2	-1.5	-13%
7.	**Operating profit**		**606.7**	**566.8**	**39.9**	**7%**
8.	Interest and similar income		9.5	5.1	4.4	86%
9.	Interest and similar expenses		-207.8	-224.5	16.7	-7%
10.	Interest result	[13]	-198.3	-219.4	21.1	-10%
11.	Income from investments accounted for using the equity method	[14]	3.3	-11.3	14.6	- / -
12.	Other financial result	[14]	-45.1	-7.5	-37.6	-501%
13.	**Financial result**		**-240.1**	**-238.2**	**-1.9**	**1%**
14.	**Profit before income taxes**		**366.6**	**328.6**	**38.0**	**12%**
15.	Income taxes	[15]	-97.2	-88.4	-8.8	10%
16.	**Profit for the period from continuing operations**		**269.4**	**240.2**	**29.2**	**12%**
	Discontinued operations					
17.	Profit from discontinued operations (net of income taxes)	[3]	375.0	78.1	296.9	380%
18.	**Profit for the period**		**644.4**	**318.3**	**326.1**	**102%**
	attributable to Shareholders of ProSiebenSat.1 Media AG		637.5	312.7	324.8	104%
	Non-controlling interests		6.9	5.6	1.3	23%
EUR						
	Earnings per share					
	Basic earnings per share of common stock	[16]	2.99	1.46	1.53	105%
	Basic earnings per share of preferred stock	[16]	3.01	1.48	1.53	103%
	Diluted earnings per share of common stock	[16]	2.96	1.44	1.52	106%
	Diluted earnings per share of preferred stock	[16]	2.98	1.45	1.53	106%
	Earnings per share from continuing operations					
	Basic earnings per share of common stock	[16]	1.23	1.09	0.14	13%
	Basic earnings per share of preferred stock	[16]	1.24	1.11	0.13	12%
	Diluted earnings per share of common stock	[16]	1.22	1.08	0.14	13%
	Diluted earnings per share of preferred stock	[16]	1.23	1.10	0.13	12%
	Earnings per share from discontinued operations					
	Basic earnings per share of common stock	[16]	1.76	0.37	1.39	376%
	Basic earnings per share of preferred stock	[16]	1.77	0.37	1.40	378%
	Diluted earnings per share of common stock	[16]	1.74	0.36	1.38	383%
	Diluted earnings per share of preferred stock	[16]	1.75	0.35	1.40	400%

Statement of Comprehensive Income

STATEMENT OF COMPREHENSIVE INCOME OF PROSIEBENSAT.1 GROUP (Fig. 72)

EUR m	2011	2010	Change	Change in %
Profit for the period	**644.4**	**318.3**	**326.1**	**102%**
Change in foreign currency translation adjustment[1]	-9.3	72.4	-81.7	- / -
Changes in fair value of cash flow hedges	77.3	42.9	34.4	80%
Deferred tax on other comprehensive income	-20.5	-11.8	-8.7	-74%
Other comprehensive income for the period	**47.5**	**103.5**	**-56.0**	**-54%**
Total comprehensive income for the period	**691.9**	**421.8**	**270.1**	**64%**
attributable to Shareholders of ProSiebenSat.1 Media AG	685.1	416.0	269.1	65%
Non-controlling interests	6.8	5.8	1.0	17%

1 Includes non-controlling interests from change in foreign currency translation adjustment in 2011 of minus 0.1 EURm (2010: 0.2 EURm)

Statement of Financial Position

STATEMENT OF FINANCIAL POSITION OF PROSIEBENSAT.1 GROUP (Fig. 73)

EUR m			12/31/2011	12/31/2010	Change
A.	**NON-CURRENT ASSETS**				
I.	Intangible assets	[18]	2,169.3	3,037.1	-867.8
II.	Property, plant and equipment	[19]	221.3	232.2	-10.9
III.	Investments accounted for using the equity method	[20]	1.0	1.1	-0.1
IV.	Non-current financial assets	[20]	56.5	63.0	-6.5
V.	Programming assets	[21]	1,337.8	1,497.7	-159.9
VI.	Non-current tax assets		- / -	2.2	-2.2
VII.	Other receivables and non-current assets	[23]	2.6	3.5	-0.9
VIII.	Deferred tax assets	[15]	78.8	87.1	-8.3
			3,867.3	**4,923.9**	**-1,056.6**
B.	**CURRENT ASSETS**				
I.	Programming assets	[21]	193.5	156.9	36.6
II.	Inventories	[22]	1.0	0.5	0.5
III.	Current financial assets		0.0	0.2	-0.2
IV.	Trade receivables	[23]	279.4	321.0	-41.6
V.	Current tax assets		39.2	32.0	7.2
VI.	Other receivables and current assets	[23]	135.3	141.1	-5.8
VII.	Cash and cash equivalents	[24]	517.9	740.7	-222.8
			1,166.3	**1,392.4**	**-226.1**
	Total assets		**5,033.6**	**6,316.3**	**-1,282.7**

(Fig. 73)

EUR m			12/31/2011	12/31/2010	Change
A.	**Equity**	[25]			
I.	Subscribed capital		218.8	218.8	- / -
II.	Capital reserves		575.5	577.6	-2.1
III.	Retained earnings		782.3	386.2	396.1
IV.	Treasury shares		-52.5	-25.4	-27.1
V.	Accumulated other comprehensive income		-92.3	-139.9	47.6
VI.	Other equity		-0.4	- / -	-0.4
	Total equity attributable to shareholders of ProSiebenSat.1 Media AG		1,431.4	1,017.3	414.1
VII.	Non-controlling interests		10.0	8.6	1.4
			1,441.4	**1,025.9**	**415.5**
B.	**Non-current liabilities**				
I.	Non-current loans and borrowings	[28]	2,335.6	3,531.3	-1.195.7
II.	Other non-current financial liabilities	[28]	279.0	348.5	-69.5
III.	Trade payables	[28]	46.8	41.8	5.0
IV.	Other non-current liabilities	[29]	1.3	1.7	-0.4
V.	Provisions for pensions	[26]	10.1	9.1	1.0
VI.	Other non-current provisions	[27]	6.4	16.2	-9.8
VII.	Deferred tax liabilities	[15]	138.7	163.7	-25.0
			2,817.9	**4,112.3**	**-1,294.4**
C.	**Current liabilities**				
I.	Current loans and borrowings	[28]	0.1	230.6	-230.5
II.	Other current financial liabilities	[28]	47.5	39.4	8.1
III.	Trade payables	[28]	410.0	485.0	-75.0
IV.	Other current liabilities	[29]	188.5	275.8	-87.3
V.	Provisions for taxes		49.5	73.0	-23.5
VI.	Other current provisions	[27]	78.7	74.3	4.4
			774.3	**1,178.1**	**-403.8**
	Total equity and liabilities		**5,033.6**	**6,316.3**	**-1,282.7**

Cash flow Statement

CASH FLOW STATEMENT OF PROSIEBENSAT.1 GROUP (Fig. 74)

EUR m	2011	2010
Profit from continuing operations	269.4	240.2
Profit from discontinued operations (net of income taxes)	375.0	78.1
of which gain on the sale of discontinued operations (net of tax)	335.8	- / -
Profit for the period	**644.4**	**318.3**
Income taxes	97.2	88.4
Financial result	240.1	238.2
Depreciation/amortization and impairment of intangible and tangible assets	145.7	127.0
Consumption/reversal of impairment of programming assets	1,062.8	941.7
Change in provisions for pensions and other provisions	10.7	23.1
Gain/loss on the sale of assets	-1.0	37.0
Other noncash income/expenses	-21.8	-8.4
Cashflow from operating activities of continuing operations	1,803.1	1,687.2
Cashflow from operating activities of discontinued operations	113.2	235.0
Cash flow total	**1,916.3**	**1,922.2**
Change in working capital	-13.0	35.6
Dividends received	3.3	2.4
Income tax paid	-107.7	-133.6
Interest paid	-204.5	-230.0
Interest received	8.3	3.8
Cashflow from operating activities of continuing operations	1,489.5	1,365.4
Cashflow from operating activities of discontinued operations	-132.7	241.9
Cash flow from operating activities total	**1,356.8**	**1,607.3**
Proceeds from disposal of non-current assets	1.4	1.8
Payments for the acquisition of intangible and tangible assets	-88.5	-69.1
Payments for the acquisition of financial assets	-2.3	-1.4
Proceeds from disposal of programming assets	37.2	33.4
Payments for the acquisition of programming assets	-1,161.0	-1,098.6
Payments for loans to associated companies	- / -	-3.4
Cash flows from obtaining control of subsidiaries or other business	-18.1	-11.8
Cash flows from losing control of subsidiaries or other business	2.6	-37.3
Cashflow from investing activities of continuing operations	-1,228.7	-1,186.4
Cashflow from investing activities of discontinued operations	1,377.5	-138.7
of which proceeds from disposal of discontinued operation (net of cash disposed of)	1,459.4	- / -
Cash flow from investing activities total	**148.8**	**-1,325.1**
Free Cash flow	**1,505.6**	**282.2**
Dividends paid	-241.2	-2.1
Repayment of interest-bearing liabilities	-1,430.7	-278.6
Proceeds from issuance of interest-bearing liabilities	- / -	0.6
Repayment of finance lease liabilities	-9.6	-9.8
Proceeds from the exercise of stock options	5.6	4.8
Payments for businesses without change in control	-0.1	- / -
Proceeds from the issue of share capital from non-controlling interests	- / -	- / -
Repurchase of treasury shares	-32.6	- / -
Payment of financing costs	-10.2	- / -
Dividend payments to non-controlling interests	-5.8	-5.6
Cashflow from financing activities of continuing operations	-1,724.6	-290.7
Cashflow from financing activities of discontinued operations	- / -	0.3
Cash flow from financing activities total	**-1,724.6**	**-290.4**
Effect of foreign exchange rate changes of continuing operations on cash and cash equivalents	-1.9	11.7
Effect of foreign exchange rate changes of discontinued operations on cash and cash equivalents	-1.9	-0.2
Change in cash and cash equivalents total	**-222.8**	**3.3**
Cash and cash equivalents at beginning of reporting period	740.7	737.4
Cash and cash equivalents at end of reporting period	**517.9**	**740.7**

Statement of Changes in Equity

STATEMENT OF CHANGES IN EQUITY OF PROSIEBENSAT.1 GROUP FOR 2010 (Fig. 75)

EUR m

					Accumulated other comprehensive income						
	Subscribed capital	Capital reserves	Retained earnings	Treasury shares	Foreign currency translation adjustment	Fair value changes of Cash Flow Hedges	Deferred taxes	Other Equity	Total equity attributable to shareholders of ProSiebenSat.1 Media AG	Non-controlling interests	Total equity
December 31, 2009	218.8	578.7	75.5	-30.5	-71.4	-235.9	64.1	- / -	599.3	7.7	607.0
Profit for the period	- / -	- / -	312.7	- / -	- / -	- / -	- / -	- / -	312.7	5.6	318.3
Other comprehensive income	- / -	- / -	- / -	- / -	72.2	42.9	-11.8	- / -	103.3	0.2	103.5
Total comprehensive income	**- / -**	**- / -**	**312.7**	**- / -**	**72.2**	**42.9**	**-11.8**	**- / -**	**416.0**	**5.8**	**421.8**
Dividends paid	- / -	- / -	-2.1	- / -	- / -	- / -	- / -	- / -	-2.1	-5.6	-7.7
Stock option plan	- / -	-1.1	- / -	- / -	- / -	- / -	- / -	- / -	-1.1	- / -	-1.1
Other changes	- / -	- / -	0.1	5.1	- / -	- / -	- / -	- / -	5.2	0.7	5.9
December 31, 2010	**218.8**	**577.6**	**386.2**	**-25.4**	**0.8**	**-193.0**	**52.3**	**- / -**	**1,017.3**	**8.6**	**1,025.9**

STATEMENT OF CHANGES IN EQUITY OF PROSIEBENSAT.1 GROUP FOR 2011 (Fig. 76)

EUR m

					Accumulated other comprehensive income						
	Subscribed capital	Capital reserves	Retained earnings	Treasury shares	Foreign currency translation adjustment	Fair value changes of Cash Flow Hedges	Deferred taxes	Other Equity	Total equity attributable to shareholders of ProSiebenSat.1 Media AG	Non-controlling interests	Total equity
December 31, 2010	218.8	577.6	386.2	-25.4	0.8	-193.0	52.3	- / -	1,017.3	8.6	1,025.9
Profit for the period	- / -	- / -	637.5	- / -	- / -	- / -	- / -	- / -	637.5	6.9	644.4
Other comprehensive income	- / -	- / -	- / -	- / -	-9.2	77.3	-20.5	- / -	47.6	-0.1	47.5
Total comprehensive income	**- / -**	**- / -**	**637.5**	**- / -**	**-9.2**	**77.3**	**-20.5**	**- / -**	**685.1**	**6.8**	**691.9**
Dividends paid	- / -	- / -	-241.2	- / -	- / -	- / -	- / -	- / -	-241.2	-5.8	-247.0
Stock option plan	- / -	4.0	- / -	- / -	- / -	- / -	- / -	- / -	4.0	- / -	4.0
Repurchase of treasury stock	- / -	- / -	- / -	-32.6	- / -	- / -	- / -	- / -	-32.6	- / -	-32.6
Other changes	- / -	-6.1	-0.2	5.5	- / -	- / -	- / -	-0.4	-1.2	0.4	-0.8
December 31, 2011	**218.8**	**575.5**	**782.3**	**-52.5**	**-8.4**	**-115.7**	**31.8**	**-0.4**	**1,431.4**	**10.0**	**1,441.4**

Notes

Basis of Preparation

1 General information

ProSiebenSat.1 Media AG, the ultimate parent company of the Group, is registered under the name ProSiebenSat.1 Media AG with the Munich District Court, Germany (HRB 124 169). The Company's registered office and principal place of business is Unterföhring. Its address is ProSiebenSat.1 Media AG, Medienallee 7, 85774 Unterföhring, Germany.

The ProSiebenSat.1 Group is one of Europe's leading media companies. Beyond its core business of television, the portfolio of the Group includes numerous Internet brands, stakes in radio stations and new media companies, as well as activities in music business, live event and artist management.

The consolidated financial statements of ProSiebenSat.1 Media AG and its subsidiaries (the "ProSiebenSat.1 Group," the "Group") for the financial year ending December 31, 2011 were prepared in accordance with the International Financial Reporting Standards (IFRSs) of the International Accounting Standards Board (IASB), as adopted by the European Union pursuant to EU Regulation No. 1606/2002 of the European Parliament and the Council concerning the use of International Accounting Standards. The term IFRSs also includes the International Accounting Standards (IASs) that are still in effect. All binding interpretations of the International Financial Reporting Interpretations Committee (IFRIC) that were mandatory for financial year 2011 were also applied. The additional requirements of Section 315a of the German Commercial Code (HGB) were also followed.

The ProSiebenSat.1 Media AG prepares and publishes its consolidated financial statements in Euro. All amounts are presented in million Euro (Euro m) unless otherwise stated. The figures for the financial year 2011 concern the continued operations of the ProSiebenSat.1 Group unless otherwise stated; where necessary, the prior year figures were adjusted respectively. The consolidated statement of income is presented using the cost of sales method. The consolidated statement of financial position follows the organizational requirements of IAS 1. The presentation in the statement of financial position distinguishes between current and non-current assets and liabilities. Assets and liabilities are classified as current when they are expected to be settled within one year.

To provide a clearer and more meaningful picture, certain items have been combined in the consolidated income statement and the consolidated statement of financial position, while specific explanations by item are provided in the Notes.

In March 2011, the Executive Board and Supervisory Board of ProSiebenSat.1 Media AG jointly issued the annual Declaration of Compliance with the German Corporate Governance Code, as required under Section 161 of the German Stock Corporations Act (AktG), and made it permanently available to the shareholders of ProSiebenSat.1 Media AG on the Group's website (www.prosiebensat1.com). The consolidated financial statements of ProSiebenSat.1 Media AG for financial year 2011 were approved for submission to the Supervisory Board by decision of the Executive Board on March 8, 2012.

2 Scope of consolidation

The consolidated financial statements of ProSiebenSat.1 Media AG include all material subsidiaries. Subsidiaries are defined as entities in which ProSiebenSat.1 Media AG directly or indirectly holds a majority of voting rights or whose activities it can otherwise control. These entities are included in the consolidated financial statements as of the date on which the Group obtains control. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by another entity, are considered when assessing whether an entity has the power to govern the financial and operating policies of another entity.

If applicable, the annual financial statements of the subsidiaries are aligned to the accounting policies of the Group.

Four (previous year: 4) subsidiaries with suspended or only minor business activities which are only of subordinate importance for presenting a fair picture of the financial position and performance as well as the cash flow of the ProSiebenSat.1 Group are not included in the scope of consolidation. As no active market exists for these companies and their fair values cannot be reliably measured without incurring unreasonable expense, they are recognized in the consolidated financial statements at cost, where necessary including impairments. The total amount of equity and the total profit after taxes of these companies are less than 1% of the consolidated equity and less than 1% of the consolidated profit of the ProSiebenSat.1 Group.

The number of subsidiaries included in the consolidated financial statements changed as follows in the financial year 2011:

	Germany	Other countries	Total
Included at December 31, 2010	54	109	163
Additions	5	14	19
Disposals	-3	-28	-31
Included at December 31, 2011	**56**	**95**	**151**

In addition to the fully consolidated entities, seven (previous year: 7) associates and two (previous year: 8) joint ventures were consolidated using the equity method. Associates are companies over which ProSiebenSat.1 Media AG has a significant influence, but which are neither subsidiaries nor joint ventures. Joint ventures are companies that are jointly controlled together with other entities.

The list of shareholdings in major Group companies required under Section 313 (2) of the German Commercial Code and which is part of the Notes, is provided on pages 207 through 210. In addition, the list of shareholdings also contains a list of all subsidiaries which meet the requirements of Section 264 (3) of the German Commercial Code, and are exercising their option to be exempted from certain requirements concerning the preparation, auditing and publication of the annual financial statements and the management report.

3 Acquisitions and disposals

a) Acquisitions

Key acquisitions in the financial year 2011

Acquisition of maxdome GmbH & Co. KG

Effective January 1, 2011 ProSiebenSat.1 Media AG acquired the remaining 50% interest in maxdome GmbH & Co. KG, Unterföhring, from 1 & 1 Internet AG. As a result of obtaining control, the former joint venture, previously reported using the equity method was fully consolidated from that date. With the acquisition, the ProSiebenSat.1 Group strengthened its market position in the video-on-demand area. The company is allocated to the Diversification segment.

The purchase price in line with IFRS 3 contains an agreement with the seller of the acquired interest on a media cooperation. At acquisition the fair value of this agreement amounted to EUR 5.4 million, at December 31, 2011 the fair value amounts to EUR 3.2 million.

In addition, the acquisition resulted in a gain of EUR 3.1 million in financial year 2011 from the remeasurement of the 50% interest previously held. This gain was recognized in other financial income. The purchase consideration includes a payment due in 2014 measured at the discounted amount of EUR 8.2 million at the date of acquisition. The carrying amount of the agreement was EUR 8.7 million at December 31, 2011. Furthermore, a payment of EUR 6.0 million was made at the end of 2010.

The business combination settled a pre-existing lender and borrower relationship between ProSiebenSat.1 Group (as lender) and maxdome GmbH & Co. KG (as borrower). The pre-existing relationship was effectively settled due to the elimination of intercompany receivables and liabilities in Group consolidation. This settlement led to the recognition of a gain of EUR 15.1 million at the acquisition date, recognized in other financial income, reflecting the difference between the carrying amounts of the receivable and the respective liability prior to the acquisition. In the previous financial year, ProSiebenSat.1 Group had fully written down the loans to maxdome GmbH & Co. KG. Since January 1, 2011, these loan relationships are eliminated in consolidation.

In connection with the purchase price allocation, impairments on intangible assets were recognized in the financial statements of maxdome GmbH & Co. KG as of and for the financial year ended December 31, 2010. These were reflected in the carrying amounts at the acquisition date.

The following table illustrates the financial impact of this business combination on the consolidated financial statements of the ProSiebenSat.1 Group as of January 1, 2011. It only contains those balance sheet items showing values at that date.

Euro m	Carrying amount at acquisition	Step up	Fair value at acquisition
Intangible assets	3.9	- / -	3.9
Property, plant and equipment	0.1	- / -	0.1
Programming assets	1.2	- / -	1.2
Deferred tax assets	1.7	- / -	1.7
Non-current assets	**6.9**	**- / -**	**6.9**
Trade receivables	5.9	- / -	5.9
Current tax assets	0.3	- / -	0.3
Cash and cash equivalents	2.6	- / -	2.6
Currents assets	**8.8**	**- / -**	**8.8**
Non-current liabilities	**0.0**	**- / -**	**0.0**
Current loans and borrowings	-16.5	- / -	-16.5
Trade payables	-14.8	- / -	-14.8
Other current provisions	-4.5	- / -	-4.5
Other current liabilities	0.0	- / -	0.0
Current liabilities	**-35.8**	**- / -**	**-35.8**
Total net assets	**-20.1**	**- / -**	**-20.1**
Purchase price per IFRS 3			22.7
Goodwill			**42.8**

The goodwill, of which EUR 11,8 million is expected to be deductible for tax purposes as of the reporting date, consists of potential synergies, strategic development potential as well as the ongoing enhancements of the existing platform including access to new business areas. The carrying amount of trade receivables acquired equals their fair value.

For the financial year ending December 31, 2011, maxdome GmbH & Co. KG recorded revenues of EUR 20.9 million and a pre-tax result for the period of minus EUR 5.0 million.

Acquisition of Burda:ic

By sale and purchase agreement of June 1, 2011 and effective as of July 1, 2011, ProSiebenSat. 1 Group, via its subsidiary ProSiebenSat.1 Digital GmbH, acquired 100% of Burda:ic GmbH, Munich. The company engages in marketing, digital distribution and operation of online sites and internet solutions, editing and publishing online magazines, the production and sale of commercial and editorial content for online publication, webhosting, community management, user support, as well as operating online and offline products, including distributing merchandising products and consultancy services. The purchase price was EUR 15.0 million, plus "cash-free/debt-free" adjustments of EUR 0.6 million. As part of the acquisition, the Group and one of the sellers entered into a media co-operation agreement with a fair value of EUR 5.2 million as of the acquisition date and on December 31, 2011. A cash payment of EUR 9.8 million was made on June 30, 2011.

The following table illustrates the financial impact of this business combination on the consolidated financial statements of the ProSiebenSat.1 Group at the acquisition date. It only contains those balance sheet items showing values at that date.

Euro m	Carrying amount at acquisition	Step up	Fair value at acquisition
Intangible assets	1.8	5.3	7.1
Property, plant and equipment	0.2	- / -	0.2
Deferred tax assets	- / -	0.2	0.2
Non-current assets	**2.0**	**5.5**	**7.5**
Trade receivables	0.5	- / -	0.5
Other receivables and current assets	1.0	- / -	1.0
Cash and cash equivalents	0.1	- / -	0.1
Currents assets	**1.6**	**- / -**	**1.6**
Deferred tax liabilities	- / -	-1.8	-1.8
Non-current liabilities	**- / -**	**-1.8**	**-1.8**
Other current financial liabilities	-0.2	- / -	-0.2
Other current liabilities	-1.0	- / -	-1.0
Current liabilities	**-1.2**	**- / -**	**-1.2**
Total net assets	**2.4**	**3.7**	**6.1**
Purchase price per IFRS 3			**15.6**
Goodwill			**9.5**

The goodwill primarily represents potential synergies and strategic potential in developing online games. It is not deductible for tax purposes. The identified other intangible assets are the customer base, contractual customer relationships as well as the existing IT platform. The carrying amount of trade receivables acquired equals the fair value. The financial position and performance of the ProSiebenSat.1 Group would not have been significantly impacted, had the company been included in the consolidated financial statements from the beginning of the financial year 2011. Since the acquisition date, the company recorded revenues of EUR 3.3 million and a pre-tax loss of EUR 2.1 million as at the end of the financial year. The company is allocated to the Diversification segment and was renamed to ProSiebenSat.1 Games GmbH on July 8, 2011.

Further acquisitions in the financial year 2011

On April 28 and effective May 5, 2011, ProSiebenSat.1 Group, via its 100% subsidiary SevenOne Intermedia GmbH (as of May 4, 2011: ProSiebenSat.1 Digital GmbH), acquired 51% of Covus Games GmbH, Potsdam (Covus Games). The cash purchase price was EUR 1.9 million. The purchase agreement also included a put option with the minority shareholders with a fair value of EUR 5.0 million as of the acquisition date, which was recognized as a financial liability, as ProSiebenSat.1 Group has an unconditional obligation to meet the terms of the put option. At December 31, 2011, the fair value of the put option was EUR 5.1 million. Because of this assumed present ownership, non-controlling interests have not been recognized in the Group's financial statements. Covus Games operates in the operation and marketing of internet portals and online games as well as providing consultancy services to games producers. The company is allocated to the Diversification segment.

On April 29, 2011 and effective as of that date, ProSiebenSat.1 Group, via its 100% subsidiary Red Arrow Entertainment Group GmbH, acquired 51% of The Mob Film Holdings Limited, Beckenham, Kent, Great Britain (The Mob). The company operates in the production of films and commercials. The cash purchase price was GBP 1.3 million (EUR 1.5 million). Moreover, a financial liability towards the minority shareholders was recognized, with a fair value of GBP 6.7 million (EUR 7.4 million), as the ProSiebenSat.1 Group has an unconditional obligation. At December 31, 2011, the fair value of the put option amounts to EUR 8.1 million. Because of this assumed present ownership, non-controlling interests have not been recognized in the Group's financial statements. The company is allocated to the Free TV German-speaking segment.

As ProSiebenSat.1 Media AG controls the two companies acquired, both are included in the consolidated financial statements of ProSiebenSat.1 Group as subsidiaries and fully consolidated as of the respective acquisition dates. Both acquisitions support the growth strategy of ProSiebenSat.1 Group in new media as well as the development of cross-genre and crossplatform program content. The following table illustrates the financial impact of these business combinations on the consolidated financial statements of the ProSiebenSat.1 Group at the acquisition date. It only contains those balance sheet items showing values at that date.

EUR m	Carrying amount at acquisition	Step up	Fair value at acquisition
Intangible assets	0.1	4.1	4.2
Non-current assets	**0.1**	**4.1**	**4.2**
Other receivables and current assets	1.3	- / -	1.3
Cash and cash equivalents	0.2	- / -	0.2
Currents assets	**1.5**	**- / -**	**1.5**
Deferred tax liabilities	- / -	-1.4	-1.4
Non-current liabilities	**- / -**	**-1.4**	**-1.4**
Current loans and borrowings	-0.1	- / -	-0.1
Other current financial liabilities	-1.2	- / -	-1.2
Other current provisions	-0.1	- / -	-0.1
Other current liabilities	-0.2	- / -	-0.2
Current liabilities	**-1.6**	**- / -**	**-1.6**
Total net assets	**0.0**	**2.7**	**2.7**
Purchase price per IFRS 3			**16.2**
Goodwill			**13.5**

Of this aggregate goodwill, EUR 3.8 million relate to Covus Games and EUR 9.7 Mio to The Mob. The goodwill primarily represents potential synergies and strategic development potential in film production and online gaming. It is not deductible for tax purposes. ProSiebenSat.1 Group has commissioned independent valuation reports. Both companies do not contribute significant amounts of revenues and profit to the Group's consolidated financial statements. Consolidated revenues and profit of ProSiebenSat.1 Group would not have been materially impacted, had the two subsidiaries been included in the consolidated financial statements from the beginning of the financial year. There were no other material acquisitions in the financial year 2011.

The intangible assets identified in all business combinations described above are based on external, independent valuations using generally accepted valuation methods.

Key acquisitions in the financial year 2010

Sultan Sushi CVBA

On March 4, 2010, the ProSiebenSat.1 Group acquired 51% of the Belgian production company Sultan Sushi CVBA through Red Arrow Entertainment Group GmbH for a purchase price in cash of EUR 1.0 million. The acquisition of Sultan Sushi CVBA and the resulting purchase price allocation had no material effect on the financial position and performance of the ProSiebenSat.1 Group.

Kinetic Content LLC

On August 20, 2010 the ProSiebenSat.1 Group acquired 51% of the US production company Kinetic Content LLC, Santa Monica L.A. through its subsidiaries Red Arrow Entertainment Group and the newly founded SevenOne International Inc. for a purchase price of USD 5.0 million (EUR 3.7 million). The purchase agreement includes a put option with the minority shareholder which is exercisable from 2014 to 2016. The fair value of the put option of USD 11.6 million (EUR 8.5 million) was recognized as financial liability as ProSiebenSat.1 Group has an unconditional obligation to meet the terms of the put option. At December 31, 2011, the fair value of the put option was EUR 9.8 million. Because of this assumed present ownership, non-controlling interests have not been recognized in the Group's financial statements.

The two acquisitions were allocated to the Free TV German-speaking segment and support the international growth process of the ProSiebenSat.1 Group in the area of developing and producing cross-genre and cross-platform program contents.

In addition, in 2010 the remaining 74.9% in Autoplenum GmbH, Munich, a company previously consolidated under the equity method as investment in associates, was acquired for a purchase price in cash of EUR 1.4 million. A revaluation of the original interest was not performed on grounds of materiality. The company was allocated to the Diversification segment.

The acquired companies' impact on the contribution to total revenues and earnings of the ProSiebenSat.1 Group in the Group's financial statements can be considered minor both for the period of the initial consolidation and for the whole of 2010.

As of the acquisition date, the assets and liabilities of the ProSiebenSat.1 Group reflect the acquired companies at the following total values (only balance sheet items showing values are presented):

EUR m	Carrying amount at acquisition	Step up	Fair value at acquisition
Intangible assets	0.0	- / -	0.0
Property, plant and equipment	0.2	- / -	0.2
Deferred tax assets	0.0	0.1	0.1
Non-current assets	**0.2**	**0.1**	**0.3**
Other receivables and current assets	0.7	- / -	0.7
Cash and cash equivalents	4.2	- / -	4.2
Current assets	**4.9**	**- / -**	**4.9**
Non-current liabilities	**0.0**	**- / -**	**0.0**
Non-current loans and borrowings	-0.6	- / -	-0.6
Trade payables	-0.4	- / -	-0.4
Current liabilities	**-1.0**	**- / -**	**-1.0**
Non-controlling interest	0.0	-1.0	-1.0
Total net assets	**4.1**	**-0.9**	**3.2**
Purchase price per IFRS 3			15.7
Goodwill			**12.5**

b) Disposals

Key disposals in the financial year 2011

Disposal of subsidiaries in Belgium and the Netherlands

By sale and purchase agreement of April 20, 2011, ProSiebenSat.1 Group sold its TV operations in Belgium as well as its TV and Print operations in the Netherlands to a consortium of leading international media companies. The transaction reflects an aggregate enterprise value of EUR 1.225 billion. The TV entities sold were allocated to the Free TV International segment, while the Print operations were allocated to the Diversification segment (see Segment Reporting, Note 34). The closing date for the sale of the subsidiaries in Belgium was June 8, 2011, while the respective closing date for the subsidiaries in the Netherlands was July 29, 2011, after approval of the transaction by the Netherlands Cartel Authorities.

The companies sold were deconsolidated as of the respective dates above, as the Group has ceased to control them. The gain on sale, included in the result from discontinued operations, amounted to EUR 335.8 million. Due to their significance for the financial position and performance of the ProSiebenSat.1 Group, the subsidiaries disposed constitute a "discontinued operation" as defined by IFRS 5. As a consequence, the result from discontinued operations is separately presented in the income statement, prior year figures have been adjusted accordingly.

The following table contains the provisional result from discontinued operations (i.e. the businesses sold in Belgium and the Netherlands) during financial year 2011:

INCOME STATEMENT DISCONTINUED OPERATIONS

EUR m		2011	2010
1.	Revenue	215.0	403.2
2.	Operating expenses	-166.6	-300.5
3.	**Result from operations before interest and tax**	**48.4**	**102.7**
4.	Financial result	3.0	-2.3
5.	**Result from operations before tax**	**51.4**	**100.4**
4.	Income Tax	-12.2	-22.3
5.	**Result from operations, net of income tax**	**39.2**	**78.1**
6.	Gain on sale of discontinued operations	335.8	0.0
7.	Income Tax on gain on sale of discontinued operations	0.0	0.0
8.	**Profit after tax**	**375.0**	**78.1**

The result from discontinued operations is fully attributable to the shareholders of ProSiebenSat.1 Media AG. The sale of subsidiaries in the Netherlands has had the following impact on the financial position and performance of ProSiebenSat.1 Group:

IMPACT ON THE GROUP

EUR m	2011
Goodwill	601.0
Other intangible assets	276.4
Property, plant and equipment	9.0
Programming assets	177.0
Other assets, incl. deferred tax assets	384.2
Cash and cash equivalents	24.1
Provisions	-1.7
Deferred tax liabilities	-75.3
Other liabilities	-247.7
Net assets	**1,147.0**
Purchase price (cash)	1,483.5
Outstanding receivable	9.1
Cost to sell	-9.8
Purchase price less cost to sell	**1,482.8**
Purchase price (cash)	**1,483.5**
Cash and cash equivalents disposed	-24.1
Net cash inflow on sale	**1,459.4**
Gain on sale of discontinued operations	**335.8**

When calculating the provisional gain on sale, goodwill was allocated to the units remaining and the units sold on the basis of relative values, as required by IAS 36.86.

Disposal of subsidiaries in Greece and Bulgaria

By sale and purchase agreement of September 19, 2011 and effective as of that date, the ProSiebenSat.1 Group sold its radio business in Greece to a local publishing group. The purchase price amounted to EUR 4.3 million, the loss on sale presented under administrative expenses was EUR 3.6 million. Prior to the sale, intangible assets (brand names) with a carrying amount of EUR 2.8 million were impaired.

By sale and purchase agreement of November 8, 2011 and effective as of November 10, 2011, the ProSiebenSat.1 Group sold its radio and TV business in Bulgaria to a local financial investor. The purchase price amounted to EUR 2.2 million, the loss on sale presented under administrative expenses was EUR 0.1 million. Prior to the sale, intangible assets (broadcasting licenses) with a carrying amount of EUR 2.7 million were impaired.

The companies sold were deconsolidated since the Group has ceased to control them as of the respective dates above. When calculating the loss on sale, goodwill was allocated to the units remaining and the units sold on the basis of relative values, as required by IAS 36.86. In terms of materiality, the companies sold do not constitute a discontinued operation as defined by IFRS 5. As a consequence, no separate presentation or adjustment of prior period figures was necessary.

Key disposals in the financial year 2010

By purchase agreement of June 16, 2010, ProSiebenSat.1 Media AG sold its subsidiaries N24 Gesellschaft für Nachrichten und Zeitgeschehen mbH, Berlin and MAZ & More TV-Produktion GmbH, Berlin to the newly formed company N24 Media GmbH, Berlin. In connection with the disposal process, non-recurring expenses and impairments of EUR 54.9 million were incurred in 2010. These are recognized in the line item of administrative expenses. Of that amount, EUR 41.3 million resulted from the assumption of costs for restructuring measures for the sold companies and EUR 13.6 million resulted from impairments of non-current assets and other charges. The cash effects of these mainly non-recurring expenses were effective until the middle of 2011. As of December 31, 2010 there were cash outflows of EUR 37.1 million and EUR 2.9 million in the financial year 2011. As of December 31, 2010, the provisions recognized in connection with the disposal totaled EUR 14.2 million, as of December 31, 2011 EUR 9.6 million.

The companies were deconsolidated as of June 30, 2010. The purchase price amounted to the EUR 25,000 share capital of the sold company N24 Gesellschaft für Nachrichten und Zeitgeschehen mbH. As a result of the deconsolidation, cash and cash equivalents of the sold companies amounting to EUR 12.0 million were removed from the consolidated statement of financial position. The other assets and liabilities that were deconsolidated in connection with this disposal are immaterial from the Group's perspective.

In addition, the Group signed a supply contract with N24 Media GmbH for all news formats of the TV channels SAT.1, ProSieben and kabel eins, effective until 2016. Also SAT.1-Frühstücksfernsehen and SAT.1-Magazin will be produced for the ProSiebenSat.1 Group by the disposed companies at least until mid-2014. For the ProSiebenSat.1 Group the obligations under these agreements for the whole contractual period amount to around EUR 210 million. Of this amount, EUR 70.4 million were utilized until December 31, 2011, of which EUR 46.9 million relate to the financial year 2011.

There were no further material disposals in 2010.

c) Closure of business

Closure of 9Live in the financial year 2011

As of May 31, 2011, ProSiebenSat.1 Group has ceased the broadcasting activities of its channel 9Live. One-off closure-related expenses of EUR 24.1 million were recognized, primarily in connection with program and personnel-related measures.

There were no closures of business at ProSiebenSat.1 Group in the financial year 2010.

4 Consolidation methods

Profits and losses, revenues, income and expenses deriving from transactions between consolidated companies as well as receivables and liabilities amongst consolidated companies are eliminated. The consolidation methods take into account deferred income-tax effects if such tax effects are likely to net one another out in later financial years. Where required, deferred tax assets and liabilities are offset against one another.

Capital is consolidated by eliminating the carrying amount of equity interests against the share of equity held in the subsidiary. Initial consolidation is carried out using the purchase method under IFRS 3 by eliminating the acquisition cost against the fair value of the acquired, identifiable assets, and the assumed liabilities and contingent liabilities, as of the acquisition date. The carrying amounts are carried forward to subsequent periods. Any excess of the acquisition cost over the net fair value of the acquired entity is recognized under goodwill, which is presented under intangible assets. In accordance with IAS 36, goodwill is not amortized, but instead tested for impairment at least once a year.

If ProSiebenSat.1 Media AG gains control of the company as a result of the acquisition of a further equity interest in an associate or a joint venture respectively, then the company is to be fully consolidated from the time control is acquired. The fair value of the previously held stake is to be regarded as an extended part of cost for the new subsidiary. Gain or loss arises from the difference to the previous at-equity carrying amount.

Impairments on interests held in Group companies recognized in individual financial statements are reversed in the consolidated financial statements.

Interests in companies on which the Group has a significant influence, or on which the Group has a possibility of exercising a significant influence, are measured using the equity method under IAS 28. Equity interests held in associates are initially reported based on the proportion of the adjusted equity held in each such entity. Any difference from the acquisition cost of the equity interest is recognized using the acquisition method. After their first-time recognition, to the extent the effects are material; carrying amounts are adjusted to reflect the Group's share of equity. Cost is adjusted in accordance with the ProSiebenSat.1 Group's share of the increases and decreases of the associates' and joint ventures' equity after acquisition. Additionally, where appropriate indications exist, an impairment test is applied, and if applicable an impairment loss is taken to the lower recoverable amount. The recoverable amount is determined using the principles described for intangible assets and property, plant and equipment described in Note 6 ("Accounting policies"). If the reason for the impairment ceases to exist at a later date, the impairment is reversed to the amount that would have resulted if the impairment had not been recognized.In accordance with IAS 31, shares in joint ventures are likewise recognized using the equity method.

There is no price quoted on any active market for the companies measured using the equity method.

The financial year of ProSiebenSat.1 Media AG and all fully consolidated entities is the calendar year.

5 Currency translation

Transactions in foreign currencies are translated at the relevant exchange rates as of the transaction date. In subsequent periods, monetary assets and liabilities are measured at the spot rate as of the end of the reporting period, and translation differences are recognized in profit or loss. Non-monetary items that were measured at historical cost in a foreign currency are not retranslated.

Financial statements of subsidiaries and entities reported using the equity method in countries outside the euro zone are converted using the functional currency concept. For subsidiaries, the functional currency is determined on the basis of the primary environment in which they conduct their business activities. As a rule, this is the currency in which cash funds are generated and consumed. In the ProSiebenSat.1 Group, the functional currency is generally the national currency; the functional currency differs from the national currency only in isolated cases.

Financial statements not denominated in euro are converted using the modified reporting date method, in which items of the income statement are converted using the average exchange rate for the year. Equity is converted at historical rates of exchange, while other asset and liability items are converted at the closing rate as of the reporting date. Any currency translation differences resulting from the conversion of financial statements in foreign currencies are added to or charged against accumulated other equity, outside profit or loss. In the case of the disposal of the relevant subsidiary, such translation differences are recognized in profit and loss.

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

	Spot rate		Average rate	
Exchange rate: EUR 1 equals	12/31/2011	12/31/2010	2011	2010
Swiss Franc	**1.22**	1.25	**1.23**	1.38
Swedish Krona	**8.92**	8.98	**9.03**	9.54
Norwegian Krone	**7.78**	7.81	**7.79**	8.01
Danish Krone	**7.43**	7.45	**7.45**	7.45
US Dollar	**1.29**	1.34	**1.39**	1.33
British Pound Sterling	**0.84**	0.86	**0.87**	0.86
Hungarian Forint	**312.82**	277.84	**279.53**	275.53
Romanian Leu	**4.33**	4.28	**4.24**	4.21
Bulgarian Lev	**1.96**	1.96	**1.96**	1.96

6 Accounting policies

The annual financial statements for all entities included in the consolidated financial statements were prepared using uniform accounting policies.

The consolidated financial statements are based on the principle of historical cost, except for those items, especially such as certain financial instruments, that are recognized at fair value.

The recognition, measurement and disclosure policies, as well as the explanations and information regarding the consolidated financial statements for the financial year 2011, are substantially applied consistently. Exceptions result from changes due to the application of new or revised reporting standards (see Note 7) or in order to convey more relevant information.

In addition, in the financial year 2011 there was a change in accounting policies relating to the calculation method of earnings per share by including dilution effects for preferred stock as well as dilution effects for common stock. The latter could result from a reduction of the common stockholders' portion of earnings by the exercise of options on preferred stock. The prior year calculation was adjusted accordingly. The adjustment had no material impact on diluted earnings per share.

In the financial year 2011, the ProSiebenSat.1 Group sold its TV operations in Belgium and its TV and Print operations in the Netherlands. The sale of operations in the Netherlands was formally and legally finalized ("closing") during the third quarter of 2011, after approval by the responsible Netherlands Cartel Authorities. The transaction was accounted for under IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". As the entities disposed of constitute "discontinued operations", their results, including the gain on sale were presented separately in the income statement, after tax, as "result from discontinued operations". Prior period income statement figures were adjusted accordingly. For further details please refer to Section 3 "Acquisitions and disposals".

In the financial year 2011, the ProSiebenSat.1 Group entered into agreements with its lenders to partly repay and extend the terms of its term loan facilities. This measure as well as the cancellation of relating interest hedge deals was recorded in accordance with the requirements of IAS 39.

Recognition of income and expenses

The ProSiebenSat.1 Group's revenues are mainly advertising revenues derived from the sale of advertising time on television. Advertising revenues are presented net of volume discounts, agency commissions, cash discounts and value-added tax.

Revenues are realized at the time when the service is provided, or when risk is transferred to the client. Revenues are accordingly recognized once the service has been provided, the principal risks and rewards of ownership have been transferred to the buyer, the amount of the proceeds can be measured reliably, an economic benefit from the sale is sufficiently probable and the costs associated with the sale can be measured reliably.

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 asset has begun and broadcast-ready materials have been delivered to the purchaser.

Revenues from barter transactions are considered revenue-generating transactions only when dissimilar goods or services are exchanged, and the amount of the proceeds and costs, as well as the economic benefit, can be clearly measured. These revenues from barter transactions are measured on the basis of the fair value of the provided (advertising) service, if that fair value can be measured reliably. Barter transactions at the ProSiebenSat.1 Group are primarily trade-off transactions relating to the sale of advertising time.

As long as they can be reliably estimated, revenues arising in the programming production business are recorded using the percentage-of-completion method. The stage of completion is determined by the relation between actual costs incurred and estimated total costs of the contract. In case that total revenues cannot be estimated reliably, revenues are recognized only to the extent of costs incurred. In this case contract costs are recognised as expenses in the period in which they occur. If it is expected that total contract costs will exceed contract revenues, the expected loss is recognized immediately as an expense.

Other operating income is normally recognized when a service has been performed, the amount of the income can be measured reliably, and an economic benefit to the Group is sufficiently probable. Operating expenses are recognized at the time when the service is utilized or when the expenses are otherwise incurred. Interest income and expenses are recognized on an accrual basis. Dividends from equity interests that are neither fully consolidated nor recognized at equity are recognized at the time when the legal entitlement arises.

Government grants are recognized through profit and loss as other operating income, as long as the respective company complies with the conditions and the grant will actually be received. Recognition takes place on an accrual basis in accordance with the occurrence of the subsidized expenses in the case of grants for expenses or income or proportional to the pattern of consumption for investment subsidies.

Intangible assets

Intangible assets primarily comprise goodwill and brands from the acquisition of fully consolidated subsidiaries, together with trademarks and patents, as well as licenses to such assets and rights.

Acquired assets are capitalized under IAS 38 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. Amortization is recognized on a straight-line basis in accordance with the expected useful life. The underlying useful life for purchased software as a rule is three to eight years. Licenses and other intellectual property rights are amortized over ten years or over the term of the license agreement. Other useful lives may be applied as an exception, for intangible assets with a limited useful life that are acquired in first-time consolidations resulting from business combinations. These are primarily broadcasting rights and customer relationships, which are amortized over an expected useful life of between four and 14 years. Useful lives and amortization methods are reviewed annually and adjusted in accordance with any changes in estimations.

Internally generated intangible assets are capitalized under IAS 38 if they are identifiable, it is probable that the future economic benefits will flow to the Company and the cost of the asset can be measured reliably. The determination of costs is subject to a distinction between costs for research and for development, with the former being expensed as incurred. Besides the criteria described above, costs for development are solely capitalized in cases where the product or process are realizable from a technical or economic perspective. The completion of the development as well as the usage or sale afterwards have to be ensured and intended. The valuation of internally generated intangible assets follows the principles for intangible assets acquired as stated above.

The intangible assets with indefinite useful lives that are acquired through business combinations are particularly brand names. Due to their indefinite useful lives these are not amortized, but tested annually for impairment.

Property, plant and equipment

Property, plant and equipment are valued at acquisition cost, less depreciation on the basis of use and, if necessary, impairments. The cost of internally created property, plant and equipment includes not only the purchase price, but the portions of overhead costs directly attributable to production. For items of property, plant and equipment whose production extends over a longer period, borrowing costs incurred until the time of completion are included in the production cost. However, such items are not material for the Group at present, thus borrowing costs are normally recognized in profit or loss for the period in which they occur.

Based on the expected useful lives, depreciation is recognized on a straight-line basis over the following periods:

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

Leasing

IAS 17 defines a lease as an agreement whereby a lessor conveys to the lessee the right to use an asset for an agreed-upon period of time in return for payment or a series of payments. A distinction is made between finance leases and operating leases. Leases are classified as finance leases if substantially all the risks and rewards incidental to ownership of an asset are transferred to the lessee. All other leases are classified as operating leases.

For finance leases, the assets and the associated liabilities are recognized at fair value at the commencement of the lease term or, if lower, the present value of the minimum lease payments. Depreciation is recognized on a straight-line basis over the shorter of the lease term or the expected useful life. Payment obligations resulting from finance leases are recognized as financial liabilities and subsequently measured applying the effective interest rate method.

The lease payments for an operating lease are reported as an expense in the profit or loss.

Impairment of intangible assets and property, plant and equipment
In accordance with IAS 36, an entity must review assets with a finite useful life for impairment if there are indications that those assets may be impaired. If such an indication exists, the amortized carrying value of the asset is compared with the recoverable amount, which is the higher of an asset's fair value less costs to sell and its value in use. The value in use is the discounted present value of future cash flows expected to arise from the continuing use of the asset. In the event of impairment, the impairment is recognized as an expense in profit or loss in the amount of the difference between the amortized carrying amount and the lower recoverable amount. If evidence exists that the reason for the impairment no longer exists, the impairment loss is reversed. The reversal cannot result in an amount exceeding amortized cost.

Moreover, intangible assets with an indefinite useful life as well as goodwill, must be tested for impairment annually. Where there is no longer any reason for impairment, the impairment loss is reversed, except in the case of goodwill.

If necessary, the impairment test is applied instead of a single asset at the level of cash-generating units to which the asset is attributable.

For this purpose the goodwill acquired in a business combination is allocated to the cash-generating unit or group of cash-generating units that is expected to profit from the synergies deriving from the business combination.

The ProSiebenSat.1 Group tests goodwill and the brand names acquired through business combinations once a year for impairment, in compliance with the Group's reporting policies. A test is also performed whenever there is any indication that an asset might be impaired. Goodwill is tested for impairment at the level of cash-generating units or groups of cash-generating units. These represent the lowest level at which goodwill is monitored for internal management at the ProSiebenSat.1 Group. These are the operating segments: Free TV in German-speaking Europe, Free TV International and Radio, Print and Other Media. In segment reporting, the operating segments Radio, Print and Other Media together form the Diversification reporting segment.

The Company normally determines the recoverable amounts using measurement methods based on discounted cash flows. These discounted cash flows are founded on five-year projections based on financial plans approved by management. The cash flow projections consider past experience, and are based on management's best estimates of future developments, along with additional external information. Cash flows beyond the detailed planning periods are extrapolated using individual growth rates, which however do not exceed the inflation expectations for the respective units. The most important assumptions underlying the changes in value in use concern future cash flows, estimated growth rates, weighted average costs of capital and tax rates. These assumptions, as well as the method used, may have a material effect on the resulting values. For further details regarding the determination of the value in use and the underlying assumptions we refer to Section 18 "Intangible assets".

Programming assets

Programming assets comprise feature films, series, commissioned productions and advance payments made (including advance payments for sport rights). Feature films and series 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. Until being broadcast, sport rights are included in advance payments. The assets are initially recognized at cost. Borrowing costs are generally not included in the measurement structure because the requirements of IAS 23 are not fulfilled.

Planned consumption of licenses and commissioned productions intended for multiple showings begins at the start of the first broadcast, and depends on the number of showings permitted or planned respectively. Consumption resulting from showings is measured using a declining-balance method according to a matrix that is standardized Group-wide which reflects the expected revenue generation potential relating to the respective broadcast. Commissioned productions intended for only one run are fully consumed as of their broadcasting.

Impairment is applied to programming assets if their costs can presumably not be covered by future revenues. Indications 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 commissioned production is discontinued. Both consumption resulting from transmissions and impairment are reported as part of the cost of sales. If there are indications for a potential impairment, only titles no longer meeting the asset criteria or having limited usability, are fully written down, other titles are impaired to the extend their carrying amounts exceed their expected future revenues.

Impairments of programming assets are reversed if there are indications that the original impairment no longer exists, and a higher recoverable amount results. Write-ups are netted against the cost of sales.

Programming assets intended for single runs are normally recognized as current programming assets. These particularly include the rights for sports events.

Provisions for onerous contracts are recognized for programming acquisition contracts signed before the ending date of the period, whose license terms do not begin until after the ending date of the period and which current programming analyses indicates that it will not generate the originally anticipated revenues. Within this analysis individual agreements were assessed based on factors such as the quality and age of the programming, restrictions on use under media laws and strategic program scheduling.

Financial instruments

According to IAS 39, a financial instrument is any contract that simultaneously gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The ProSiebenSat.1 Group categorizes financial assets as loans and receivables (including cash and cash equivalents), financial assets held to maturity, financial assets measured at fair value through profit or loss, and financial assets available for sale. The ProSiebenSat.1 Group has no financial assets held to maturity.

Financial liabilities are categorized as financial liabilities measured at fair value through profit or loss, and financial liabilities measured at amortized cost. The last category particularly includes loans and borrowings, as well as other financial liabilities, including trade accounts payable and liabilities under finance leases.

Financial instruments measured at fair value through profit or loss include financial assets and liabilities held for trading, such as derivative financial instruments that do not qualify as hedges under a hedge relationship. Furthermore, the ProSiebenSat.1 Group has designated some shares in investment funds at fair value through profit and loss upon initial recognition. However, derivative financial instruments that qualify as hedges under a hedge relationship are not allocated to any of the categories above.

Financial instruments are recognized at amortized cost or at fair value. Amortized cost is determined by the effective interest rate method. The fair value of a financial instrument reflects the amount for which the financial instrument could be traded between knowledgeable, willing parties in an arm's length transaction that is not a forced transaction or a liquidation sale. The fair value is generally equivalent to the market or exchange value. If there is no active market, the fair value is measured using a financial valuation technique (for example, by discounting future cash flows at the market interest rate). If the fair value of financial instruments cannot be determined reliably, the financial instruments are measured at amortized cost.

In accordance with IAS 39, a regular assessment is made as to whether there is substantive objective evidence of impairment of a financial asset or a portfolio of financial assets. After an impairment test, any necessary impairment loss is recognized in profit or loss. An impairment of trade receivables is recognized if objective indications show that the receivables cannot be fully recovered. Gains or losses on a financial asset available for sale are recognized outside profit or loss until the financial asset is disposed of or an impairment is determined. In the event of an impairment, the accumulated net loss is reclassified from equity to profit or loss as a reclassification adjustment. Currently the ProSiebenSat.1 Group has no financial assets available for sale that have been recognized at fair value.

Derivative financial instruments and hedge accounting

Derivative financial instruments are primarily used in hedging against risks. 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 and currency options. While interest rate risks result from liabilities carrying variable interest rates; foreign exchange risks are incurred particularly through license payments for programming assets denominated in US dollar.

Derivative financial instruments are reported at fair value as an asset or financial liability in the statement of financial position, irrespective of the purpose or intent for which the transaction was entered into. The fair value of derivative financial instruments is obtained by discounting future cash flows at the market interest rate, and by other recognized methods of financial valuation techniques, such as option pricing models. Derivative financial instruments are recognized as of their trading date. The fair value of interest rate swaps is generally zero at the first-time recognition. Subsequently interest rate swaps are recognized in the statement of financial position at their market value, as "other assets" or "other liabilities." The fair value of forwards exchange transactions is likewise generally zero at the first-time recognition. Subsequently forwards are recognized in the statement of financial position at their market value, as "other assets" or "other 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 profit or loss. The valuation includes specific counterparty credit risks.

Hedge accounting is possible if a clear hedging relationship can be formally designated and documented. In hedge accounting, the recognition of changes in the market values of the pertinent derivatives depends on the type of hedge relationship. If the hedge is a cash flow hedge, the changes in market value of the effective portion of the derivative are first recognized separately outside profit or loss, and are not recognized in profit or loss until the underlying transaction is realized. The ineffective portion is recognized immediately in profit or loss. 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. For fair value hedges, both changes in the market value of the derivative and adjustments in the carrying value of the associated underlying transaction are recognized in profit or loss. The ProSiebenSat.1 Group has no fair value hedges at present.

At the inception of a hedge, IAS 39 requires comprehensive documentation of the hedging relationship, including a description of matters such 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 regularly. If a hedging relationship does not meet, or no longer meets, the requirements of IAS 39, hedge accounting is terminated. After the termination, the amounts included in equity are recognized in the profit or loss the moment that the results of the underlying transactions affect the profit or loss.

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 accounts. In the valuation process, 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.

Financial assets measured at fair value through profit or loss

In addition to financial assets held for trading (such as derivative financial instruments), this category also includes financial assets that were designated at fair value through profit or loss at the time of their first recognition, under what is known as the "fair value option." Exceptions are equity instruments for which no market prices are quoted on active markets, and whose market values cannot be measured reliably. The fair value option is furthermore subject to the conditions that its exercise must eliminate or significantly reduce an accounting mismatch, the financial instrument must include one or more embedded derivatives, or the portfolio of financial instruments is managed on a fair value basis. In line with the active risk management strategy pursued at ProSiebenSat.1 Media AG, the fair value option is currently only used for financial assets acquired to cover the pension obligations that do not qualify as plan assets..

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 no price is quoted on an active market, and whose fair value cannot be determined reliably, are measured at its acquisition cost.

Non-current financial assets held for sale and discontinued operations

Non-current financial assets held for sale (or groups thereof) are classified as held for sale if their carrying amounts are recovered principally through a sale transaction and that sale is highly probable. They are valued at the lower of carrying amount and fair value less cost to sell if the carrying amounts are recovered principally through a sale transaction rather than through continuing use.

If a group of assets classified as held for sale constitutes discontinued operations as defined by IFRS 5, the related items of profit or loss including any result on deconsolidation in case of a sale of subsidiaries, are separately presented together, after tax, as a single item, in the income statement as "result from discontinued operations". Figures for the comparative period are adjusted accordingly.

Cash and cash equivalents

Cash and cash equivalents are short-term, highly liquid financial investments that can be converted to cash amounts at any time and that are subject only to minor risks of fluctuation in value. Cash and cash equivalents are recognized at their amortized cost; amounts in foreign currencies are converted at the end of the applicable reporting period. They are equivalent to the item shown in the cash flow statement.

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 are recognized on the basis of their notional 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. Contingent consideration in the context of business combinations (put options, earn-out provisions) is classified under liabilities at fair value on first-time consolidation. Subsequent measurement also takes place at fair value, with changes being recognized in profit and loss. The ProSiebenSat.1 Group has no financial liabilities designated at fair value.

Provision for pensions

Pension obligations are calculated by actuarial technique using the Projected Unit Credit Method. This method uses biometric calculation data and, particularly, the current long-term capital market interest rate, as well as current assumptions about future increases in salaries and pensions. The interest component included in the pension expense is shown in the financial result.

Differences between assumptions and actual events, as well as changes in actuarial assumptions for measuring defined-benefit pension plans, result in actuarial gains and losses. According to IAS 19, there are various options for recognizing these. To illustrate the complete earnings impact, the ProSiebenSat.1 Group recognizes actuarial gains and losses immediately in profit or loss for the period in which they arise. Because of the small volume of pension obligations the impact on profits from the recognition of actuarial gains or losses in the income statement is minor for the ProSiebenSat.1 Group.

Other non-current provisions

Provisions are recognized if a present legal or constructive 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. They are measured using a best estimate of the expenditure required to settle the present obligation considering the past experience. They are recognized at full cost, in the amount of the most probable outcome of the liability. The amount of the provision is regularly adjusted if new information becomes available or if circumstances change. Long-term provisions are formed as of the end of the reporting period at the present value of expected settlement amounts, taking estimated increases in prices or costs into account as the case requires. Discount rates are regularly adjusted to prevailing market interest rates. However non-current provisions are discounted only in those cases where the discounting effect is significant.

The Company measures provisions for onerous contracts at the lower of the expected cost of settling the contract or the expected cost of terminating the contract.

Income taxes

Income taxes comprise the taxes levied on taxable profits in the Group's various countries, and changes in deferred tax items. Income taxes are recognized on the basis of the terms of law in effect or substantively enacted as of the end of the reporting period, in the amount that will presumably have to be paid.

In accordance with IAS 12, deferred taxes are recognized for tax-deductible temporary differences between the carrying amounts of assets and liabilities under IFRS and their amounts in the statement of financial position for tax purposes, as well as for consolidation measures and for claims for tax reductions due to loss carry-forwards that can presumably be recovered in subsequent years. As an exception no deferred tax liabilities are recognized from the initial recognition of goodwill. Calculation is based on the tax rates expected in the various countries at the realization date. These are generally based on the terms of law in effect or substantively enacted at the end of the reporting period.

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

If profits or losses are recognized in other comprehensive income, the same rules apply for the deferred tax assets and liabilities applicable to them.

Deferred tax assets resulting from temporary differences and loss carry-forwards are tested for impairment on the basis of projections particular to the Group company concerned, including considerations regarding its future earnings situation. Deferred tax liabilities recognized on planned dividend distributions by subsidiaries are dependent on the subsidiaries' anticipated earnings situation and on further assumptions, for example in their future financing structure. The deferred tax items recognized in that regard are subject to ongoing review as to their underlying assumptions. Changes in assumptions or circumstances may require corrections, which may result in additional deferred taxes or reversals of such items.

Earnings per share

Earnings per share is consolidated profit divided by the weighted average number of common and preferred shares outstanding during the financial year. Diluted earnings per share is calculated on the assumption that all potentially diluting securities and remuneration planned based on securities are exercised.

Stock options

Stock options (equity-settled payment transactions) are measured at fair value at the time of grant. The fair value of the obligation is recorded as personnel expenses over the vesting period.

SUMMARY OF CHOSEN MEASUREMENT METHODS

Item	Measurement method
ASSETS	
Goodwill	At cost (subsequent measurement: impairment test)
Other intangible assets with indefinite useful lives	At cost (subsequent measurement: impairment test)
Other intangible assets with finite useful lives	At (amortized) cost
Property, plant and equipment	At (amortized) cost
Programming assets	At (amortized) cost
Financial assets	
Loans and receivables	At (amortized) cost
Held to maturity	Not applicable
Held for trading / derivatives	At fair value through profit and loss
Available for sale	At fair value with the resultant gains and losses recognised directly in equity or amortized cost
Cash and cash equivalents	At cost
LIABILITIES AND PROVISIONS	
Long-term loans and borrowings	At (amortized) cost
Provision for pensions	Projected unit credit method
Other non-current provisions	At settlement value (discounted if non-current)
Financial liabilities	At (amortized) cost or fair value respectively
Other non-current liabilities	At settlement value (discounted if non-current)

Judgments and estimates

In preparing the consolidated financial statements under IFRS, it is to some degree necessary for management to make assumptions and estimates that may affect the measurement of recognized assets and liabilities and the amounts of expenses and income. These assumptions and estimates are based on the information currently available by the management. In particular, expectations of future business performance were based on the conditions in existence at the date of preparation of the consolidated financial statements and the presumably realistic future performance of the global and macro-economic environment in which the sector operates. If these circumstances should change otherwise than management has assumed, and in ways beyond management's control, the actual amounts may differ from the original estimates. If actual developments differ from expectations, the assumptions and, if applicable, the carrying amounts of the pertinent assets and liabilities will be adjusted accordingly (with an effect on profit or loss). Changes in estimates are normally recognized during the same period when they occur, and are taken into account in future periods.

Assumptions and estimates are particularly necessary for the following accounting matters:

- Recognition and measurement of assets and liabilities resulting from the purchase price allocation at the time of first consolidation including the recognition of contingent considerations in the case of business combinations,
- Impairment testing of intangible assets (especially goodwill),
- Determining the useful lives to be applied for non-current assets,
- Recognition and measurement of programming assets,
- Recognition and measurement of provisions and
- Estimate of future tax advantages and the possibility of realizing them.

For purposes of the purchase price allocation in connection with business combinations, assumptions must be made in regard to the recognition and measurement of assets and liabilities. Assumptions are entailed in determining the fair value of acquired assets and assumed liabilities at the acquisition date, as well as the useful lives of the acquired intangible assets and property, plant and equipment. Measurement is largely based on projected cash flows. Actual cash flows may differ significantly from the cash flows assumed in measuring fair value. Independent external appraisals are obtained for the purchase price allocation of major acquisitions. Measurements in corporate acquisitions are based on information available at the acquisition date. By nature, assumptions and estimates are less certain for intangible assets than for all other assets.

The assumptions and the underlying method of the impairment tests may have a significant effect on the resulting values, and ultimately on the amount of a potential impairment of intangible assets and of property, plant and equipment. The calculation of discounted cash flows in particular is extensively subject to planning assumptions that may be sensitive to changes, and thus to impairment. For detailed information on the assumptions used for impairment testing, refer to Note 18 ''Intangible assets''.

The expected useful lives and the depreciation and amortization schedules for intangible assets (especially brands) and property, plant and equipment are based on experiential values, plans, and estimates. The time period and distribution of future cash inflows are also estimated. For more information, see Note 18 ''Intangible assets''.

Key elements of programming assets are acquired as film packages from large film studios. Both the initial measurement of the individual licenses of these film packages and subsequent valuations of the programming assets are based on estimated earnings potential. This earnings potential takes into account the variable usability of programming assets, and duly reflects the required consumption of the programming assets as a function of the number of relevant broadcasts. For detailed information on programming assets, refer to Note 21 ''Programming assets''.

Provisions are recognized and measured on the basis of the estimate and probability of future outflows of resources embodying benefits, as well as on the basis of experiential values and the circumstances known at the end of the reporting period. To determine the amount of provisions, in addition to the assessment of the associated matters and the claims asserted, in some cases the results from comparable matters are also consulted; assumptions also are made as to the probabilities whether and within what ranges the provisions may be used. In respect to amount and certainty provisions for onerous contracts and litigation are based to a considerable extent on management estimates. The assessment of whether a present obligation exists is generally based on assessments of internal experts. Estimates can change on the basis of new information and the actual charges may affect the performance and financial position of the ProSiebenSat.1 Group. For more information, see Note 31 "Contingent liabilities''.

The estimate of and possibility of realizing future tax advantages depends on the future taxable income of the Group company concerned. If there are doubts that loss carry-forwards can be used, in some cases write-downs of deferred tax assets are taken. Impairment of deferred tax assets is evaluated on the basis of internal projections about the Group company's future earnings situation. Evaluations of the possibility of realizing tax loss carry-forwards are based on whether they can be used in the near future (essentially within the next five years). For more information on deferred taxes, see Note 15 (''Income taxes'').

7 Changes in reporting standards

The ProSiebenSat.1 Group prepares its consolidated financial statements, in accordance with Section 315a of the German Commercial Code (HGB), under those IFRSs endorsed by the European Commission for use inside the European Union. The following paragraph describes the IFRSs published by the IASB and endorsed for application inside the EU that were applied for the first time during the reporting period. Thereafter Standards and Interpretations issued by the IASB at the reporting date are described which have not been applied early, as their application is either not mandatory or endorsement by the European Commission is still pending.

a) Standards, interpretations and amendment to standards and interpretations initially applied in the reporting period with an impact on the amounts and disclosures reported

In November 2009 the IASB issued amendments of **IAS 24 "Related Party Disclosures"**. The transformation into European Law took place in July 2010. The amendments affected – inter alia – the definition of related parties in terms of persons and key management personnel as well as companies. The new definition is based on a symmetric view of the relationship between the related parties. In contrast to the previous version of IAS 24 associated companies of the ultimate parent company also constitute related parties. Furthermore, the Standard contains disclosure exemptions for companies related to public authorities. The ProSiebenSat.1 Group applies the amendment in the consolidated financial statements for the financial year 2011 for the first time, including the presentation of revenues and balances with related parties of its majority shareholders. Apart from the disclosures in in Note 37 "Related Party transactions" the amendment did not affect the presentation of net assets, financial position and results of operations as well as the disclosures of ProSiebenSat.1 Group.

b) Standards, interpretations and amendment to standards and interpretations initially applied in the reporting period without impact on the amounts and disclosures reported

In October 2009 the IASB issued amendments of **IAS 32 "Financial Instruments: Presentation"** regarding the accounting of specific equity subscription rights ("rights issues") denominated in foreign currency. Hence, rights issues issued by an entity which give the holder the right to acquire a fixed number of shares for a fixed amount of cash are to be presented as equity, inasmuch as such an offer is made to all holders of the same class of equity instruments. Before the amendment, such instruments had to be accounted for as derivatives if they had been issued in foreign currency. The amendment was transformed into European Law in December 2009, retrospective application is mandatory. The ProSiebenSat.1 Group applied the amendment from January 1, 2011 onwards. As the Company has not issued such instruments, the amendment has no impact on the consolidated financial statements.

In November 2009 the interpretation **IFRIC 14 "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"** was amended. It addresses the question when prepayments made under minimum funding requirements for of defined benefit plans are to be capitalized as assets. The amendments were transformed into European Law in July 2010 and had no impact on the presentation of net assets, financial position and results of ProSiebenSat.1 Group.

In November 2009 **IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments"** was issued. The interpretation addresses the requirements under IFRSs the partial or full settlement of financial liabilities through the issuance of shares and other equity instruments. The interpretation was transformed into European Law in July 2010 and is applicable for financial years beginning after July 1, 2010. The application had no impact on the consolidated financial statements of the ProSiebenSat.1 Group.

In May 2010 the IASB issued **"Improvements to International Financial Reporting Standards (2010)"** which included amendments to six International Financial Reporting Standards (IFRSs) and one interpretation (IFRIC). The purpose of publishing the amendments in one document was a reduction of the need for adjustments. The amendments were transformed into European Law in

February 2011 with mandatory application in financial years beginning on or after January 1, 2011. The amendments had no significant impact on the consolidated financial statements of the ProSiebenSat.1 Group.

c) Standards not adopted early

The following standard has been issued by the IASB but was not adopted by the ProSiebenSat.1 Group as initial application is not yet mandatory.

On October 7, 2010 the IASB has issued amendments to **IFRS 7 "Financial Instruments: Disclosures"**. The amendments largely align the corresponding disclosure requirements under IFRSs and US-GAAP and were transformed into European Law in November 2011. The amendments introduce extended disclosure requirements in IFRS 7 for transfers of financial assets and are intended to provide the users of financial statements with a better understanding of the risks retained by an entity. Application of the amendments is mandatory for financial years beginning on or after July 1, 2011 with possible early adoption. Comparative figures are not required in the first year of adoption. Currently the company expects the amendments to IFRS 7 not to have a significant impact on the consolidated financial statements of the ProSiebenSat.1 Group.

d) Standards, interpretations and amendment to standards and interpretations issued by the IASB and the IFRIC respectively but not yet endorsed by the European Commission

The standards and interpretations described below were issued by the IASB or the IFRIC respectively at the reporting date but have not yet been applied by ProSiebenSat.1 Group as they have not been endorsed by the European Commission.

In June 2011 the IASB issued amendments to **IAS 1 "Presentation of Financial Statements"** on the presentation of other comprehensive income. While the option of presenting the profit and loss statement and the statement of other comprehensive income combined or separately has been retained, the amendments require extended disclosures regarding the composition of the items of other comprehensive income. Amounts which are to be reclassified from other comprehensive income to profit or loss have to be reported separately from items for which such reclassification is not allowed, taking into account related deferred tax effects. Application of the amendments is mandatory for financial years beginning on or after July 1, 2012. The ProSiebenSat.1 Group will adjust the presentation of other comprehensive income but does not expect significant effects on the consolidated financial statements.

In December 2010 the IASB issued limited amendments to **IAS 12 "Income Taxes"** regarding the determination of the applicable tax rate for the measurement of deferred tax assets and liabilities. For investment property accounted for at fair value under IAS 40 "Investment Property", the amendments require, deferred taxes to be measured using the tax rate that will apply on the sale of such properties, unless the presumption of a sale can be rebutted. Application of the amendments is mandatory for financial years beginning on or after January 1, 2012. The ProSiebenSat.1 Group expects no significant impact of these amendments on the consolidated financial statements.

In June 2011 the IASB issued amendments to **IAS 19 "Employee Benefits"**. Regarding the accounting of defined benefit plans, the option for the deferred recognition of actuarial gains and losses through profit and loss using the "corridor approach" was eliminated. In the future, all changes of defined benefit obligations and plan assets (if plan assets exist) are to be recognized in the period in which they occur, with some of these changes to be recognized in other comprehensive income. Furthermore, the revised standard contains extended disclosure requirements as well as a revised definition of termination benefits. Application of the amendments is mandatory for financial years beginning on or after January 1, 2013, early adoption is permitted. The ProSiebenSat.1 Group expects no significant impact of the revised version of IAS 19 on the consolidated financial statements.

On November 12, 2009 the IASB has issued **IFRS 9 "Financial Instruments"**, a new standard for the classification and measurement of financial instruments. The publication of IFRS 9 marks the preliminary end to the first phase of a three-phase project to replace IAS 39 "Financial Instruments: Recognition and Measurement" by a new standard. IFRS 9 introduces new requirements for the classification and measurement of financial assets. On October 28, 2010 the IASB has issued a new version of IFRS 9, containing new accounting requirements for financial liabilities and requirements for the derecognition of financial assets and liabilities, which have been taken over from IAS 39. The Basis of Conclusions has also been restructured. IFRS 9 (2009) was withdrawn and replaced by IFRS 9 (2010). On December 16, 2011 the IASB has agreed to postpone the mandatory application date from January 1, 2013 to January 1, 2015, with early adoption being permitted. On the basis of current knowledge, IFRS 9 will not have a significant impact on the consolidated financial statements of the ProSiebenSat.1 Group.

In May 2011 the IASB issued a set of five standards relating to group accounting, which are described below.

The standard **IFRS 10 "Consolidated Financial Statements"** will replace those parts of IAS 27 "Consolidated and Separate Financial Statements" relating to consolidated financial statements as well as the interpretation SIC 12 "Consolidation – Special purpose entities". IFRS 10 harmonizes the basis for determining the scope of consolidation by redefining the control concept.

The accounting for joint arrangements of several investors under joint control is addressed in **IFRS 11 "Joint arrangements"**. The standard replaces IAS 31 "Interests in Joint Ventures". Under IFRS 11 joint arrangements are assessed based on the rights and obligations of the involved parties. In contrast to the present version, there will be only two types of joint arrangements in the future: "Joint Operations" and "Joint Ventures". For the latter, IFRS 11 requires the use of the equity method, the option to apply proportionate consolidation is eliminated. The ProSiebenSat.1 Group does not expect the initial application to have a significant impact on the consolidated financial statements.

The disclosure requirements for entities holding investments in subsidiaries, joint arrangements, associates and / or non-consolidated so-called "structured entities" are contained in **IFRS 12 "Disclosures about Investments in Other Entities"**. The required disclosures are more extensive than under current standards. Apart from the extended disclosures, the ProSiebenSat.1 Group does not expect the initial application of the new standards on group accounting to have a significant impact on the consolidated financial statements.

As part of the release of the standards described above, **IAS 27 "Consolidated and Separate Financial Statements"** and **IAS 28 "Investments in Associates"** have been amended so that the requirements therein primarily relate to the accounting for subsidiaries, associates and joint ventures in the separate financial statements of the investor. This has been emphasized by renaming the standards to **IAS 27 "Separate Financial Statements"** and **IAS 28 "Investments in Associates and Joint Ventures"** respectively. The revised versions of IAS 27 and IAS 28 are applicable for the first time for financial years beginning on or after January 1, 2013. Early application is possible, provided the "package" of the five standards is applied simultaneously. These changes are not expected to have an impact on the consolidated financial statements of the ProSiebenSat.1 Group.

The standard **IFRS 13 "Fair Value Measurement"**, also published in May 2011, the IASB unites the requirements for the determination of fair value as well as the related disclosure requirements, currently contained in various standards, in a single standard. The term "fair value" is defined, together with a unified measurement concept for financial and non-financial items in the statement of financial position and – when compared to the current standards – to some extent significantly enhanced disclosure requirements. IFRS 13 is applicable for the first time for financial years beginning on or after January 1, 2013. Apart from the extended disclosure requirements, the ProSiebenSat.1 Group does not expect any material impact on the consolidated financial statements.

In November 2011 the IFRIC issued **Interpretation IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine"**, which addresses the recognition of stripping costs of a surface mine during the production phase, either as inventories or non-current assets. IFRIC 20 is applicable for the first time for financial years beginning on or after January 1, 2013. The Interpretation will not affect the consolidated financial statements of the ProSiebenSat.1 Group.

In December 2011 the IASB issued amendments to **IAS 32 "Financial Instruments: Presentation"** regarding the offsetting of financial assets and liabilities. The requirements remain essentially unchanged, only the Application Guidance has been amended. In this context, the requirements of IFRS 7 "Financial instruments: Disclosures" have been amended to include enhanced disclosures regarding the offsetting of financial instruments. The ProSiebenSat.1 Group does not expect the amendment to significantly affect the consolidated financial statements.

Notes to the Income Statement

8 Revenues

EUR m	2011	2010
Advertising revenues	2,331.2	2,213.9
Barter transactions	32.0	38.8
Other revenues	393.0	348.3
Total	**2,756.2**	**2,601.0**

Advertising revenues and barter transactions comprise revenues generated by broadcasting advertising in Free TV operations and Diversification. This position also includes revenues from sale of advertising time according to the "media for revenue share" model.

Other revenues particularly include revenues from

- the distribution of rights and other merchandising services,
- distribution agreements,
- telephone value added services and
- sales of programming rights and ancillary rights.

Additionally, revenues determined by the percentage-of-completion method are reported for the first time in the Diversification segment. Those revenues relate to projects for the production of programming content. The revenue contribution is immaterial for the consolidated financial statements of ProSiebenSat.1 Group for the financial year 2011 is insignificant.

9 Cost of sales

Cost of sales primarily comprises the consumption of programming assets (including impairment). In 2011 these amounted to EUR 1,080.2 million (previous year: EUR 957.0 million). Also included are license expenses and distribution fees of EUR 167.0 million (previous year: EUR 187.3 million), personnel expenses of EUR 153.9 million (previous year: 142.1 million) as well as depreciation of property, plant and equipment and amortization of intangible assets (including impairments) of EUR 31.4 million (previous year: EUR 31.8 million). For these positions see Note 17 "Other information".

10 Selling Expenses

Selling expenses mainly comprise personnel expenses of EUR 90.7 million (previous year: EUR 83.7 million), transmission expenses of EUR 83.3 million (previous year: EUR 93.9 million), advertising expenses of EUR 82.7 million (previous year: EUR 81.0 million) as well as depreciation of property, plant and equipment and amortization of intangible assets (including impairments) of EUR 38.5 million (previous year: EUR 48.3 million). For these positions see Note 17 "Other information".

11 Administrative Expenses

This item represents all costs of general administrative activities. These include in addition to personnel expenses of EUR 98.5 million (previous year: 91.4 million), depreciation of property, plant and equipment and amortization of intangible assets (including impairment) of EUR 75.8 million (previous year: EUR 46.9 million) (for these positions see Note 17 "Other information"), expenses for IT operations of EUR 42.8 million (previous year: EUR 80.3 million) as well as expenses associated with the use of buildings amounting to EUR 22.8 million (previous year: EUR 21.0 million). Furthermore, in 2011 a loss of EUR 3.7 million was reported for this position in connection with the disposal of subsidiaries in Greece and Bulgaria.

12 Other operating income

EUR m	2011	2010
Government grants	2.1	0.7
Recharges	1.1	3.4
Income from the release of accruals	0.7	1.5
Income from release of valuation allowance on receivables	0.5	0.1
Release of items for which the statute of limitations has elapsed	0.2	0.3
Income from the disposal of property, plant and equipment and of intangible assets	0.1	0.3
Rental contracts	0.1	0.3
Other	4.9	4.6
Total	**9.7**	**11.2**

Government grants primarily comprise subsidies received for productions in Austria.

The position "Other" includes a number of transactions that are individually immaterial. The derecognition of financial liabilities measured at amortized cost resulted in income of EUR 0.1 million (previous year: EUR 0.1 million).

13 Interest result

EUR m	2011	2010
Interest and similar income	9.5	5.1
Thereof from available for sale financial assets	1.8	0.3
Thereof from loans and receivables	0.1	0.7
Thereof from hedging derivatives	0.2	0.3
Thereof other interest and similar income	7.4	3.8
Interest and similar expenses	-207.8	-224.5
Thereof from financial liabilities at amortized cost	-113.2	-110.3
Thereof from hedging derivatives	-87.8	-108.3
Thereof other interest and similar expenses	-6.8	-5.9
Interest result	**-198.3**	**-219.4**

The main interest expense items pertain to interest on loans drawn. The decline in interest expenses in 2011 is mainly due to the partial repayment of term loans ("Amend and extend"). Furthermore, the average utilization of the revolving credit facility was lower compared to the previous year. For further details on the syndicated loan agreements please refer to Section 28 "Financial Liabilities".

14 Result from investments accounted for using the equity method and other financial result

EUR m	2011	2010
Share of income from Joint Ventures	0.0	-13.6
Share of income from associates	3.3	2.3
Income from investments accounted for using the equity method	**3.3**	**-11.3**
Gains and losses from the valuation of investments accounted for using the equity method	18.2	0.0
Dividend income from available for sale financial assets	0.0	0.1
Changes in the fair value of financial assets recognized at fair value through profit or loss	-0.2	0.0
Impairment of financial assets available for sale	-9.0	0.1
Foreign currency translation gains/losses	-22.3	4.7
Thereof from cash and cash equivalents	-1.6	8.6
Thereof from loans and receivables	-2.6	1.6
Thereof from financial liabilities at amortized cost	-15.3	-16.8
Thereof from financial assets and liabilities held for trading	-1.8	12.6
Thereof other	-1.0	-1.3
Other financing cost	-31.8	-12.4
Other financial result	**-45.1**	**-7.5**

In the previous year, the income from investments accounted for using the equity method mainly related to the joint venture maxdome GmbH & Co. KG.

In the financial year 2011 maxdome GmbH & Co. KG was fully consolidated and a gain from revaluation of the investment formerly valued using the equity method of EUR 18.2 was recognized in other financial result.

Furthermore, ProSiebenSat.1 Media AG recognized an impairment on the investment in Zenimax Media Inc. of EUR 9.0 million in the financial year 2011, presented in the item impairment of financial assets available for sale.

The foreign currency gains and losses mainly comprise currency effects from the revaluation of liabilities for programming assets as well as account balances in foreign currency.

The other financing cost line item includes expenses in connection with the financing structure of ProSiebenSat.1 Group. In the financial year 2011 it mainly comprises expenses relating to the partial repayment of term loans of EUR 8.0 million (previous year: EUR 0.0 million) as well as related costs resulting from the cancellation of interest hedges of EUR 14.8 million (previous year: EUR 0.0 million).

15 Income taxes

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

Taxes on income comprise the following:

EUR m	2011	2010
Current tax expenses	69.2	103.2
Deferred tax expenses/income	28.0	-14.8
Total Income tax expenses	**97.2**	**88.4**

The current tax expenses comprise all domestic and foreign taxes which are based on taxable profits in 2011 (corporate income tax, trade tax and appropriate foreign taxes) including adjustments for prior years.

The deferred tax expenses for financial year 2011 include a deferred tax income of EUR 18.7 million (previous year: EUR 8.7 million) resulting from the change in deferred taxes on loss carryforwards and a deferred tax expense of EUR 44.4 million (previous year: deferred tax income of EUR 2.6 million) relating to the origination and reversal of temporary differences. EUR 1.7 million of the deferred tax expenses (previous year: EUR 0.3 million) relate to previously unrecognized temporary differences.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled. For the following countries the deferred tax rate applied was reduced by reason of new tax legislation. These changes in tax rates resulted in deferred tax expenses in the amount of EUR 0.6 million (previous year: deferred tax inxcome EUR 2.7 million).

	Expected tax rate 2011	Expected tax rate 2010
Finland	24.5%	26.0%
Great Britain	25.0%	24.0%

The corporate income tax rate in Germany in 2011 of 15.0% as well as the German reunification surtax ("solidarity surtax") of 5.5% both remain unchanged compared to the previous year. Including the trade tax (local business income tax) with an average basis factor of 340% (previous year: 350%), the rounded total tax rate for 2011 was 28% (previous year: 28%).

The applicable tax rates for Group companies outside Germany vary from 10.0% to 39.8% (previous year: between 10.0% and 39.8%).

Regarding continued operations, the expected tax expense can be reconciled with the actual tax expense as follows:

EUR m	2011	2010
Profit before taxes	**366.6**	**328.6**
Applicable Group tax rate	28%	28%
Expected income tax expense	102.6	92.0
Adjustments to the expected income tax expense:		
Tax deviations		
Effects due to foreign tax rate differences	11.7	6.6
Effects due to changes in statutory tax rates	0.6	-2.7
Effects from deviation in taxable base		
Non-deductible interest expenses	5.1	5.6
Other non-deductible operating expenses	7.9	5.5
Tax-free income	-6.1	-6.2
Non-taxable disposal effects	1.0	8.6
Goodwill	-5.1	- / -
Recognition and measurement of deferred tax assets		
Changes in the realization of deferred tax assets	-4.5	-18.7
Other effects		
Taxes from previous years	-16.4	-5.2
Investments accounted for using the equity method	-0.1	2.9
Other	0.5	0.0
Total Income tax expenses	**97.2**	**88.4**

Deferred tax assets on tax loss carry-forwards and on temporary differences were recognized and measured on the basis of projected future taxable income. For financial year 2011, the deferred tax income of the reversal of a previous write-down of deferred tax assets recognized on loss carryforwards amounted to EUR 9.8 million (previous year: EUR 8.6 million) and the deferred tax expense from the impairment of deferred tax assets recognized on loss carry-forwards was EUR 4.9 million (previous year: EUR 1.7 million). In the financial year 2011, deferred tax assets on temporary differences of EUR 0.4 million (previous year: EUR 0.0 million) were derecognized. There was no benefit arising from previously unrecognized tax losses and interest (previous year: reduction in current tax enpenses of EUR 14.0 million).

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. This is based primarily on the tax planning for the next five years and the reversal of taxable temporary differences. In total, no deferred tax assets were recognized for tax loss carry-forwards regarding corporate income taxes amounting to EUR 69.2 million (previous year: EUR 51.7 million), for tax loss carry-forwards regarding trade tax amounting to EUR 7.4 million (previous year: EUR 1.8 million), for tax credits of EUR 12.0 million (previous year: EUR 18.7 million) and for temporary differences of EUR 2.9 million (previous year: EUR 0.0 million) as of December 31, 2011. Of these tax loss carry-forwards, less that EUR 0.1 million will expire within the next ten years if they are not utilized (previous year: EUR 13.7 million).

Recognized deferred tax assets and liabilities relate to the following items:

	2011		2010	
EUR m	Assets	Liabilities	Assets	Liabilities
Intangible assets	3.2	131.2	11.0	172.4
Property, plant and equipment	4.5	32.7	10.7	39.2
Financial assets	3.8	0.6	3.6	0.7
Programming assets	1.4	10.2	5.8	9.8
Inventories and other assets	5.5	13.6	7.5	8.8
Provision for pensions	0.1	0.0	0.3	0.1
Other provisions	9.7	6.6	11.0	0.0
Liabilities	74.4	9.4	93.2	15.9
Tax loss carry-forwards	41.8	- / -	27.2	- / -
Netting	-65.6	-65.6	-83.2	-83.2
Total	**78.8**	**138.7**	**87.1**	**163.7**

Regarding the netting of deferred tax assets and deferred tax liabilities, please refer to Note 6 "Accounting policies".

A deferred tax liability for planned future dividend distributions of EUR 0.6 million (previous year: EUR 0.4 million) was recognized for ownership interests in subsidiaries (outside basis differences). Furthermore, taxable temporary differences of EUR 18.4 million (previous year: EUR 0.0 million) exist, arising from outside basis differences. No deferred tax liabilities were recognized on these taxable temporary differences as the time line of the release of temporary differences is under control of the company and a release of the temporary differences is assessed to be not probable over a foreseeable time period.

For disclosures on the deferred tax assets recognized in other comprehensive income and on the actual taxes recognized in capital reserves refer to Note 25 "Shareholders' Equity".

16 Earnings per share

EUR m	2011 basic	2010 basic	2011 diluted	2010 diluted
Reconciliation of income figures				
Result attributable to the shareholders of ProSiebenSat.1 Media AG	**637.5**	**312.7**	**637.5**	**312.7**
Share of result attributable to common stock	**326.8**	**159.7**	**323.4**	**157.8**
Thereof from continued operations	135.0	120.1	132.6	118.3
Thereof from discontinued operations	191.8	39.6	190.8	39.5
Share of result attributable to preferred stock	**310.7**	**153.0**	**314.1**	**154.9**
Thereof from continued operations	127.5	114.5	129.9	116.3
Thereof from discontinued operations	183.2	38.5	184.2	38.6
Reconciliation of weighted average number of shares				
Weighted average number of shares of common stock outstanding	109,398,600	109,398,600	109,398,600	109,398,600
Weighted average number of shares of preferred stock outstanding	103,266,398	103,405,648	103,266,398	103,405,648
Dilution effect based on stock options issued for preferred stock			2,259,490	2,451,665
Calculation basis of outstanding shares	**212,664,998**	**212,804,248**	**214,924,488**	**215,255,913**
EUR				
Earnings per common share	**2.99**	**1.46**	**2.96**	**1.44**
Thereof from continued operations	1.23	1.09	1.22	1.08
Thereof from discontinued operations	1.76	0.37	1.74	0.36
Earnings per preferred share	**3.01**	**1.48**	**2.98**	**1.45**
Thereof from continued operations	1.24	1.11	1.23	1.10
Thereof from discontinued operations	1.77	0.37	1.75	0.35

Under IAS 33 "Earnings per share", basic earnings per share are calculated by dividing the profit share by the average number of shares determined. For purposes of calculating diluted earnings per share of preferred stock, the average number of shares of preferred stock outstanding is adjusted by the number of all potential diluting shares. In the financial year 2011, a change in accounting policy was implemented regarding the dilution effects included in earnings per share. As a consequence, dilution effects arising from the issuance of stock options on shares of preferred stock under the Long Term Incentive Plans (please refer to Note 35 "stock options") can not only arise with regard to earning per share of preferred stock but also with regard to earnings per share of common stock. The calculation of diluted earnings per share of common stock is adjusted by income effects resulting from all potential diluting shares. The basis for the adjustment is a preferred dividend amounting to EUR 0.02.

For the financial year 2011 the basic earnings per share of common stock amount to EUR 2.99 (previous year: EUR 1.46) and the diluted earnings per share of preferred stock amount to EUR 3.01 (previous year: EUR 1.48). The change in accounting policy regarding the dilution effect on earnings per share of common stock (as described in Note 6 "Accouting policies") results in a dilution effect of EUR minus 0.03 (previous year: minus EUR 0.02).

The dilutive effect per preferred share amounts to minus EUR 0.03 (previous year: minus EUR 0.03) resulting from the possible conversion of all stock options issued on preferred shares which are in the money.

In the financial year 2011, the weighted average number of outstanding preferred shares decreased due to the acquisition of treasury shares. At the reporting date, executives had 2,259,490 (previous year: 2,451,665) rights to stock options.

17 Other disclosures

Personnel expenses and number of employees

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

EUR m	2011	2010
Wages and salaries	299.1	273.8
Social security contributions and expenses for pensions and other employee benefits	44.0	43.4
Total	**343.1**	**317.2**

Employer contributions to the public retirement insurance system totaled EUR 15.9 million in financial year 2011 (previous year: EUR 15.4 million).

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

	2011	2010
Female employees	2,048	1,933
Male employees	2,210	2,128
Total	**4,258**	**4,061**

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

Depreciation and amortization

Scheduled consumption and impairment of programming assets of EUR 1,080.2 million (previous year: EUR 957.0 million) is part of EBITDA and is presented as cost of sales. The following depreciation, amortization and impairments are included under cost of sales, selling expenses and administrative expenses:

EUR m	2011	2010
Amortization of intangible assets	87.0	85.0
Depreciation of property, plant and equipment	32.6	33.7
Impairment of intangible assets	26.1	4.2
Impairment of property, plant and equipment	- / -	4.1
Total	**145.7**	**127.0**

The values presented concern the income from continued operations and therefore deviate from those presented in Section “Notes to the Statement of Financial Position”.

Notes to the Statement of Financial Position

18 Intangible assets

EUR m	Other intangible assets	Goodwill	Advances paid	Total
COST				
Balance as of January 1, 2010	**1,061.6**	**2,562.5**	**12.0**	**3,636.1**
Exchange rate differences	19.0	46.5	- / -	65.5
Change in scope of consolidation	-6.8	12.5	0.0	5.7
Additions	30.0	- / -	13.6	43.6
Reclassifications	10.9	- / -	-10.9	- / -
Disposals	-7.3	- / -	0.0	-7.3
Balance as of December 31, 2010/January 1, 2011	**1,107.4**	**2,621.5**	**14.7**	**3,743.6**
Exchange rate differences	-12.0	-15.1	- / -	-27.1
Change in scope of consolidation	-335.0	-625.3	0.0	-960.3
Additions	48.6	0.0	11.8	60.4
Reclassifications	13.8	- / -	-13.8	- / -
Disposals	-8.4	- / -	-0.2	-8.6
Balance as of December 31, 2011	**814.4**	**1,981.1**	**12.5**	**2,808.0**
AMORTIZATION				
Balance as of January 1, 2010	**353.6**	**267.4**	**- / -**	**621.0**
Exchange rate differences	2.1	-1.0	- / -	1.1
Change in scope of consolidation	-3.8	- / -	- / -	-3.8
Additions[1]	95.3	- / -	0.2	95.5[2]
Reclassifications	- / -	- / -	- / -	- / -
Disposals	-7.3	- / -	- / -	-7.3
Balance as of December 31, 2010/January 1, 2011	**439.9**	**266.4**	**0.2**	**706.5**
Exchange rate differences	-12.6	-5.9	- / -	-18.5
Change in scope of consolidation	-69.3	-86.8	- / -	-156.1
Additions[1]	114.9	- / -	- / -	114.9[2]
Reclassifications	- / -	- / -	- / -	- / -
Disposals	-7.9	- / -	-0.2	-8.1
Balance as of December 31, 2011	**465.0**	**173.7**	**0.0**	**638.7**
Carrying amount December 31, 2011	**349.4**	**1,807.4**	**12.5**	**2,169.3**
Carrying amount December 31, 2010	**667.5**	**2,355.1**	**14.5**	**3,037.1**

1 thereof impairments of EUR 1.0 million (previous year: EUR 3.0 million) are presented in cost of sales, EUR 0.0 million (previous year: EUR 0.0 million) in selling expenses and EUR 25.1 million (previous year: EUR 1.2 million) in administrative expenses.
2 contains additions relating to business in Belgium/Netherlands until deconsolidation.

Other intangible assets include brands, software, intellectual property rights, customer relationships and broadcasting licenses. Amortization and impairments are included in the income statement under cost of sales, selling expenses and administrative expenses.

As of December 31, 2011, goodwill amounts to EUR 1,807.4 million (previous year: EUR 2,355.1 million). With an original amount of EUR 2,363.0, the goodwill results almost entirely from the acquisition of SBS Broadcasting Group in 2007. The goodwill relating to the acquisition of SBS mainly comprises strategic development potential and synergies. The decline of the carrying value in the financial year 2011 mainly relates to the sale of the TV operations in Belgium and the Netherlands, allocated to the cash-generating unit Free-TV international. Furthermore, ProSiebenSat.1 Group completely sold its Print operations in the Netherlands. The goodwill of the cash-generating Free-TV International was allocated to the units retained and the units disposed of on the basis of relative values, in accordance with IAS 36.86. The deconsolidation of TV and Print operations in Belgium and the Netherlands resulted in a disposal of goodwill of EUR 601.0 million.

Goodwill is tested for annual impairment in terms of IAS 36 on the basis of value in use, applying the procedure described in Note 6 "Accounting policies." There were no goodwill impairments in 2011 nor in the previous year.

The following table summarizes the tested goodwill of the cash-generating units and the assumptions applied in the respective impairment tests.

Name of segment	Free-TV German-speaking	Free-TV International	Diversification	Diversification	Diversification	Total
Name of cash generating unit[1]	Free-TV German-speaking	Free-TV International	Radio	Print	Other Media	
Carrying amount of Goodwill at December 31, 2010 (EUR m)[2]	444.4	1,330.3	112.2	93.1	375.1	**2,355.1**
Carrying amount of Goodwill at December 31, 2011 (EUR m)	455.2	812.3	108.7	-/-	431.2	**1,807.4**
Revenue growth p.a. in the projection period (CAGR)[3]	3.6% (4.6%)	6.6% (6.5%)	5.5% (5.4%)	-/- (-0.1%)	17.4% (10.9%)	
Ø EBITDA margin in the projection period[3]	34.1% (37.2%)	23.7% (27.3%)	22.6% (21.0%)	-/- (33.8%)	20.8% (22.4%)	
Duration of projection period	5 years	5 years	5 years	5 years	5 years	
Revenue growth p.a. at the end of projection period[3]	1.5% (1.5%)	1.5% (1.5%)	1.5% (1.7%)	-/- (0.0%)	1.5% (1.5%)	
EBITDA margin at end of projection period[3]	36.3% (40.8%)	27.1% (29.4%)	25.7% (25.2%)	-/- (33.8%)	23.2% (25.5%)	
Ø Discount rate[3]	8.2% (9.4%)	8.4% (9.7%)	8.0% (9.3%)	-/- (9.5%)	8.1% (9.2%)	

1 The cash generating units correspond to the operating segments (cf. Note 34 "Segment reporting").
2 The carrying amount of Goodwill regarding cash-generating unit Free-TV International as of December 31, 2010 relates in an amount of EUR 822.4 million to continued operations, the carrying value relating to discontinued operations amounts to EUR 507.9 million. The carrying amount of EUR 93.1 million attributable to the cash generating unit Print as of December 31, 2010 solely relates to discontinued operations..
3 Figures for previous year in brackets.

The assumptions for revenue growth used in the impairment tests are based on externally published sources for the projection period. In some cases, risk discounts were applied for regional characteristics.

The assumed EBITDA margins are based on past experience, or were adjusted on the basis of cost-cutting measures that have already been introduced.

The discount rate for each case reflects the weighted average cost of capital (WACC) – the risk-adjusted minimum interest before taxes entitlement derived from the capital market for each case.

To the extent that a reasonably possible change in a key assumption, which is integrated into the impairment test, and that could result in a reduction of the recoverable amount to below the carrying value of the relevant goodwill, a sensitivity analysis has to be performed on this key assumption. In financial year 2011, a possible change in a key assumption of the impairment test no longer reduced the recoverable amount below the carrying value. Therefore, the cash generating unit Radio is no longer located within the relevant range of a potential sensitivity analysis. In the previous year, a sensitivity analysis was performed for the cash generating unit Radio based on a sustainable EBITDA margin. The recoverable amount of the cash-generating unit Radio is based on the material assumption of a sustainable EBITDA margin of 25.2%. Based on this assumption, the recoverable amount would have exceeded the carrying amount by EUR 47 million. Assuming a 4.9 percentage point decrease in the sustainable EBITDA margin to 20.3%, the recoverable amount would have been equal to the asset's carrying amount.

Brands with a carrying amount of EUR 216.3 million as of December 31, 2011 (previous year: EUR 457.1 million) are recognized under other intangible assets. The main part is attributable to brands identified and capitalized during the acquisition of SBS Broadcasting Group in 2007. The decline in the carrying amount as of December 31, 2011 also mainly relates to the sale of the TV and print operations in Belgium and the Netherlands. The useful life of the brands is determined as indefinite since they are not assigned to any contractually defined fixed period. All such brands are tested for impairment annually in accordance with IAS 36 on the basis of fair value less costs to sell, applying the procedure described in Note 6, "Accounting policies". In the financial year 2011, an impairment on brands of EUR 21.5 million (previous year: EUR 0.6 million) was recorded in administration expenses. The impairment is mainly attributable to the sale of subsidiaries in Greece as well as the closure of business of 9Live as described in Note 3, "Acquisitions and Disposals".

The following table summarizes attribution of brands to operating segments and the assumptions applied in the associated impairment tests.

Name of segment	Free-TV German-speaking	Free-TV International	Diversification	Diversification	Diversification	Total
Name of cash generating unit[1]	Free-TV German-speaking	Free-TV International	Radio	Print	Other Media	
Carrying amount of brands at December 31, 2010 (EUR m)	3.4	375.3	35.4	26.6	16.4	**457.1**
Carrying amount of brands at December 31, 2011 (EUR m)	3.4	164.7	40.6	-/-	7.6	**216.3**
Impairment in 2011 (EUR m)[2]	-/- (-/-)	5.1 (-/-)	4.4 (0.6)	-/- (-/-)	12.0 (-/-)	21.5 (0.6)
Ø Revenues growth p.a. in the projection period (CAGR) (range)[2]	6.4% (5.4%)	1.4% - 28.9% (2.9% - 14.1%)	3.7% - 9.7% (3.9% - 10.0%)	-/- (-0.1%)	1.5% - 31.4% (2.8% - 34.3%)	
Assumed royalty fee in % (range)[2]	5.0% (5.0%)	2.5% - 5.5% (5.0% - 5.5%)	2.5% - 6.0% (4.0% - 6.0%)	-/- (5.5%)	3.0% - 5.0% (5.0%)	
Duration of projection period	5 years	5 years	5 years	5 years	5 years	
Revenues growth p.a. at end of projection period (range)[2]	1.5% (1.5%)	1.5% - 2.0% (1.5%-2.0%)	1.5% - 2.0% (1.5%-2.0%)	-/- (0.0%)	1.5% (1.5%)	
Discount rate (range)[2]	8.9% (9.4%)	9.0% - 10.1% (9.1% - 11.0%)	8.6% - 10.1% (9.1% - 11.0%)	-/- (9.7%)	8.6% - 8.9% (9.2% - 9.4%)	

1 The cash generating units correspond to those of the operating segment (cf. Note 34 "Segment reporting").
2 Figures for previous year in brackets.

The valuation is carried out using the Relief from Royalty Method that calculates the royalties that the ProSiebenSat.1 Group would have had to pay to an external party for the use of respective intangible assets. The valuation of the assets is then based on the present value of saved future royalty payments.

To the extent a reasonably possible change in a key assumption which is integrated into the impairment test could result in a reduction of the recoverable amount to below the carrying amount of the relevant brand, a sensitivity analysis is to be performed on this key assumption. The recoverable amount of the brand "The Voice" in Denmark (cash generating unit Radio) exceeds its carrying amount (EUR 4.1 million) by EUR 0.6 million. The recoverable amount of the brand "Prima TV", allocated to the cash generating unit Free-TV international, is EUR 19.4 million and the carrying amount EUR 16.2 million. A minor variation of the planning assumptions may lead to a potential impairment. The total impairment risk here is restricted to the carrying amount of the asset.

Furthermore, impairments on broadcasting licenses amounting to EUR 2.7 million were recognized in the cash generating unit Radio in the financial year. The impairment is attributable to sale of subsidiaries in Bulgaria as described in Note 3, "Acquisitions and disposals". In the cash generating unit "Other Media" impairments of EUR 0.9 million were recognized on customer relationships. In the financial year 2010 no impairment was recognized for this cash generating unit.

Internally generated intangible assets were capitalized in other intangible assets in the financial year. The amount recognized is immaterial for the consolidated financial statements of ProSiebenSat.1 Group.

19 Property, plant and equipment

EUR m	Buildings on land owned by others, fixtures and renovations	Technical facilities	Office furniture and equipment	Advances paid	Total
COST					
Balance as of January 1, 2010	**254.6**	**252.6**	**69.1**	**2.4**	**578.7**
Exchange rate differences	0.0	-0.5	1.2	0.0	0.7
Changes in scope of consolidation	-0.5	-23.3	-2.4	- / -	-26.2
Additions	4.2	19.8	4.0	4.9	32.9
Reclassifications	4.1	-12.3	10.9	-2.7	- / -
Disposals	-5.4	-21.9	-3.0	0.0	-30.3
Balance as of December 31, 2010/ January 1, 2011	**257.0**	**214.4**	**79.8**	**4.6**	**555.8**
Exchange rate differences	-1.3	-0.7	-0.5	-0.1	-2.6
Changes in scope of consolidation	-11.6	-25.9	-4.8	0.0	-42.3
Additions	0.8	17.7	6.9	8.6	34.0
Reclassifications	0.1	3.6	0.1	-3.8	- / -
Disposals	-3.7	-18.0	-9.9	-0.1	-31.7
Balance as of December 31, 2011	**241.3**	**191.1**	**71.6**	**9.2**	**513.2**
DEPRECIATION AND AMORTIZATION					
Balance as of January 1, 2010	90.6	175.1	56.4	- / -	322.1
Exchange rate differences	0.3	-0.7	1.0	- / -	0.6
Changes in scope of consolidation	-0.5	-12.0	-2.5	- / -	-15.0
Additions	8.9	29.7	4.0	- / -	42.6
Reclassifications	3.8	-14.2	10.4	- / -	- / -
Disposals	-2.4	-21.7	-2.6	- / -	-26.7
Balance as of December 31, 2010/ January 1, 2011	**100.7**	**156.2**	**66.7**	**- / -**	**323.6**
Exchange rate differences	-0.2	-0.6	-0.5	- / -	-1.3
Changes in scope of consolidation	-10.4	-18.2	-4.5	- / -	-33.1
Additions	6.8	22.7	4.4	- / -	33.9
Reclassifications	- / -	- / -	- / -	- / -	- / -
Disposals	-3.7	-17.9	-9.6	- / -	-31.2
Balance as of December 31, 2011	**93.2**	**142.2**	**56.5**	**- / -**	**291.9**
Carrying amount December 31, 2011	**148.1**	**48.9**	**15.1**	**9.2**	**221.3**
Carrying amount December 31, 2010	**156.3**	**58.2**	**13.1**	**4.6**	**232.2**

The buildings on land owned by others, fixtures and renovations line item relates to leased buildings for a residual carrying amount of EUR 111.0 million (previous year: EUR 113.3 million) where the underlying lease agreements qualify as finance leases, and which are therefore reported as assets on which the Group has beneficial ownership. The underlying leases cover land and buildings at the Unterföhring site. Each of them has a leasing term of 22 years. The earliest expiration is scheduled for 2019, but the interest rate conversion points (the end of the lock-in period for interest rates) are not yet determined. The real estate leases were signed on prevailing market terms. Other leases with a carrying amount of EUR 5.4 million (previous year: EUR 8.7 million) exist mainly for technical equipment which also qualify as finance leases.

As of December 31, 2011 and the previous year's reporting date, the minimum lease payments comprise the following:

EUR m	Remaining term 1 year or less	Remaining term 2 to 5 years	Remaining term over 5 years	Total 12/31/2011
Property, plant and equipment				
Minimum lease payments	14.1	38.2	44.7	**97.0**
Share of interest minimum lease payments	5.5	10.2	17.7	**33.4**
Present value of minimum lease payments	8.6	28.0	27.0	**63.6**

EUR m	Remaining term 1 year or less	Remaining term 2 to 5 years	Remaining term over 5 years	Total 12/31/2010
Property, plant and equipment				
Minimum lease payments	15.4	47.3	47.1	**109.8**
Share of interest minimum lease payments	5.8	18.6	13.2	**37.6**
Present value of minimum lease payments	9.6	28.7	33.9	**72.2**

Additionally, lease obligations related to buildings on land owned by others of EUR 37.4 million (previous year: EUR 37.4 million) still exist that under the repayment plan will not be paid until 2019 or 2023. Therefore, the lease liabilities at December 31, 2010 amounted to EUR 101.0 million (previous year: EUR 109.6 million).

20 Investments accounted for using the equity method and non-current financial assets

The principle investments accounted for using the equity method, none of which are listed on any stock exchange, were as follows on December 31 2011 and 2010. They are arranged in alphabetical order below (stake in brackets):

- AdAudience GmbH, Düsseldorf (25.0 %)
- Goldbach Media (Switzerland) AG , Küsnacht (22.96 %)
- VG Media Gesellschaft zur Verwertung der Urheber- und Leistungsschutzrechte von Medienunternehmen mbH, Berlin (50.0 %)

In comparison to the previous financial year, AdAudience GmbH, Düsseldorf has been classified as material in the financial year 2011. As of December 31, 2010, in addition to the above companies, the principle investments accounted for using the equity method contained the following company:

- maxdome GmbH & Co. KG, Unterföhring (50.0%)

By acquiring the remaining stake in maxdome GmbH & Co. KG in the financial year 2011, ProSiebenSat.1 Group gained control of the company. The company is included as a subsidiary and fully consolidated in the consolidated financial statements of the ProSiebenSat.1 Group since January 1, 2011. For further information regarding this acquisition, please refer to Note 3 “Acquisitions and Disposals”.

The following overview shows aggregated information on the principle investments accounted for using the equity method. The figures are not based on the stakes held by the ProSiebenSat.1 Group, but represent the figures of a notional holding of 100%.

EUR m	12/31/2011	12/31/2010
Non-current assets	0.8	6.3
thereof: joint ventures	0.1	5.8
Current assets	123.4	102.4
thereof: joint ventures	0.9	10.1
Total assets	**124.2**	**108.7**
Shareholders' equity	0.9	-25.6
thereof: joint ventures	0.0	-26.2
Non-current financial liabilities	0.6	16.7
thereof: joint ventures	0.0	16.5
Current financial liabilities	122.7	117.6
thereof: joint ventures	1.0	25.6
Total equity and liabilities	**124.2**	**108.7**
	2011	**2010**
Revenues	281.0	184.5
thereof: joint ventures	2.5	20.5
Result of the year	-0.2	-14.5
thereof: joint ventures	-0.2	-13.4

Additional investments accounted for using the equity method, but which are classified as immaterial, are shown in the list of investments on page 210.

In the 2011 financial year, the ProSiebenSat.1 Group received a dividend from an associate of EUR 3.3 million (previous year: EUR 2.4 million).

Non-current financial assets comprise the following:

EUR m	12/31/2011	12/31/2010
Investments	46.2	55.1
Securities	9.2	7.7
Other	1.1	0.2
Total	**56.5**	**63.0**

The major position under "investments" is the Group's investment of a 6.9 % stake in ZeniMax Media Inc. (previous year: 7.11%). The entity is incorporated in Rockville, USA and develops interactive entertainment content for game consoles, the PC and wireless devices. The investment is valued at (amortized) acquisition cost (see Note 14 "Result from investments accounted for using the equity method and other financial result").

The "securities" item essentially comprises shares in investment funds acquired to cover the pension obligations that are recognized at fair value through profit and loss, as they do qualify as plan assets as defined by IAS 19 "Employee Benefits".

21 Programming assets

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

EUR m	Capitalized TV rights	Advances paid	Total
Carrying amount January 1, 2010	**1,310.3**	**216.2**	**1,526.5**
Exchange rate differences	7.0	2.2	9.2
Changes in scope of consolidations	-0.2	-0.2	-0.4
Additions	1,162.1	71.4	1,233.5
Disposals	-22.4	- / -	-22.4
Reclassifications	182.4	-182.4	- / -
Consumption[1]	-1,091.8	- / -	-1,091.8
thereof scheduled			-995.3
thereof unscheduled			-96.5
Carrying amount December 31, 2010 and January 1, 2011	**1,547.4**	**107.2**	**1,654.6**
thereof non-current programming assets			1,497.7
thereof current programming assets			156.9
Exchange rate differences	-3.4	-0.1	-3.5
Changes in scope of consolidations	-162.4	-13.3	-175.7
Additions	1,105.4	136.9	1,242.3
Disposals	-29.4	-4.4	-33.8
Reclassifications	50.5	-50.5	- / -
Consumption[1]	-1,152.6	- / -	-1,152.6
thereof scheduled			-1,038.0
thereof unscheduled			-114.6
Carrying amount December 31, 2011	**1,355.5**	**175.8**	**1,531.3**
thereof non-current programming assets			1,337.8
thereof current programming assets			193.5

1 Consumption including provisions from prior periods for onerous contracts of EUR 17.0 million (previous year: EUR 29.3 million)

Because of their high importance, programming assets – which would normally be classified under intangible assets – are presented as a separate item in the statement of financial position. Capitalized TV rights primarily contain Free TV rights of EUR 1,353.4 million (previous year: EUR 1,543.2 million) as well as other TV rights such as Pay-TV, Video-on-demand and Mobile TV rights of EUR 2.1 million (previous year: EUR 4.2 million).

Scheduled consumption and impairment of programming assets are presented under cost of sales. Reversals of impairments are netted against the consumption. There were no material reversals of impairments in 2011 or in the previous year.

Consumption resulting from broadcasts is measured using a declining-balance method according to a standardized matrix that is uniform for the entire Group. Consumption of programming assets reflects the portion of advertising revenues for the given reporting period in relation to the total advertising revenues expected from the broadcasts defined by contract or planned by management. The estimate for total expected advertising revenues is regularly reviewed, and impairments are recognized if necessary. In addition, provisions are recognized for onerous contracts if from today's programming viewpoint, contracts to acquire programming assets that were signed before the end of the reporting period now appear to be economically unfavorable because the future use of the programming asset is not expected to generate the revenues originally projected.

Obligations to purchase programming assets in future years are reported in Note 32 "Other financial obligations".

22 Inventories

Inventories primarily result from projects in the area of programme content production, which have not been accounted for using the percentage-of-completion method due to their immateriality.

23 Accounts receivable and other non-current assets

	12/31/2011			12/31/2010		
EUR m	Current	Non-current	Total	Current	Non-current	Total
Trade accounts receivable	**279.4**	**- / -**	**279.4**	**321.0**	**- / -**	**321.0**
Accrued items	16.6	- / -	16.6	41.2	- / -	41.2
Receivables from investments accounted for using the equity method	26.4	- / -	26.4	34.5	- / -	34.5
Derivatives	40.8	- / -	40.8	30.3	- / -	30.3
Advance payments	25.8	- / -	25.8	22.2	- / -	22.2
Other	25.7	2.6	28.3	12.9	3.5	16.4
Total Other receivables and non-current assets	**135.3**	**2.6**	**137.9**	**141.1**	**3.5**	**144.6**
Total	**414.7**	**2.6**	**417.3**	**462.1**	**3.5**	**465.6**

The carrying amounts of receivables and other current assets, in accordance with IFRS 7 categories, are shown under Note 33 "Further notes on financial risk management and financial instruments according to IFRS 7".

The following table shows the changes in credit allowances on the gross total of current and non-current trade accounts receivable:

EUR m	12/31/2011	12/31/2010
Credit allowances at the beginning of the reporting period	30.7	30.3
Changes to the scope of consolidation	-3.7	- / -
Additions	4.4	4.1
Release	-1.9	-1.4
Usage	-1.8	-2.3
Foreign currency effects	-0.1	0.0
Credit allowances at the end of the reporting period	**27.6**	**30.7**

As of December 31, 2011, the Group's trade accounts receivable after credit allowances had the following aging structure:

EUR m	12/31/2011	12/31/2010
Not past due at the end of the reporting period	206.3	241.2
Amount past due for the following time ranges:		
Less than 3 months	53.6	53.6
Between 3 and 6 months	7.4	14.3
Between 6 and 9 months	5.7	5.8
Between 9 and 12 months	2.4	0.6
More than 12 months	4.0	5.5
Total Trade accounts receivable	**279.4**	**321.0**

24 Cash and cash equivalents

Cash and cash equivalents include cash in bank with a maturity of three months or less as of their acquisition date as well as cash on hand.

25 Shareholders' equity

At the reporting date, the subscribed capital of ProSiebenSat.1 Media AG amounted to EUR 218,797,200. it is made up of 109,398,600 registered shares of common stock with no par value, and 109,398,600 non-voting bearer shares of preferred stock with no par value, each share representing a nominal value of EUR 1.00 of the share capital. Thus, as of December 31, 2011, the number of shares outstanding was 218,797,200, of which the Company itself held 7,640,000 preferred shares in treasury (previous year: 5,661,834).

The listed preferred shares do not carry voting rights, except as provided by mandatory law, and entitle the holder to receive a share of profits EUR 0.02 greater than for the common shares. In addition, a minimum dividend of EUR 0.02 per preferred share is set. If the distributable profit for one or more financial years is not sufficient to pay the minimum amount per preferred share, the unpaid amounts, without interest, are paid out of the distributable profit for the subsequent financial year before the distribution of that year's share of profits for preferred shares, and before the distribution of profits to the holders of common stock.

Capital reserves amounted to EUR 575.5 million (previous year: EUR 577.6 million). They mainly comprise the share premium from the share issuance in 1997 and the capital increase in 2004. Moreover, EUR 2.3 million (previous year: EUR 2.1 million) were recognized in capital reserves in connection with stock options (see Note 35 "Stock option plan") as well as minus EUR 6.1 million (previous year: minus EUR 4.4 million) resulting from the cash-settlement of stock options. In addition, in financial year 2011 actual taxes in connection with stock options of EUR 1.7 million (previous year: EUR 1.2 million) were recognized directly in capital reserves.

The change in retained earnings results mainly from the profit for the period of EUR 637.5 million (previous year: EUR 312.7 million) and from the dividend of EUR 241.2 million (previous year: EUR 2.1 million) paid in the financial year 2011.

The accumulated other comprehensive income of the ProSiebenSat.1 Group, in the amount of minus EUR 92.3 million (previous year: minus EUR 139.9 million) results from the measurement of financial instruments outside profit or loss, and from currency translation adjustments of the financial statements of foreign subsidiaries. The measurement of financial instruments outside profit or loss relates to currency hedges in the amount of EUR 30.5 million (previous year: EUR 13.3 million) and interest rate hedges in the amount of minus EUR 146.2 million (previous year: minus EUR 206.3 million), before deduction of the related deferred taxes. Deferred taxes on the currency hedges amount to minus EUR 8.6 million (previous year: minus EUR 3.7 million) and on the interest rate hedges to EUR 40.4 million (previous year: EUR 56.0 million).

Thus other comprehensive income recognized in shareholders' equity comprises the following:

	2011			2010		
EUR m	Before taxes	Deferred taxes	After taxes	Before taxes	Deferred taxes	After taxes
Currency translation ProSiebenSat.1 foreign subsidiaries	-9.2	- / -	-9.2	72.2	- / -	72.2
Currency translation non-controlling interests of foreign subsidiaries	-0.1	- / -	-0.1	0.2	- / -	0.2
Effect from foreign currency translation	-9.3	- / -	-9.3	72.4	- / -	72.4
Currency hedges	17.2	-4.8	12.4	23.0	-6.4	16.6
Interest rate hedges	60.1	-15.7	44.4	19.9	-5.4	14.5
Recognition of cash flow hedges	77.3	-20.5	56.8	42.9	-11.8	31.1
Total other comprehensive income/loss for the period	**68.0**	**-20.5**	**47.5**	**115.3**	**-11.8**	**103.5**

Allocation of profits

Last financial year, under a resolution adopted at the shareholders' meeting on July 1, 2011, a dividend of EUR 241.2 million was paid out to holders of preferred stock and common stock, out of ProSiebenSat.1 Media AG's 2010 distributable profit of EUR 3,098.2 million. This represents a payout of a dividend of EUR 1.14 per dividend-eligible bearer share of preferred stock and EUR 1.12 per dividend-eligible bearer share of common stock.

In accordance with the German Stock Corporations Act, the dividend payable to shareholders depends on the distributable 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 Company's distributable profit of EUR 3,047.4 million for the financial year 2011 should be allocated as follows:

EUR	
Distribution of a dividend of EUR 1.14 per bearer share of preferred stock	119,057,562.00
Distribution of a dividend of EUR 1.12 per registered share of common stock	125,808,390.00
Balance to be carried forward to the next accounting period	2,802,508,467.26
ProSiebenSat.1 Media AG distributable profit December 31, 2011	**3,047,374,419.26**

Distribution of the dividend is contingent on the approval of the shareholders' meeting on May 15, 2012.

Authorized Capital

The authorization of the Executive Board to increase the share capital (Authorized Capital) under Article 4 (4) of the Company's articles of incorporation expired on May 6, 2009. The shareholders' meeting on June 4, 2009, approved a new Authorized Capital, together with an authorization to exclude pre-emptive rights, with a corresponding amendment of Article 4 (amount and division of share capital) of the articles of incorporation. Subject to the consent of the Supervisory Board, the Executive Board is now authorized to increase the Company's share capital on one or more occasions on or before June 3, 2014, by not more than EUR 109,398,600, in return for contributions in cash and/or in kind, by issuing new no-par shares of stock.

Contingent Capital

The shareholders' meeting of June 4, 2009, approved a contingent increase of the share capital by a total of not more than EUR 109,398,600, by issuing not more than 109,398,600 registered shares of common stock or bearer shares of preferred stock. The contingent capital increase serves to grant stock to holders of, or creditors under, convertible bonds and/or warrant-linked bonds, which the Company was also authorized to issue by the shareholders' meeting of the same date.

Treasury shares

At the shareholders' meeting of June 4, 2009, the shareholders authorized the Company under Section 71 (1) 8 of the German Stock Corporation Act to acquire its own stock in the amount of up to 10% of the share capital. This authorization would have expired on December 3, 2010, and was replaced by a new authorization at the shareholders' meeting of June 29, 2010. The Company is now authorized to acquire its own common and/or preferred stock on or before June 28, 2015, up to the total notional amount of 10% of the Company's share capital at the time of the authorization.

The June 29, 2010 authorization may be exercised by the Executive Board for any legal purpose, especially to service the share options with a purchase right of the preferred stock of ProSiebenSat.1 Media AG, which are granted as a part of the stock option plans.

In order to hedge its Long-Term Incentive Programmes, the ProSiebenSat.1 Media AG has purchased shares in the market in the financial year 2011. In total, 2,500,000 non-voting shares of preferred stock were acquired via the Deutsche Börse at an average price of EUR 13.01. As a consequence, the ProSiebenSat.1 Media AG holds a total of 7,640,000 (previous year: 5,661,834) shares of its own preferred stock in treasury as of December 31, 2011.

Information about capital management

The primary capital management tools used by the ProSiebenSat.1 Group are equity capital measures, dividend payments to the shareholders, repurchase of shares and borrowing.

The ProSiebenSat.1 Group's capital management pursues the goal of safeguarding the Company's going concern for the long term, and of generating a fair return for its shareholders. In this regard, the changes in economic conditions and risks resulting from the underlying business operations are monitored. It is also important to the ProSiebenSat.1 Group to ensure its unrestricted access to various borrowing options in the capital market, and its ability to service 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 (earnings before taxes, financial result and depreciation and amortization excluding non-recurring effects), as well as needs for capital and liquidity, and to matching the timing of refinancing measures.

The ProSiebenSat.1 Group's capital structure as of the end of the reporting period was as follows:

EUR m	**12/31/2011**	12/31/2010
Shareholders' equity	1,441.4	1,025.9
Share from total capital	28.6%	16.2%
Current loans and borrowings	0.1	230.6
Non-current loans and borrowings	2,335.6	3,531.3
Loans and borrowings total	2,335.7	3,761.9
Share from total capital	46.4%	59.6%
Total Capital (total equity and liabilities)	**5,033.6**	**6,316.3**

In the financial year 2011, the consolidated shareholders' equity of the ProSiebenSat.1 Group increased by 40.5% to EUR 1,441.4 million. The equity ratio of the Group increased as of reporting date by 28.6% (previous year: 16.2%). Most of the increase resulted from the profit generated during the financial year 2011 of EUR 644.4 million (previous year: EUR 318.3 million). In addition, positive developments in other comprehensive income led to an increase of shareholders' equity of EUR 47.6 million (previous year: EUR 103.3 million). In this respect, positive effects of the valuation and cancellation of cash flow hedges amounting to EUR 77.3 million (previous year: EUR 42.9 million), deferred taxes of minus EUR 20.5 million (previous year: minus EUR 11.8 million) as well as foreign currency translation adjustments of minus EUR 9.2 million (previous year: EUR 72.2 million) were the most important factors in this development.

Opposite effects primarily reflect the payment of a dividend of EUR 241.2 million from the distributable profits of the ProSiebenSat.1 Media AG for the financial year 2010 and the repurchase of 2,500,000 non-voting shares of preferred stock at a total amount of EUR 32.6 million.

The Group has strongly improved its capital structure in the financial year 2011. The ProSiebenSat.1 Group has utilized the proceeds from the sale of subsidiaries in Belgium and the Netherlands to repay EUR 1.2 billion of its loans ahead of maturity. Simultaneously, the Company has extended the maturities of a significant portion of its remaining loans until July 2016. For further information relating to the extensive refinancing measures in the financial year 2011 please refer to Note 28 "Financial liabilities".

The ProSiebenSat.1 Group is striving to improve its financial profile. For this purpose, the aim is especially in the positive result development as well as an improvement of net debt position.

The ProSiebenSat.1 Group and its financial liabilities are not officially rated by international rating agencies.

26 Provision for pensions

Pension provisions were recognized for obligations to provide 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 under defined-benefit plans is calculated as follows:

EUR m	2011	2010
Present value of obligation at January 1	**9.1**	**8.0**
Current service cost	0.3	0.5
Past service cost	1.1	0.0
Interest cost	0.4	0.4
Actuarial gains / losses	-0.5	0.5
Total amount recognized in profit or loss	**1.3**	**1.4**
Pension payments	-0.3	-0.3
Present value of obligation at December 31	**10.1**	**9.1**

There are no material differences between the defined benefit obligation and the pension provision recognized in the statement of financial provision at December 31, 2011.

In the financial year 2011, the pension expense amounted to EUR 1.3 million (previous year: EUR 1.4 million). The interest expense relating to pension obligations is presented as part of the net interest expense. Actuarial gains and losses are recognized immediately in the period in which they occur and presented in administrative expenses, as are all other components of pension expense.

The measurement date for the present value of obligations is December 31. The following parameters and assumptions were applied:

	2011	2010
Discount rate	5.1%	4.5%
Rate of salary progression	0.0%	0.0%
Rate of pension progression	1.0%	1.0%

In the financial year 2011, pension payments were made to former Executive Board members with pension entitlements amounting to EUR 0.3 million (previous year: EUR 0.3 million). Pension payments of EUR 0.3 million are expected for the financial year 2012.

The expected payments in 2012 to acquire shares in investment funds to cover the obligation for defined-benefit pension plans are EUR 0.7 million. These shares in investment funds do not qualify as plan assets for offsetting against the pension obligation, but are presented separately as financial assets (see Note 20 "Investments accounted for using the equity method and non-current financial assets").

27 Other provisions

EUR m	As of 01/01/2011	Currency differences	Additions	Usage	Release	Changes in scope of consolidation	As of 12/31/2011
Provisions for onerous contracts	43.1	- / -	25.3	-29.4	-4.3	0.6	**35.3**
Provisions for business operations	16.0	0.0	13.7	-14.4	-1.6	0.1	**13.8**
Other provisions	31.4	-0.1	17.2	-1.7	-9.5	-1.3	**36.0**
Total	**90.5**	**-0.1**	**56.2**	**-45.5**	**-15.4**	**-0.6**	**85.1**
thereof current provisions	74.3						**78.7**
thereof non-current provisions	16.2						**6.4**

ProSiebenSat.1 Media AG expects that the majority of the provisions will fall due within the next year. Non-current provisions are expected to be settled within six years.

Provisions for onerous contracts relate primarily to programming assets at EUR 17.6 million (previous year: EUR 14.5 million), provisions of EUR 9.6 million (previous year: EUR 14.2 million) in connection with the disposal of N24 which took place in 2010 and broadcasting in HD of EUR 2.4 million (previous year: EUR 8.0 million). Provisions for onerous contracts include EUR 6.4 million non-current provisions (previous year: EUR 16.2 million). Provisions for business operations largely include provisions for sales discounts. The remaining provisions comprise provisions for interest on taxes of EUR 13.5 million (previous year: EUR 11.1 million), provisions for advertising spots still to be broadcast of EUR 4.5 million (previous year: EUR 5.2 million), provisions for litigation of EUR 4.6 million (previous year: EUR 1.8 million) and other provisions of EUR 13.4 million (previous year: EUR 13.3 million).

In the financial year 2011, interest effects from unwinding of provisions amounted to EUR 1.3 million (previous year: EUR 0.9 million).

28 Financial liabilities

EUR m	Current	Non-current	Total 12/31/2011
Non-current loans and borrowings	**0.1**	**2,335.6**	**2,335.7**
Trade accounts payable	**410.0**	**46.8**	**456.8**
Accrued interest	19.3	- / -	19.3
Liabilities from finance leases	8.6	92.4	101.0
Liabilities from derivatives	14.0	134.1	148.1
Liabilities from investments accounted for using the equity method	0.5	- / -	0.5
Liabilities from business combinations	5.1	52.5	57.6
Total other financial liabilities	**47.5**	**279.0**	**326.5**
Total financial liabilities	**457.6**	**2,661.4**	**3,119.0**

EUR m	Current	Non-current	Total 12/31/2010
Non-current loans and borrowings	**230.6**	**3,531.3**	**3,761.9**
Trade accounts payable	**485.0**	**41.8**	**526.8**
Accrued interest	22.2	- / -	22.2
Liabilities from finance leases	9.6	100.0	109.6
Liabilities from derivatives	1.4	213.8	215.2
Liabilities from investments accounted for using the equity method	1.2	- / -	1.2
Liabilities from business combinations	5.0	34.7	39.7
Total other financial liabilities	**39.4**	**348.5**	**387.9**
Total financial liabilities	**755.0**	**3,921.6**	**4,676.6**

The carrying amounts of financial liabilities according to IFRS 7 categories are disclosed under Note 33 "Further notes on financial risk management and financial instruments according to IFRS 7".

Liabilities to banks comprise the following:

Syndicated facilities agreement

The facilities agreement covers a number of term loans with an original term of seven years and maturity on July 3, 2014 (Term Loan B), and loans with an original term of eight years and maturity on July 3, 2015 (Term Loan C). On July 18, 2011 the ProSiebenSat.1 Group had made an offer to its lenders for the partial repayment and maturity extension certain of its term loans until July 2016 ("Amend & Extend"). This offer was accepted by the lenders on July 29, 2011. As part of the refinancing, the ProSiebenSat.1 Group has repaid EUR 1.2 billion, approximately one third of its original loans in August 2011. Simultaneously, the maturities of the largest part of the remaining loans, overall EUR 2.1 billion, were extended until the end of 2016 (new Term Loan D). This transaction did not constitute a substantial modification of financing conditions under IAS 39.40.

The available revolving credit facility with an original volume of EUR 600 million amounted to EUR 568.4 million as of December 31, 2011 (previous year: EUR 581.8 million). The ProSiebenSat.1 Group can draw variably on the revolving credit facility for general corporate purposes.

At December 31, 2011 no cash amounts were drawn under the facility. Including drawing on guarantees totaling EUR 20.0 million (previous year: EUR 26.5 million), an amount of EUR 548.4 million under the revolving credit facility was unused at December 31, 2011 (previous year: EUR 325.3 million).

The 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 euro. As of December 31, 2011, all the loans have been drawn in euro. Loans and borrowings are variable-interest financial liabilities. Interest rates are based on Euribor money market conditions plus an additional credit margin, ranging between 1.25% and 2.5%.

Unamortized transaction costs incurred in negotiating the initial loans of EUR 8.0 million were recognized in profit or loss and presented in financial result as part of the refinancing. Transaction costs relating to the refinancing of EUR 12.3 million were deducted from the carrying amounts of the loans and will be amortized in profit or loss over the liabilities' term using the effective interest rate method. The repayment amount of the two Term Loans at December 31, 2011 was EUR 2,359.7 million (December 31, 2010: EUR 3,559.7 million). The financial liabilities are measured at amortized cost using the effective interest rate method and have a carrying amount of EUR 2,335.6 million as of December 31, 2011 (December 31, 2011: EUR 3,531.3 million).

As part of the refinancing, interest rate hedging instruments (interest rate swaps) were cancelled and EUR 14.8 million initially recognized in other comprehensive income reclassified to financial result. Moreover, new interest rate hedging instruments (interest rate swaps) to mitigate interest rate risk were acquired, which – like the initial instruments – meet the criteria of IAS 39 for applying cash flow hedge accounting. At December 31, 2011 the Group has hedged 100% of its interest rate exposure after consideration of loan repayments and cancellations of interest rate swaps (December 31, 2010: 79%).

Under the facilities agreement, the ProSiebenSat.1 Group has pledged as security equity interests in various material subsidiaries. The entire collateral has been pledged over the whole term of the loan facilities drawn. A number of subsidiaries have also provided 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 covered by more detailed provisions of the contract. In case of a change of control under corporate law as a result of an acquisition of a majority stake in the company, each lender is entitled to require the termination of its participation in the loan and a repayment of the outstanding amount within a certain time period. The agreement obligates the Company among other things to maintain a certain ratio between consolidated net debt and consolidated EBITDA as well as between consolidated EBITDA and consolidated net interest result (in each case as defined in the agreement). In the financial years 2011 and 2010, the ProSiebenSat.1 Group complied with all contractual obligations.

29 Other liabilities

Other liabilities comprise the following:

	12/31/2011		12/31/2010	
EUR m	current	non-current	current	non-current
Liabilities from VAT	43.0	- / -	59.2	- / -
Accrued items	38.8	- / -	66.1	- / -
Liabilities to employees	30.9	- / -	34.1	- / -
Liabilities from other taxes	10.7	- / -	13.6	- / -
Liabilities to collecting societies	20.8	- / -	20.2	- / -
Liabilities to agencies	12.1	- / -	18.2	- / -
Vacation payment accruals	14.9	- / -	15.5	- / -
Advance payments received	6.2	0.2	35.4	0.8
Debtors with a credit balance	2.4	- / -	4.0	- / -
Accruals from social security payments	2.1	- / -	2.9	0.0
Liabilities to artists social fund	1.0	- / -	1.4	- / -
Other	5.6	0.9	5.2	0.9
Total	**188.5**	**1.1**	**275.8**	**1.7**

The accrued items are made up largely of liabilities to media agencies. In the previous financial year, advance payments received mainly contained annual advance payments of Veronica Publishing magazine subscribers in the Netherlands.

Additional Notes

30 Cash flow statement

The cash flow statement shows how cash and cash equivalents have changed as a result of cash inflows and outflows during the period. In accordance with IAS 7, cash flows are distinguished between operating activities, investing activities and financing activities.

The funds covered by the cash flow statement include all cash and cash equivalents shown in the statement of financial position with terms of not more than three months, subject only to minor risks of fluctuation in value. Cash is not subject to restrictions on its use.

Cash flows from operating activities are derived indirectly from the annual financial statements. Cash flows from investing and financing activities are calculated directly from the payments.

In the financial year 2011, material non-cash transactions amounted to EUR 27.1 million (previous year: EUR 11.7 million). These relate mainly to non-cash business acquisitions (refer to Note 3 "Acquisitions and disposals") and acquisitions of assets by means of a finance lease.

31 Contingent assets and liabilities

In May 2010, the premises of the ProSiebenSat.1 Media AG were searched by the Federal Cartel Office. These investigations were based on the suspicion of alleged agreements between ProSiebenSat.1 Media AG and the RTL Group to make programs of the competing broadcasting groups which are currently available free of charge accessible exclusively in an encrypted, bundled, fee-based format in the future. Since then, a series of negotiations have taken place with representatives of the Federal Cartel Office. Due to the unpredictable nature of such proceedings we do not currently expect a probable outflow of resources. As a consequence, no provision was recognized as of the reporting date. The potential risk is within a range of up to EUR 30 million.

At December 31, 2011, total contingent liabilities from pledges and guarantees for domestic and foreign companies totaled EUR 1.0 million (previous year: EUR 1.0 million). Currently there is no indication that these contingent liabilities will actually be incurred.

Under the loan facilities agreement, the ProSiebenSat.1 Group has pledged as security equity interests in various material subsidiaries. A number of subsidiaries have also provided guarantees to the lenders.

Major outstanding litigation procedures in which ProSiebenSat.1 Media AG and/or companies controlled by ProSiebenSat.1 Media AG are involved as defendant and for which no provisions have been recognized as of December 31, 2011 are shown below:

- **Legal action for disclosure and damages by RTL 2 Fernsehen GmbH & C. KG and El Cartel Media GmbH & Co. KG against ProSiebenSat.1 Media AG, SevenOne Media GmbH and the stations Sat.1 Satelliten Fernsehen GmbH, ProSieben Television GmbH, kabel eins Fernsehen GmbH and N24 Gesellschaft für Nachrichten und Zeitgeschehen mbH (no longer part of the Group) has been pending at the Düsseldorf Regional Court since November 10, 2008.** The plaintiff is asserting disclosure and damages claims in connection with the marketing of advertising time by SevenOne Media GmbH. In 2011, two hearings have taken place. Further hearings are expected during the course of 2012. The outcome of the case cannot currently be predicted.

- **Legal action for disclosure and damages by MTV Networks Germany GmbH against ProSiebenSat.1 Media AG, SevenOne Media GmbH and the stations Sat.1 Satelliten Fernsehen GmbH, ProSieben Television GmbH, kabel eins Fernsehen GmbH and N24 Gesellschaft für Nachrichten und Zeitgeschehen mbH (no longer part of the Group) has been pending at the Munich Regional Court since December 22, 2009.** The plaintiff is asserting disclosure and damages claims in connection with the marketing of advertising time by SevenOne Media GmbH. A hearing has taken place in January 2012. The outcome of the case cannot currently be predicted.

- **Legal action for disclosure and damages by TM-TV GmbH against ProSiebenSat.1 Media AG, SevenOne Media GmbH and the stations Sat.1 Satelliten Fernsehen GmbH, ProSieben Television GmbH, kabel eins Fernsehen GmbH and N24 Gesellschaft für Nachrichten und Zeitgeschehen mbH (no longer part of the Group) has been pending at the Munich Regional Court since November 9, 2009.** The plaintiff is asserting disclosure and damages claims in connection with marketing advertising time by SevenOne Media GmbH. The Munich Regional Court has dismissed the case in its entirety in a ruling of November 22, 2011. The plaintiff has appealed against this ruling at the Munich Higher Regional Court. The outcome of the appeal case cannot currently be predicted. There have not yet been any hearings in this case.

- **Legal action for additional payments to bestseller authors against companies of the ProSiebenSat.1 Group.** On July 19, 2011 the Berlin Regional Court sentenced the SAT.1 Satelliten Fernsehen GmbH to make additional payments to a scriptwriter for a TV series under Section 32a of the German Copyright Act (UrhG). The company has appealed against this ruling, a hearing on the matter is expected to take place at the end of October 2012. We are convinced that the ruling is highly likely to be overturned and as a consequence, no provisions were recognized. Other authors have made similar claims, in and out of court. Provisions have been set up for some of these claims which are, however, immaterial to the economic position of the ProSiebenSat.1 Group.

- In addition, ProSiebenSat.1 Media AG and companies under its control are defendants or participants in further court or arbitration actions and institutional proceedings. On the basis of current knowledge, these cases have no material impact on the economic position of the ProSiebenSat.1 Group.

32 Other financial obligations

EUR m	12/31/2011	12/31/2010
Remaining term 1 year or less	759.8	804.5
Remaining term 1 to 5 years	1,871.6	1,966.2
Remaining term over 5 years	285.3	216.7
Purchase commitments for programming assets	**2,916.7**	**2,987.4**
Remaining term 1 year or less	72.2	85.6
Remaining term 1 to 5 years	218.3	170.1
Remaining term over 5 years	62.4	48.9
Distribution	**352.9**	**304.6**
Remaining term 1 year or less	14.0	19.5
Remaining term 1 to 5 years	34.3	30.1
Remaining term over 5 years	10.8	11.3
Leasing and long-term rental commitments	**59.1**	**60.9**
Remaining term 1 year or less	79.2	90.4
Remaining term 1 to 5 years	125.3	131.1
Remaining term over 5 years	26.5	39.7
Other financial obligations	**231.0**	**261.2**
Total	**3,559.7**	**3,614.1**

Other financial obligations comprise off-balance-sheet financial obligations in addition to the liabilities shown in the statement of financial position. These derive from contractual agreements entered into before the reporting date and pertain to payment obligations due after the reporting date. The figures are nominal amounts, i.e. there was no discounting.

The purchase commitments for programming assets reflects for contracts for film and series licenses and commissioned productions entered into before December 31, 2011. Most of the contracts were concluded in US dollar.

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

Non-cancelable leasing and long-term rental obligations essentially comprise obligations under leases for motor vehicles along with property rental obligations which are classified as operate leases due to their economic content. Together with satellite rental, operate leasing expenses amounted to EUR 68.0 million in 2010 (previous year: EUR 55.0 million).

The other financial obligations primarily comprise payments to collecting societies and other services.

33 Further notes on financial risk management and financial instruments according to IFRS 7

The ProSiebenSat.1 Group's operations and financing requirements expose it to various financial risks. These risks are managed as a part of financial risk management by the corporate department Group Finance & Treasury. Financial risk management aims to secure solvency, to manage market price risks in line with risks and to optimize the Group financial result. The derivative financial instruments acquired for this purpose serve solely to hedge existing risk positions, not for speculative purposes. For Group companies, the principles, duties and responsibilities of financial risk management are governed by the internal corporate financial guidelines of the ProSiebenSat.1 Group. Risk reports are reviewed by the Executive Board on a monthly basis.

The following risks have been identified as material and are assessed on an ongoing basis. After consideration of hedging activities, the ProSiebenSat.1 Group does not consider itself to be exposed to any material concentrations of risk.

Interest rate risks

By interest rate risk, the ProSiebenSat.1 Group refers to the risk of rising financing costs as a result of increased interest rates. Through its financial liabilities with variable interest rates, the ProSiebenSat.1 Group is exposed to an interest rate risk. As of December 31, 2011, the facilities agreement covers a number of term loans totaling a nominal value of EUR 67.5 million with a maturity date of July 3, 2014 (Term Loan B), loans with a total volume of EUR 208.5 million with a maturity date of July 3, 2015 (Term Loan C), as well as the new loan with a total volume of EUR 2,083.7 million and a maturity date of July 3, 2016, concluded as part of the extension agreement of August 2011 (Term Loan D). The ProSiebenSat.1 Group hedges the interest rate risk inherent in these variable-interest loans using interest rate swaps.

In interest rate swaps, variable-rate interest payments are exchanged for fixed-rate interest payments. Uncertain, variable-rate future interest payments on the borrowings described above are thus compensated and replaced with fixed-rate interest payments. The market value of interest rate swaps is obtained by discounting expected future cash flows. Differences may arise where other methods are used. However, since the interest rate derivatives are used exclusively for hedging existing interest rate risks, there is no intention to close them out.

The interest rate swaps have a total value of EUR 2,350.0 million (previous year: EUR 2,800.0 million), with an average fixed rate of 4.58% (previous year: 4.57%). As of December 31, 2011, almost 100% (previous year: 79%) of the loans were hedged using interest rate swaps. A portion of EUR 750.0 million has a maturity date of August 24, 2012. The remainder of EUR 1,600.0 million has a maturity date of July 3, 2014. Due to the sustained low interest rate level, interest expenses of EUR 87.6 million (previous year: EUR 108.3 million) were incurred as part of these transactions.

The interest rate swaps qualify as cash flow hedges that are covered by hedge accounting. As of December 31, 2011, they had a negative market value of EUR 155.1 million (previous year: negative value of EUR 217.9 million). Of this amount, EUR 146.9 million (previous year: EUR 206.8 million) is recognized as a separate item within other comprehensive income and unrealized accrued interests amounting to EUR 7.7 million (previous year: EUR 10.4 million) within interest expenses. Because of the partial ineffectiveness of the hedges, EUR 0.2 million were recognized under interest income (previous year: EUR 0.2 million).

Apart from the unhedged portion of the term loans, the remaining variable interest rate risk results not only, but also from any cash drawings the Group may take on its revolving credit facility. As of December 31, 2011, the Group has not drawn any cash on this credit facility (previous year: EUR 230.0 million). An interest rate risk in the sense of a change in market value is of no relevance as the ProSiebenSat.1 Group measures its financial liabilities at amortized cost, thus any possible change in market value will have no effect on the statement of financial position.

The interest-rate risk position is assessed regularly using current market data, and existing risks are quantified with the help of sensitivity analyses. The following table shows the effects of a one percentage-point increase (decline) in the relevant interest rates on the interest result. As the interest derivatives qualify for hedge accounting, changes in market value are recognized in other comprehensive income. This effect would amount to plus EUR 41.7 million in case of an interest rate increase by one percentage point and minus EUR 43.2 million in case of an interest rate decrease by one percentage point.

EUR m	Interest	12/31/2011	12/31/2010
Cash and cash equivalents	variable	517.9	740.7
Liabilities to banks	variable	-2,335.7	-3,761.9
Gross exposure	**variable**	**-1,817.8**	**-3,021.2**
Interest rate hedges		2,350.0	2.800.0
Net Exposure	**variable**	**532.2**	**-221.2**
Hedge ratio		129.3%	92.7%
Annual potential effect of an increase in short-term interest rates by 100 basis points (1 percentage point)		5.3	-2.2
Annual potential effect of a decrease in short-term interest rates by 100 basis points (1 percentage point)		-5.3	2.2

Currency risks

By currency risks, the ProSiebenSat.1 Group refers to the danger of losses resulting from changes to foreign exchange rates.

The ProSiebenSat.1 Group signs a substantial number of its license agreements with production studios in the United States. In general the Group meets its financial obligations deriving from these programming rights purchases in US dollar. Consequently fluctuations in the exchange rate between euro and US dollar may adversely affect the ProSiebenSat.1 Group's financial position and profit or loss. The currency risk from receivables and liabilities in other foreign currencies, or for other purposes, are not considered here because of their low volume.

The ProSiebenSat.1 Group is using a Group portfolio approach. Foreign currency exposure is regarded as the total volume of all future US dollar payments which result from existing license agreements and are due within a period of five years. As part of its foreign currency management, the ProSiebenSat.1 Group uses a variety of derivative and non-derivative financial instruments to hedge fluctuations in exchange rates. This includes currency forwards, currency options and cash holdings in US dollar. Currency 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 the buyer of a currency option, ProSiebenSat.1 Media AG has the right but not the obligation to buy a given currency at a given time and at a price specified when the transaction is concluded. For this right an option premium must generally be paid.

Derivative financial instruments which qualify for hedge accounting under IAS 39 are recognized in hedge accounting as cash flow hedges. The changes in fair value of these instruments are recognized in other comprehensive income and only impact profit and loss when the hedged license payments are broadcast. Hedging instruments which do not qualify for hedge accounting are allocated to the held-for-trading category. Changes in fair value are directly recognized in profit or loss.

As of December 31, 2011, ProSiebenSat.1 Group had currency forwards in its portfolio with a par value of USD 1,448.2 million (previous year: USD 1.260.9 million). There are no options for the purchase of dollars at December 31, 2011 (previous year: USD 75.0 million). The market value of currency forwards is based on market forward exchange rates. Market values for currency options are measured on the basis of a standard option pricing model. Differences may arise where other methods are used. Measurement was based on market figures (mid-rates) on December 30, 2011. As at December 31, 2011, the currency holdings in US dollar amounted to USD 20.2 million (previous year: USD 168.5 million).

			Year of maturity	Nominal amount	Fair Value	Fair Value
	2012 USD m	2013-2016 USD m	from 2017 USD m	12/31/2011 USD m	12/31/2011 EUR m	12/31/2010 EUR m
Currency forwards	526.2	922.0	- / -	1,448.2	**40.0**	16.0
(thereof within cash flow hedges)	327.2	899.0	- / -	1,226.2	**30.0**	13.4
Currency options	- / -	- / -	- / -	- / -	**- / -**	3.4
(thereof within cash flow hedges)	- / -	- / -	- / -	- / -	**- / -**	0.3
Currency holdings	20.2	- / -	- / -	20.2	**15.6**	126.0

Under hedge accounting, at December 31, 2011, minus EUR 30.5 million (previous year: EUR 13.3 million) were recognized in a separate item within other comprehensive income. In 2011, EUR 0.8 million (previous year: EUR 8.1 million) was taken out from equity and allocated directly to the purchase cost of the underlying licenses. This impacts profit and loss at the time the relevant license is consumed. No material hedge inefficiencies occurred either in 2011 or in the previous year.

The risk position in US dollars is assessed regularly using current market data and existing risks are quantified using sensitivity analyses. The following table shows the impact of a 10% rise / fall in the value of the US dollar on the equivalent value in euro for future payments in US dollar. It shows the change in the impact of the exchange rate for the US dollar on cash flows in US dollar in economic terms, and is therefore not an accounting analysis. From an accounting perspective the foreign exchange effects resulting from license liabilities, currency forwards in the held-for-trading category and cash holdings impact profit or loss. A fall (rise) of the US dollar by 10% would result in an effect of plus EUR 1.3 million (minus EUR 1.6 million) in the foreign exchange result. The foreign exchange impact of minus EUR 82.7 million from a 10% fall of the US dollar and of plus EUR 100.8 million from a 10% rise of the US dollar relating to currency forwards used under hedge accounting would be recognized in other comprehensive income.

USD m	12/31/2011	12/31/2010
Gross foreign currency exposure	**-2,062.9**	-2,157.6
Currency hedges	1,468.5	1,504.4
thereof hedge accounting	1,226.2	1,100.6
thereof held for trading	222.0	235.3
thereof currency holdings	20.2	168.5
Net exposure	**-594.4**	**-653.2**
Hedge ratio	71.2%	69.7%
Spot rate	1.2932	1.3380
US Dollar increase by 10%	1.1639	1.2042
US Dollar decrease by 10%	1.4225	1.4718
EUR m		
Change in future payments resulting from a 10% increase in the US dollar	-51.1	-54.2
Change in future payments resulting from a 10% decrease in the US dollar	41.8	44.4

The reporting currency of the Group is the euro. The financial statements of companies with their registered office outside the euro zone are converted to euro for the consolidated financial statements. In the context of foreign currency management, the holdings in these companies are regarded as a long-term investment. For this reason, ProSiebenSat.1 Group does not hedge the translation risk.

Credit and counterparty risks

The ProSiebenSat.1 Group is exposed to a credit and counterparty risk from its financing and operating activities. The carrying amount of financial assets in the statement of the financial position reflects the maximum credit risk exposure.

Under financing activities credit and counterparty risks for the ProSiebenSat.1 Group normally exist in the form of credit default risks relating to receivables. To minimize this risk the ProSiebenSat.1 Group attempts to enter into financial transactions as well as derivative contracts exclusively with counterparties with first-class to good credit ratings. The carrying amounts of the financial assets after impairments represents the maximum risk of the ProSiebenSat.1 Group. The Group has no significant concentration of counterparty risk with regard to any single counterparty or any clearly definable group of counterparties. At the end of the reporting period there were no significant agreements reducing the maximum counterparty risk. In total the ProSiebenSat.1 Group does not believe it is exposed to any major counterparty risk. As at December 31, 2011, the total market value of the derivative financial instruments for which the ProSiebenSat.1 Group recognizes a net positive market value per counterparty was EUR 16.1 million (previous year: EUR 4.8 million). This market value relates to several banks which have a credit rating of at least A2 from the rating agency Moody's. The maximum risk is the positive market value of these non-collateralized derivative financial instruments.

The ProSiebenSat.1 Group has established appropriate risk provisions against the credit and counterparty risk arising from operating activities. For this purpose all the receivables are reviewed regularly, if objective evidence for default or other breaches of contracts exists, credit allowances are recognized. If such evidence points to the definitive default, the receivables are derecognized, where applicable against a previously recognized credit allowance. Considering the net value of the trade account receivables and other financial assets, there were no indications of material payment defaults at the reporting date. For information on the aging analysis of trade accounts receivable, please refer to Note 23 "Receivables and other current assets". Information regarding major customers is to be found under Note 34 "Segment reporting".

Liquidity risks

As part of its liquidity management, the ProSiebenSat.1 Group ensures that adequate cash and cash equivalents are available at all times, in spite of the industry's sharp seasonal fluctuations in revenues. A revolving credit facility is also part of the existing credit agreement. The credit facility had an original term of seven years and maturity on July 3, 2014. As at December 31, 2011, the available facility amount with an original volume of EUR 600,0 million, which may be drawn on a variable basis, was EUR 568.4 million (previous year: EUR 581.8 million). The ProSiebenSat.1 Group may use the revolving credit facility variably for general operative purposes. As of December 31, 2011 there were no cash draw-downs on the facility (previous year: EUR 230.0 million). At the reporting date, the credit facility was utilized via guarantees in an amount of EUR 20.0 million (previous year: EUR 26.5 million).

Additionally, as of December 31, 2011, the ProSiebenSat.1 Group had total cash and cash equivalents of EUR 517.9 million (previous year: EUR 740.7 million). Thus, the Group had cash funds and unused credit facilities of EUR 1,086.3 million as of December 31, 2011 (previous year: EUR 1,066.0 million).

As a part of the disclosure of liquidity risks, a maturity analysis is provided for non-derivative financial liabilities on the basis of remaining contractual maturities and for derivative financial liabilities based on the expected timing of cash outflows. The undiscounted contractual payments are disclosed.

The ProSiebenSat.1 Group assigned expected payments for financial instruments as of December 31, 2011 and the previous financial year to the following maturity ranges:

EUR m	1 year or less	1-5 years	More than 5 years	Total contractual cash flows 12/31/2011
Loans and borrowings	91.4	2,677.1	- / -	2,768.5
Liabilities from finance leases	14.0	45.5	74.9	134.4
Trade accounts payable	410.0	46.8	- / -	456.8
Non-derivative financial liabilities	**515.4**	**2,769.4**	**74.9**	**3,359.7**
Interest rate swaps	68.6	95.2	- / -	163.8
Currency forwards	0.5	0.3	- / -	0.8
Derivative financial liabilities	**69.1**	**95.5**	**- / -**	**164.6**
Total	**584.5**	**2,864.9**	**74.9**	**3,524.3**

EUR m	1 year or less	1-5 years	More than 5 years	Total contractual cash flows 12/31/2010
Loans and borrowings	335.4	4,010.8	- / -	4,346.2
Liabilities from finance leases	15.4	47.4	84.4	147.2
Trade accounts payable	485.0	41.8	- / -	526.8
Non-derivative financial liabilities	**835.8**	**4,100.0**	**84.4**	**5,020.2**
Interest rate swaps	95.3	134.9	- / -	230.2
Currency forwards	1.3	7.0	- / -	8.3
Derivative financial liabilities	**96.6**	**141.9**	**- / -**	**238.5**
Total	**932.4**	**4,241.9**	**84.4**	**5,258.7**

Information on the carrying amounts and market values of financial instruments
The following table shows the carrying amounts of all categories of financial assets and liabilities of the ProSiebenSat.1 Group:

EUR m	Presented as	12/31/2011 Fair Value	12/31/2011 Carrying amount	12/31/2010 Fair Value	12/31/2010 Carrying amount
Financial assets					
Cash and cash equivalents	Cash and cash equivalents	517.9	517.9	740.7	740.7
Loans and receivables	Accounts receivable and other assets	308.3	308.3	357.6	357.6
Financial assets designated at fair value[1]	Non-current financial assets	9.2	9.2	7.7	7.7
Financial assets held for trading	Accounts receivable and other assets	10.4	10.4	6.4	6.4
Financial assets available for sale	Current / Non-current financial assets	- / -	47.3	- / -	55.5
Hedge derivatives	Accounts receivable and other assets	30.4	30.4	23.9	23.9
Total		**876.2**	**923.5**	**1,136.3**	**1,191.8**
Financial liabilities					
Financial liabilities at amortized cost	Financial liabilities	2,787.4	2,970.8	4,278.1	4,461.4
Financial liabilities held for trading	Financial liabilities	0.4	0.4	0.6	0.6
Hedge derivatives	Financial liabilities	147.8	147.8	214.6	214.6
Total		**2,935.6**	**3,119.0**	**4,493.3**	**4,676.6**

1 This item only includes shares in investment funds

The fair values of cash and cash equivalents, of trade accounts receivable and payable, of current financial receivables and liabilities, and of revolving credit facilities and other financing debt are approximately equivalent to their carrying amount. This is due to the short maturity of these instruments.

The maximum risk of default for the investment funds recognized at fair value through profit and loss corresponds as at December 31, 2011 to the market value of the positions. The assets are not secured against a potential counterparty risk since considering the market conditions this risk is seen as unlikely.

The financial assets available for sale primarily include an investment in Zenimax Media Inc. The investment is measured at amortized costs because its fair value cannot be determined reliably. No market price was available for the investment. In case objective evidence of impairment exists, the investment is tested for impairment. At the preparation date of the financial statements, there was no intention to sell the investment. As of December 31, 2011 there was objective evidence of impairment, as a consequence the investment was written down through profit or loss to a carrying amount of EUR 42.8 million.

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

The fair value of assets and liabilities recognized in the statement of financial position may be measured under three hierarchical levels. This hierarchy reflects the significance of the input data used for measurement, and is organized as follows:

- (Unadjusted) quoted prices on active markets for identical assets or liabilities (Level 1),
- Input data for the asset or liability that are observable either directly (as prices) or indirectly (derived from prices) but that are not quoted prices as in Level 1 (Level 2),
- Input data used for the asset or liability that are not based on observable market data (non-observable input data) (Level 3).

The following table provides information about the hierarchy levels for measuring the fair values in each category:

EUR m	Level 1	Level 2	Level 3	Total 12/31/2011
Financial assets designated at fair value	9.2	- / -	- / -	9.2
Derivative financial assets	- / -	40.8	- / -	40.8
Financial assets	**9.2**	**40.8**	**- / -**	**50.0**
Derivative financial liabilities	- / -	148.1	- / -	148.1
Financial liabilities	**- / -**	**148.1**	**- / -**	**148.1**

EUR m	Level 1	Level 2	Level 3	Total 12/31/2010
Financial assets designated at fair value	7.7	- / -	- / -	7.7
Derivative financial assets	- / -	26.9	- / -	26.9
Financial assets	**7.7**	**26.9**	**- / -**	**34.6**
Derivative financial liabilities	- / -	215.1	- / -	215.1
Financial liabilities	**- / -**	**215.1**	**- / -**	**215.1**

In both financial years there were neither transfers between Level 1 and Level 2 nor into or out of Level 3 of the fair value hierarchies.

34 Segment reporting

Explanatory notes to segment reporting

In accordance with IFRS 8 ("Operating Segments"), operating segments must be defined on the basis of the Company's own internal management. The organizational and reporting structure is based on management by business segments. On the basis of the reporting system, the Executive Board, as the "chief operating decision maker", evaluates the performance of the various segments and the allocation of resources.

The ProSiebenSat.1 Group reports in three segments: Free TV in German-speaking Europe, Free TV International and Diversification.

The Free TV German-speaking segment mainly comprises the Group's TV stations SAT.1, ProSieben, kabel eins, sixx and N24 (deconsolidated at June 30, 2010), as well as the SAT.1 regional companies, the sales company SevenOne Media, the Group's subsidiaries in Austria and Switzerland as well as the Red Arrow Entertainment Group with its sales partner SevenOne International. In the previous financial year, the segment also contained N24, which was deconsolidated on June 30, 2010.

At December 31, 2011 the Free TV International segment comprises advertising-funded TV stations in Northern Europe (Denmark, Finland, Norway and Sweden) and in the Central and Eastern European region (Romania and Hungary). Due to the disposal of the TV operations in Belgium and the Netherlands in June and July 2011 respectively, the tables below have been adjusted to reflect the impact of the discontinued operations on the segments.

The Diversification segment includes activities in the field of video on demand, online, multimedia and merchandising, games, commerce and ventures in the German-speaking region ("Other Media") as well as international Radio operations. The Print operations have been disposed of as part of the sale of the business in the Netherlands. The operating segments Other Media and Radio are aggregated into the reportable segment Diversification.

Segment information

Segment information is generally based on the same accounting policies as are described under Note 6 "Accounting policies" for the consolidated financial statements under IFRS.

The Executive Board, as the chief operating decision maker, measures the segments' success on the basis of a segment result figure that is known as "recurring EBITDA" in the Company's internal management and reporting. At the same time, this earnings benchmark is a key parameter for ongoing compliance of covenant conditions at Group level. Recurring EBITDA represents EBITDA adjusted for non-recurring effects. It is defined as adjusted earnings before interest, taxes, depreciation and amortization, and impairments. Further information regarding these non-recurring effects is presented in the management report.

Segment assets cover all assets used for operating activities. They contain intangible assets (including goodwill), property, plant, and equipment, as well as programming assets, current assets net of income tax receivables, deferred tax assets, current financial assets and cash and cash equivalents. Segment assets are not used for internal management and reporting but are nevertheless reported on a voluntary basis as part of segment reporting.

Segment investments relate to additions to non-current assets. They comprise additions to intangible assets, to property, plant, and equipment, and to programming assets.

Depreciation and amortization apply to the assets allocated to each of the segments. A distinction is made between two separately recognized figures, depreciation or amortization and impairments. The figure does not include impairment of programming assets, financial investments or current financial assets.

Other non-cash expenses and income mainly contain the consumption of programming assets, allocations to provisions, expenses from the valuation of the stock option plan, and write-downs of receivables. These expenses are offset by income from the release of provisions.

Net financial liabilities defined as segment liabilities are stated on a voluntary basis as part of segment reporting. Net financial debt is calculated as total loans and borrowing of the relevant segment minus cash and cash equivalents and current financial assets. Debt is not managed at segment level by the chief operating decision maker. For this reason, this figure is not part of regular internal reporting. Rather debt is managed at Group level and in connection with recurring EBITDA is important for the purpose of complying with specific financial covenants. Thus, this figure is provided as additional voluntary information.

In addition, non-mandatory disclosure of segment information on investments accounted for using the equity method and the relevant earnings contributions from the measurement using the equity method, interest expenses and income as well as income taxes. This information is not part of the segment result and segment assets, but is provided on a voluntary basis due to the relevance of the information.

SEGMENT INFORMATION 2011

EUR m	Segment Free-TV German-speaking 2011	Segment Free-TV International 2011	Segment Diversification 2011	Total segments continued operations 2011	Discontinued operations 2011	Eliminations 2011	Total consolidated financial statements 2011
Revenues	2,034.4	476.4	347.5	2,858.3	215.0	-102.1	2,971.2
External revenues	1,936.6	475.2	344.4	2,756.2	215.0	- / -	2,971.2
Internal revenues	97.8	1.2	3.1	102.1	0.0	-102.1	- / -
Recurring EBITDA[2]	666.4	97.8	82.4	846.6	54.7	-0.2	901.1
Recurring EBITDA margin	32.8%	20.5%	23.7%	29.6%	25.4%	- / -	30.3%
Income from investments accounted for using the equity method[1]	3.3	- / -	- / -	3.3	- / -	- / -	3.3
Interest and similar income[1]	19.1	17.7	1.2	38.0	- / -	-28.5	9.5
Interest and similar expenses[1]	143.5	81.2	11.6	236.3	0.1	-28.5	207.9
Income taxes[1]	64.9	-8.6	40.9	97.2	12.2	- / -	109.4
Depreciation and amortization	30.2	51.6	37.8	119.6	2.7	- / -	122.3
Impairment	0.4	5.1	20.6	26.1	- / -	- / -	26.1
thereof goodwill	- / -	- / -	- / -	- / -	- / -	- / -	- / -
Other non-cash expenses (-) and income (+)	-863.0	-230.1	-43.0	-1,136.1	-68.9	- / -	-1,205.0
Segment assets[1]	1,184.1	3,608.1	891.3	5,683.5	- / -	-1,344.9	4,338.6
thereof goodwill	455.2	812.3	539.9	1,807.4	- / -	- / -	1,807.4
Segment investments	968.3	237.5	69.9	1,275.7	83.5	-26.2	1,333.0
Investments accounted for using the equity method[1]	0.5	0.2	0.3	1.0	- / -	- / -	1.0
Segment liabilities[1]	875.8	1,274.9	90.3	2,241.0	- / -	-423.2	1,817.8

1 This segment information is stated on a voluntary basis as part of segment reporting.
2 The presentation of recurring EBITDA has been adusted for effects of intercompany business of the Sultan Sushi Group of EUR 3.6 million (previous year: EUR 4.3 million).

SEGMENT INFORMATION 2010

EUR m	Segment Free-TV German-speaking 2010	Segment Free-TV International 2010	Segment Diversification 2010	Total segments continued operations 2010	Discontinued operations 2010	Eliminations 2010	Total consolidated financial statements 2010
Revenues	1,936.7	424.2	316.0	2,676.9	403.2	-75.9	3,004.2
External revenues	1,866.8	421.9	312.3	2,601.0	403.2	- / -	3,004.2
Internal revenues	69.9	2.3	3.7	75.9	- / -	-75.9	- / -
Recurring EBITDA[2]	631.3	86.1	69.9	787.3	118.7	-0.1	905.9
Recurring EBITDA margin	32.6%	20.3%	22.1%	29.4%	29.4%	- / -	30.2%
Income from investments accounted for using the equity method[1]	2.3	- / -	-13.6	-11.3	- / -	- / -	-11.3
Interest and similar income[1]	7.4	5.6	3.4	16.4	- / -	-11.3	5.1
Interest and similar expenses[1]	142.3	82.6	10.9	235.8	0.2	-11.3	224.7
Income taxes[1]	118.6	-32.9	2.7	88.4	22.3	- / -	110.7
Depreciation and amortization	32.2	54.4	32.1	118.7	11.1	- / -	129.8
Impairment	5.0	- / -	3.3	8.3	- / -	- / -	8.3
thereof goodwill	- / -	- / -	- / -	- / -	- / -	- / -	- / -
Other non-cash expenses (-) and income (+)	-858.0	-171.6	-10.9	-1,040.5	-122.4	0.3	-1,162.6
Segment assets[1]	1,802.6	1,653.8	765.4	4,221.8	1,401.7	-233.5	5,390.0
thereof goodwill	444.4	822.4	487.3	1,754.1	601.0	- / -	2,355.1
Segment investments	933.6	211.6	25.1	1,170.3	140.1	-0.4	1,310.0
Investments accounted for using the equity method[1]	0.0	0.2	0.3	0.5	0.6	- / -	1.1
Segment liabilities[1]	1,619.0	1,446.0	91.1	3,156.1	-25.1	-110.0	3,021.0

1 This segment information is stated on a voluntary basis as part of segment reporting.
2 The presentation of recurring EBITDA has been adusted for effects of intercompany business of the Sultan Sushi Group of EUR 3.6 million (previous year: EUR 4.3 million).

The reconciliation between the segment values and the consolidated values is shown below:

RECONCILIATION OF SEGMENT INFORMATION

EUR m	2011	2010
REVENUES		
Revenues from reportable segments	2,858.3	2,676.9
Revenues from discontinued operations	215.0	403.2
Eliminations	-102.1	-75.9
Revenues of the Group	**2,971.2**	**3,004.2**
Elimination of revenues from discontinued operations	-215.0	-403.2
Revenues from continued operations	**2,756.2**	**2,601.0**
RECURRING EBITDA		
Recurring EBITDA of reportable segments	846.6	787.3
Recurring EBITDA from discontinued operations	54.7	118.7
Eliminations	-0.2	-0.1
Recurring EBITDA of the Group	**901.1**	**905.9**
Non-recurring result	238.2	-98.3
Financial result	-237.1	-240.5
Depreciation and amortization	-122.3	-129.8
Impairment	-26.1	-8.3
Elimination Earnings before taxes from discontinued operations	-387.2	-100.4
Consolidated profit/loss before taxes from continued operations	**366.6**	**328.6**
OTHER NON-CASH INCOME/EXPENSES		
Other non-cash income/expenses of reportable segments	1,136.1	1,040.5
Other non-cash income/expenses from discontinued operations	68.9	122.4
Eliminations	0.0	-0.3
Other Group non-cash income/expenses	**1,205.0**	**1,162.6**
Elimination of other non-cash income/expenses from discontinued operations	-68.9	-122.4
Other Group non-cash income/expenses from continued operations	**1,136.1**	**1,040.2**
thereof consumption of programming assets	1,080.2	957.0
thereof other	55.9	83.2
ASSETS		
Total assets of reportable segments	5,683.5	4,221.8
Total assets of discontinued operations	- / -	1,401.7
Eliminations	-1,344.9	-233.5
Group's segment assets	**4,338.6**	**5,390.0**
Investments accounted for using the equity method	1.0	1.1
Non-current financial assets	56.5	63.0
Deferred tax assets	78.8	87.1
Current financial assets	0.0	0.2
Cash and cash equivalents	517.9	740.7
Current tax assets	40.8	34.2
Group assets	**5,033.6**	**6,316.3**
SEGMENT INVESTMENTS		
Investments of reportable segments	1,275.7	1,170.3
Investments of discontinued operations	83.5	140.1
Eliminations	-26.2	-0.4
Group's segment investments	**1,333.0**	**1,310.0**
Elimination of investments of discontinued operations	-83.5	-140.1
Group's segment investments of continued operations	**1,249.5**	**1,169.9**
thereof investments in programming assets	1,161.0	1,098.6
thereof investments in property, plant and equipment	31.5	28.8
thereof investments in intangible assets	57.0	42.5

The eliminations include consolidation of business transactions between the segments as well as certain reconciliation and reclassification items. The reconciliation figures show values that by definition are not integral to the segments. Transactions between segments are eliminated in the reconciliation. These are generally conducted on arm's length terms.

Entity-wide disclosures for the ProSiebenSat.1 Group are provided below. Here the breakdown is on the basis of the German-speaking region (Germany, Austria, Switzerland), Nordic (Denmark, Finland, Norway, Sweden), Central and Eastern Europe (Bulgaria, Greece, Romania, Hungary), BE/NL (Belgium, Netherlands), Others (USA, UK) as well as the discontinued TV and Print operations in BE/NL.

ENTITY-WIDE DISCLOSURES

Geographical breakdown	German-speaking		Nordic		CEE		BE/NL		BE/NL discontinued operations		Other		Total consolidated financial statements	
EUR m	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
External revenues	2,154.2	2,082.9	475.9	398.4	100.1	110.7	10.1	8.5	215.0	403.2	15.9	0.5	**2,971.2**	**3,004.2**
Non-current assets	2,335.1	2,263.9	987.2	977.6	397.9	389.3	0.5	82.7	- / -	1,039.7	7.7	13.8	**3,728.4**	**4,767.0**
Investments	993.0	947.9	203.8	163.1	50.2	55.8	0.0	0.5	83.5	140.1	2.5	2.6	**1,333.0**	**1,310.0**

Non-current assets reported under the entity-wide disclosures include intangible assets, property, plant and equipment as well as non-current programming assets.

In 2011, EUR 1,975.6 million (previous year: 1,935.9 million) external revenues were generated in Germany. This corresponds to a share of 66.5% (previous year: 64.4%) of consolidated revenues. Revenues are attributed to the country of the company that provided the service.

The share of non-current segment assets attributable to Germany amounted to 62.2% in 2011 (previous year: 47.3%).

More than 10% of consolidated revenues were generated with each of two clients in the financial period 2011 (Client A 2011: EUR 556.6 million, previous year: EUR 526.8 million; Client B 2011: EUR 367.0 million, previous year: EUR 335.1million). These revenues are allocated in various proportions to all the segments.

35 Stock option plans

As of December 31, 2011, ProSiebenSat.1 Media AG had three stock option plans. The Long Term Incentive Plan 2005 (LTIP 2005) was introduced by consent of the shareholders' meeting of May 13, 2005, the Long Term Incentive Plan 2008 (LTIP 2008) was introduced by consent of the shareholders' meeting of June 10, 2008 and the Long Term Incentive Plan 2010 (LTIP 2010) was introduced by consent of the shareholders' meeting of June 29, 2010. The stock option plans are share-based payments with ProSiebenSat.1 Media AG having the option in respect to the type of settlement. As there is no present obligation on the part of ProSiebenSat.1 Media AG to effect remuneration on the basis of a cash settlement, remuneration is accounted for on an equity settlement basis. Each stock option carries the right to purchase one preferred share of ProSiebenSat.1 Media AG stock in return for payment of an exercise price.

Number of stock options

The last remaining stock options under the LTIP 2005 (Cycle 2006) have expired on December 31, 2011 (61,500 options).

The LTIP 2008 covers the grant of up to another 4,900,000 options. If options already granted expire unexercised, the number of stock options which can potentially be granted increases by the number of these expired unexercised options. A total of 3,788,500 stock options were issued under the LTIP 2008 up to December 31, 2010. Of these stock options, 217,500 expired in the financial year 2011. As a consequence, 3,571,000 stock options under the LTIP 2008 are outstanding at December 31, 2011.

The LTIP 2010 covers the grant of up to another 2,000,000 options. If granted options expire unexercised, the number of stock options increases by the number of expired unexercised options. A total of 1,732,500 stock options were issued under the LTIP 2010 until December 31, 2011. Of these stock options, 82,500 options expired in the financial year 2011. As a consequence, 1,650,000 stock options are outstanding at December 31, 2011.

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. As an exception to this rule, members of the Executive Board are not beneficiaries in the context of LTIP 2010. The individual beneficiaries and the number of stock options to be granted to them are chosen 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 were issued in one or more annual tranches. 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 were issued for the first time in 2008 and could not be issued after 2009.

The stock options for LTIP 2010 may be issued in one or two annual tranches. Options may only be issued during the first four 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 2010 may be issued for the first time in 2010 and cannot be issued after 2011.

Exercise periods

Stock options may be exercised only when a vesting period has elapsed at the time of exercise. This vesting period starts on January 1 of the year in which the respective stock options are issued. For stock options issued under LTIP 2008 and LTIP 2010, 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 1 of the year in which the options were issued. Furthermore, the statutory lock-up period of two years (LTIP 2008) and four years (LTIP 2010) from the grant date of the options must have expired at the time of exercise.

Non-exercised stock options issued under LTIP 2005 will expire without compensation after six years while those granted under the LTIP 2008 and the LTIP 2010 will expire without compensation seven years after January 1 of the year in which they were granted.

Exercise price

The exercise price for the LTIP 2005 (Cycle 2006) stock options 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 1 of the year in which the stock options were issued.

The exercise price for the LTIP 2008 (Cycle 2008) stock options is EUR 16. 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%, the strike price for the options concerned is to be increased by the amount in excess of 200%.

The exercise price for the LTIP 2008 (Cycle 2009) stock options 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 1 of the year in which the stock options were issued. In the event that the volume weighted average closing auction price of ProSiebenSat.1 preferred stock in trading on the Xetra system (or a comparable successor 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 EUR 20, the strike price for the options concerned is to be increased by the amount in excess of EUR 20.

The exercise price for the LTIP 2010 (Cycle 2010) stock options is EUR 17.50. In the event that the volume weighted average closing auction price of ProSiebenSat.1 preferred stock in trading on the Xetra system (or a comparable successor 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%, but exceeds at least EUR 30, the strike price for the options concerned is to be increased by the amount in excess of this threshold.

The exercise price for the LTIP 2010 (Cycle 2011) stock options is EUR 21.84. In the event that the volume weighted average closing auction price of ProSiebenSat.1 preferred stock in the Xetra system (or a comparable successor 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%, but exceeds at least EUR 30, the strike price for the options concerned is to be increased by the amount in excess of this threshold.

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.

Performance target

As a performance target for the LTIP 2005 (2006 Cycle), the LTIP 2008 (2009 Cycle) and the LTIP 2010 (Cycles 2010 and 2011), 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%. As an exception from this rule, the performance target for the LTIP 2008 (Cycle 2008) options will be achieved when the stock's trading price is at least EUR 22.40 at the time of exercise of the options.

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

STOCK OPTION PLANS

	LTIP 2005 Cycle 2006	LTIP 2008 Cycle 2008	LTIP 2008 Cycle 2009	LTIP 2010 Cycle 2010	LTIP 2010 Cycle 2011
As of January 1, 2011	96,834	1,204,500	2,584,000	587,500	- / -
Options granted in 2011	- / -	- / -	- / -	- / -	1,145,000
Options exercised in 2011	35,334	298,500	628,000	- / -	- / -
Options expired or forfeited in 2011	61,500	51,000	166,500	58,500	24,000
As of December 31, 2011	**- / -**	**855,000**	**1,789,500**	**529,000**	**1,121,000**
Thereof eligible for exercise on December 31, 2011	- / -	542,000	469,650	n.y.e.[1]	n.y.e.[1]
Exercise price in EUR	13.99	16.00	1.58	17.50	21.84
Absolute exercise hurdle in EUR	18.19	22.40	2.05	22.75	28.39
Maximum exercise gain	27.98	32.00	20.00	35.00	43.68
Exercise periods[2]	August 2	July 15 to November 30	July 3 to December 30	August 1 to November 1	September 1 to December 22
Fair value per option in EUR[3]	5.99 - 6.07	0.13 - 0.19	1.97 - 5.71	2.63 - 4.77	1.64 - 2.57
Expected volatility of the preferred share	26.0%	50.0%	70.0%	60.0% - 65.0%	55.0% - 60.0%
Risk-free interest rate[3]	3.75%	4.32% - 4.34%	1.79% - 2.68%	1.54% - 1.90%	0.80% - 1.44%
Expected dividend yield	2.4%	16.0%	2.0% - 3.0%	4.0% - 5.5%	8.0%
Vesting period[4]	March 6, 2007	December 31, 2008	December 31, 2009	December 31, 2010	December 31, 2011
End of exercise period	December 31, 2011	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017

1 Not yet exercisable
2 Issue in several tranches
3 Depending on when vesting occurs and exercise time
4 LTIP 2008 and LTIP 2010: Earliest end of vesting period for the first fifth of the issued options (each additional fifth is one year later)

With regard to the exercise date of stock options, for the LTIP 2010 a statutory lock-up period of four years from the issue date of the options must also be observed. For the LTIP 2008 the statutory lock-up period is two years from the grant date of the options.

ProSiebenSat.1 Media AG uses the binomial model of Cox/Ross/Rubinstein to calculate the financial valuation of stock options. The assumptions used in the valuation of the stock options (volatility, expected dividend yield, interest rate) reflect the market conditions as at the grant date.

The weighted average of the fair value of the stock options granted in the financial year 2011 was EUR 2.20 at the valuation date (previous year: EUR 2.82).

The weighted average price of the ProSiebenSat.1 Media AG preferred stock on the exercise days of the stock options in March 2011 was EUR 20.42.

The weighted average price of the ProSiebenSat.1 Media AG preferred stock on the exercise days of the stock options in May and June 2011 was EUR 17.97.

The weighted average price of the ProSiebenSat.1 Media AG preferred stock on the exercise days of the stock options in August and September 2011 was EUR 13.21.

The weighted average price of the ProSiebenSat.1 Media AG preferred stock on the exercise days of the stock options in November and December 2011 was EUR 14.10.

The expense for the financial year 2011 was EUR 2.3 million (previous year: EUR 2.1 million), and is recognized under personnel expenses.

36 Executive Board and Supervisory Board

In the context of disclosure requirements on related parties the following information is provided on the total amount of remuneration paid to groups of related parties defined as "Executive Board" and "Supervisory Board".

The members of the Executive Board and Supervisory Board of ProSiebenSat.1 Media AG are listed on page 206, together with their memberships on other statutorily required supervisory boards and comparable bodies. Details of the system of compensation for members of the Executive Board and the Supervisory Board of ProSiebenSat.1 Media AG are explained on pages 35 to 40.

The members of the Executive Board also participate in a ProSiebenSat.1 Media AG stock option plan (the Long Term Incentive Plan or LTIP), which was first introduced in 2005 and was most recently renewed in 2010. For the LTIP 2010, members of the Executive Board are not beneficiaries for the first time. As of December 31, 2011, the members of the Executive Board held no stock options issued in 2006 (Cycle 2006) (previous year: none), 265,000 options issued in 2008 (Cycle 2008) (previous year: 300,000) and 800,000 options issued in 2009 (Cycle 2009) (previous year: 1,100,000). In the financial year 2011, 530,000 options were exercised by active members of the Executive Board (previous year: 29,500). In line with the individual vesting period, some of the stock options issued in 2008 can be exercised from July 2010 at the earliest and the options issued in 2009 cannot be exercised until July 2011 at the earliest.

The Company has not extended loans, guaranties or warranties to the members of the Executive Board.

Compensation paid to members of the Executive Board of ProSiebenSat.1 Media AG in office on December 31, 2011 amounted to EUR 4.4 million (previous year: EUR 4.2 million). These figures include a variable component of EUR 1.8 million (previous year: EUR 1.8 million) and fringe benefits of EUR 0.1 million (previous year: EUR 0.0 million).

The ProSiebenSat.1 Media AG has recognized pensions provisions totaling EUR 2.3 million (previous year: 0.8 million) for active members of the Executive Board as of December 31, 2011. For pension obligations to former members of the Executive Board, provisions of EUR 7.8 million were recognized at December 31, 2011 (previous year: EUR 8.3 million).

The accrued pension entitlement as of December 31, 2011 was EUR 0.1 million (previous year: EUR 0.1 million) per year for active members of the Executive Board, and EUR 0.3 million (previous year: EUR 0.3 million) per year for former Executive Board members. Payments of EUR 0.3 million (previous year: EUR 0.3 million) were made to former members of the Executive Board in 2011. Funds have been endowed to guarantee these pension provisions which, however, are not classified as plan assets because the requirements of IFRS are not fulfilled.

Payments to management, except for pension entitlements, are all payable short-term.

Expenses for the Supervisory Board of ProSiebenSat.1 Media AG came to EUR 0.7 million during the reporting period (previous year: EUR 0.7 million). 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.

Members of the Supervisory Board received no remuneration or other consideration for personal services, especially consulting and mediation services, during the financial years 2011 and 2010.

Altogether, the current members of the Executive Board and Supervisory Board directly hold 1,189,258 (previous year: 1,098,078) shares of preferred stock in ProSiebenSat.1 Media AG as of December 31, 2011. This is equivalent to 0.5% (previous year: 0.5%) of the Company's share capital.

For information on the individual remuneration of members of the Executive Board and the Supervisory Board in line with Section 314 (1) No. 6 a sentence 5 through 9 of the German Commercial Code, please refer to the disclosures in the compensation report which forms part of the Group management report.

Under Section 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 2011, three transactions were reported to ProSiebenSat.1 Media AG, in which members of the Executive Board acquired a total of 85,000 preferred shares of ProSiebenSat.1 Media AG and sold a total of 90,000 preferred shares of ProSiebenSat.1 Media AG. In compliance with Section 15a of the Securities Trading Act, ProSiebenSat.1 Media AG reported these transactions immediately on its website (www.prosiebensat1.com). In the previous year, two transactions were reported in which members of the Executive Board sold a total of 229,500 preferred shares of ProSiebenSat.1 Media AG.

37 Related party transactions

For the ProSiebenSat.1 Group, related parties within the definition of IAS 24 are persons or entities who have control or a significant influence over the ProSiebenSat.1 Group, or over which the ProSiebenSat.1 Group has control or a significant influence. Accordingly, the direct and indirect parent companies of ProSiebenSat.1 Media AG, the members of the Executive Board and Supervisory Board of ProSiebenSat.1 Media AG, and joint ventures and associates of the ProSiebenSat.1 Group are considered as related parties. Moreover, due to the 2010 amendments of IAS 24, all portfolio companies held by Kohlberg Kravis Roberts & Co. L.P. (KKR) and Permira Holdings Limited (Permira), which can be viewed on the websites of the aforementioned companies (www.permira.com and www.kkr.com), are considered related parties. No material revenues were generated with these companies in 2011 and the previous financial year, except the transactions described in this note. Nor were there any material open balances as of the reporting date. The previous year's figures have been adjusted where necessary.

The ProSiebenSat.1 Group is controlled by Lavena Holding 1 GmbH, Munich, a non-operating holding company, which holds 88.0% of the common stock of ProSiebenSat.1 Media AG. In addition, the direct and indirect shareholders of Lavena Holding 1 GmbH have a significant influence over the ProSiebenSat.1 Group. This includes the following companies:

- Lavena 1 S. à r.l., Luxembourg
- Lavena 2 S. à r.l., Luxembourg
- Lavena 3 S. à r.l., Luxembourg

In the financial year 2011, the original majority shareholder, Lavena Holding 5 GmbH, Munich was initially merged with Lavena 4 Holding GmbH, by merger agreement and adoption of resolution dated August 25, 2011, which was then merged with Lavena Holding 1 GmbH.

Transactions with subsidiaries included in the consolidated financial statements are eliminated in the consolidation process and are not explained further.

All related parties that are controlled by the ProSiebenSat.1 Group, or over which the Group may exercise a significant influence, are listed among the shareholdings on pages 207 through 210, along with the percentage interest held.

ProSiebenSat.1 Media AG has a services management agreement for business services with Lavena Holding 1 GmbH. The agreed compensation is consistent with the prevailing market terms for comparable services. The total charges for 2011 amounted to EUR 0.5 million (previous year: EUR 0.5 million). As of December 31, 2011, ProSiebenSat.1 Media AG's receivable amounted to EUR 0.1 million (previous year: EUR 0.1 million). Lavena Holding 1 GmbH is the direct majority shareholder of ProSiebenSat.1 Media AG.

The company has a consultancy engagement agreement with Capstone Ltd., a company attributable to KKR. Capstone Ltd. offers consultancy services in different segments. The company has received consultancy services from Capstone Ltd. in the areas of marketing and pricing models as well as restructuring, amounting to EUR 2.6 million (previous year: EUR 1.0 million).

On April 9, 2010 the Supervisory Board gave its consent to the acceptance of a subordinated loan of up to EUR 150 million from Lavena 3 S.à.r.l as part of a so-called "equity cure" in the context of existing financing agreements. Under this transaction, a commitment fee of 2% on the line of credit extended by KKR was agreed between ProSiebenSat.1 Media AG and KKR. This line of credit was cancelled by ProSiebenSat.1 Media AG in February 2011, as a drawdown is no longer expected. The liability recognized for the commitment fee as of December 31, 2011 amounts to EUR 1.3 million.

Under a share participation plan introduced in the financial year 2008 the members of the Executive Board as well as selective executives of ProSiebenSat.1 Media AG were given a one-off opportunity to participate indirectly in ProSiebenSat.1 Media AG. This indirect share participation was executed via a German limited partnerships ("Kommanditgesellschaften") which for this purpose acquired at fair market value preferred stock of ProSiebenSat.1 Media AG. Financing of the share purchase was carried out by capital investment of the participants as well as a market-term-based loans issued by Lavena 3 S. à r.l. to the limited partnerships. Under this share participation plan the participants take part in the share price development of the preferred stock of ProSiebenSat.1 Media AG. The issued loans are assigned to every participant based on their share in the limited partnership and are to be paid back in full at the end of the loan period irrespective of the share price development. The structure of this participation program is designed in such a way that there is no impact on earnings, no liability and no contingent liability for the ProSiebenSat.1 Group.

Joint ventures and associated companies

ProSiebenSat.1 Media AG conducts transactions with some of its joint ventures and associates in the normal course of business. In these transactions, the Company buys and sells products and services on prevailing market terms.

Revenues from the sale of goods of the rendering of services as well as other income from transactions with joint ventures and associates in the financial year 2011 amounted to EUR 115.5 million (previous year: 72.8 million). This figure contains revenues of the subsidiary SBS TV A/S with portfolio companies of KKR (EUR 33.8 million; previous year: EUR 28.4 million). Goods and services received and other expenses relating to transactions with joint ventures and associates in the financial year 2011 amount to EUR 19.5 million (previous year: EUR 7.9 million).

As of December 31, 2011 receivables from joint ventures and associates amount to EUR 36.2 million (previous year: EUR 43.0 million). This figure contains receivables of the subsidiary SBS TV A/S from portfolio companies of KKR (EUR 9.9 million; previous year: EUR 8.5 million). There are liabilities to joint ventures and associates of EUR 4.6 million (previous year: EUR 1.2 million).

38 Group affiliation

The immediate parent company of the Group of ProSiebenSat.1 Media AG is Lavena Holding 1 GmbH. The ultimate parent company of the ProSiebenSat.1 Group is Lavena 1 S.à r.l., of Luxembourg. ProSiebenSat.1 AG is included in the consolidated financial statements of Lavena 1 S.à r.l., of Luxembourg.

The following ownership disclosures have been published by ProSiebenSat.1 Media AG in the financial year 2011 under Section 26(1) of the German Securities Trading Act, which can be viewed on the company website in the Annual Document required by Section 10 of the German Securities Trading Act

In accordance with Section 21(1) of the German Securities Trading Act), Kronentausend626 GmbH (in the future incorporated as Telegraaf Media Deutschland GmbH), Berlin, Germany has notified us on January 24, 2011, that its proportion of voting rights in ProSiebenSat.1 Media AG has exceeded the thresholds of 3%, 5% and 10% on January 18, 2011 and now stands at 12% (reflecting 13,127,832 voting rights).

In accordance with Sections 21(1) and 22(1), sentence 1, number 1 of the German Securities Trading Act, Telegraaf Media België N.V., Deume (Antwerp), Belgium has notified us on January 24, 2011, that its proportion of voting rights in ProSiebenSat.1 Media AG has exceeded the thresholds of 3%, 5% and 10% on January 18, 2011 and now stands at 12% (reflecting 13,127,832 voting rights). Under Section 21(1) sentence 1, number 1 and sentence 3 of the German Securities Trading Act, 12% thereof (reflecting 13,127,832 voting rights) are attributable to Telegraaf Media België N.V. via Kronentausend626 GmbH (in the future incorporated as Telegraaf Media Deutschland GmbH), Berlin, Germany.

In accordance with Sections 21(1) and 22(1), sentence 1, number 1 of the German Securities Trading Act, the TM Investeringen B.V., Willemstad, Curaçao has informed us on January 24, 2011, that its proportion of voting rights in ProSiebenSat.1 Media AG has exceeded the thresholds of 3%, 5% and 10% on January 18, 2011 and now stands at 12% (reflecting 13,127,832 voting rights). Under Section 22(1) sentence 1, number 1 and sentence 3 of the German Securities Trading Act, 12% (reflecting 13,127,832 voting rights) are attributable to TM Investeringen B.V. via Telegraaf Media België N.V., Deume (Antwerp), Belgium as well as via Kronentausend626 GmbH (in the future incorporated as Telegraaf Media Deutschland GmbH), Berlin, Germany.

In accordance with Sections 21(1) and 22(1) sentence 1, number 1 of the German Securities Trading Act, the TM Investeringen N.V., Sint Maarten has informed us on January 24, 2011, that its proportion of voting rights in ProSiebenSat.1 Media AG has exceeded the thresholds of 3%, 5% and 10% on January 18, 2011 and now stands at 12% (reflecting 13,127,832 voting rights). Under Section 22(1) sentence 1, number 1 and sentence 3 of the German Securities Trading Act, 12% (reflecting 13,127,832 voting rights) are attributable to TM Investeringen N.V. via TM Investeringen, Willemstad, Curaçao, via Telegraaf Media België N.V., Deume (Antwerp), Belgium as well as via Kronentausend626 GmbH (in the future incorporated as Telegraaf Media Deutschland GmbH), Berlin, Germany.

39 Professional fees of the independent auditor

The professional fees for the services of the Group auditor, KPMG AG Wirtschaftsprüfungsgesellschaft, totaled EUR 2.8 million in the financial year 2011 (previous year: EUR 2.8 million). Of that total, EUR 0.9 million relates to audit services for the financial statements (previous year: EUR 1.1 million), EUR 0.3 million to other audit-related services (previous year: EUR 0.3 million), EUR 0.5 million to tax advisory services (previous year: EUR 0.0 million) and EUR 1.1 million to other services (previous year: EUR 1.4 million). The disclosures relate exclusively to the independent legal entity of the appointed auditor, KPMG AG Wirtschaftsprüfungsgesellschaft. In the previous year, the disclosure also contained services by other entities of the international KPMG network of firms. The previous year's figures have been adjusted accordingly.

40 Events after the reporting period

Andreas Bartl leaves ProSiebenSat.1 Media AG

On March 1, 2012, Andreas Bartl, Executive of TV Deutschland, has left ProSiebenSat.1 Media AG voluntarily. His new enterprise, Bartl Media will be dedicated to the development of new TV stations, TV formats and artistic talents. In this capacity, Andreas Bartl will also advise ProSiebenSat.1 Media AG. Thomas Ebeling, CEO of the ProSiebenSat.1 Group, will take over the Executive remit of Andreas Bartl on a provisional basis. Acting CEO of ProSiebenSat.1 TV Deutschland will be Jürgen Hörner, Executive of ProSieben. Required disclosures on Executive Board matters in the notes to the consolidated financial statements and the management report for the financial year 2011 have not been affected.

Extension of hedge transactions

In February 2012 interest rate swaps totaling EUR 1,050.0 million were extended until 2016. With this measure, the ProSiebenSat.1 Group hedges the interest rate risk of the new variable-interest Term Loan D. The average fixed-interest swap rate in respect of these extended swaps decreases from 4.6% to 3.4% as a result of this measure.

Release date for publication

The consolidated financial statements will be presented for approval to the Supervisory Board on March 8, 2012. Publication is on March 30, 2012.

March 8, 2012
The Executive Board

Members of the Executive Board

MEMBERS OF THE EXECUTIVE BOARD OF PROSIEBENSAT.1 MEDIA AG

Thomas Ebeling CEO	CEO since March 1, 2009	Responsibilities: Group Content, International Free-TV, Radio, Human Resources and Corporate Communications
Axel Salzmann CFO	Member of the Executive Board from May 1, 2008 CFO since July 2008	Responsibilies: Group Operations & IT, Group Controlling, Group Finance & Investor Relations, Accounting & Taxes, Internal Audit and Administration
Andreas Bartl	Member of the Executive Board until February 29, 2012	Responsibility: TV Germany (SAT.1, ProSieben, kabel eins, sixx)
Conrad Albert	Member of the Executive Board since October 1, 2011	Responsibilities: Legal, Distribution & Regulatory Affairs, Legal Affairs Operational Business, Corporate Law, Mergers & Acquisitions and Shareholder & Boards Management
Dr. Christian Wegner	Member of the Executive Board since October 1, 2011	Responsibilities: Digital & Diversification, New Media, Pay TV, Music & Commerce and Strategy & Operations

Members of the Supervisory Board

MEMBERS OF THE SUPERVISORY BOARD OF PROSIEBENSAT.1 MEDIA AG

Götz Mäuser, Chairman	Member of the Supervisory Board since March 7, 2007 Permira Beteiligungsberatung GmbH (Partner)	Mandates: None
Johannes Peter Huth, Vice Chairman	Member of the Supervisory Board since March 7, 2007 Kohlberg Kravis Roberts & Co. Ltd (Member of the Investment Committee)	Mandates: KION Holding 1 GmbH (non-executive), KKR & Co. Ltd. (executive), KKR & Co. SAS (executive), NXP BV (non-executive), Bertelsmann Music Group (non-executive), Versatel AG (non-executive), Wild Flavours GmbH (non-executive)
Robin Bell-Jones	Member of the Supervisory Board since March 7, 2007 Permira Advisers LLP (Investment Adviser)	Mandates: All3Media Holdings Ltd. (non-executive)
Gregory Dyke	Member of the Supervisory Board since May 7, 2004 Ambassador Theatre Group (Company Chairman)	Mandates: World Film Collective (non-executive), Brentford FC (Lionel Road) Ltd. (non-executive), Brentford Football Club (non-executive), Ducks Walk Management Company Ltd. (non-executive), Sunshine Holdings 3 Ltd. (non-executive), DGCC Ltd. (non-executive), Vine Leisure Ltd. (non-executive), Vine Developments Ltd. (non-executive), Dummer Golf Ltd. (non-executive), The Ambassador Entertainment Group Ltd. (non-executive), Fort Bovisand Developments Ltd. (non-executive)
Philipp Freise	Member of the Supervisory Board since March 7, 2007 Kohlberg Kravis Roberts &. (Director)	Mandates: BMG Music Rights Management AG (non-executive)
Lord Clive Hollick	Member of the Supervisory Board since March 7, 2007 Company Director	Mandates: Honeywell Inc. (non-executive), BMG Music Rights Management AG (non-executive)
Dr. Jörg Rockenhäuser	Member of the Supervisory Board since June 4, 2009 Permira Beteiligungsberatung GmbH (Managing Partner)	Mandates: Member of Permira Investment Committee (executive), Executive Group of Permira (executive), Board member of Permira Holdings Limited (executive), Permira Holdings Limited, Guernsey, Board member of Permira Asesores (non-executive), Permira Asesores, S.L., AmCham Board of Directors (non-executive), American Chamber of Commerce in Germany e.V., Netafim Board of Directors (non-executive), Netafim Limited
Herman M.P. van Campenhout	Member of the Supervisory Board since July 1, 2011 Telegraaf Media Groep N.V. (Chief Executive)	Mandates: None
Adrianus Johannes Swartjes	Member of the Supervisory Board until July 1, 2011 Telegraph Media Groep N.V. (former Chief Executive)	Mandates: Koninklijke Boom-Uitgevers B.V. (non-executive)
Prof. Dr. Harald Wiedmann	Member of the Supervisory Board since March 7, 2007 Gleiss Lutz Hootz Hirsch Partnergesellschaft von Rechtsanwälten und Steuerberatern (German Certified Public Accountant, Tax Adviser, Attorney at Law)	Mandates: Joh. Berenberg Gossler & Co. KG (non-executive), Praktiker Baumärkte Holding AG (non-executive), Prime Office REIT-AG (non-executive), Merz GmbH & Co. KGaA (non-executive), FMS Wertmanagement AöR (non-executive)

List of affiliated companies and investments

LIST OF AFFILIATED COMPANIES AND INVESTMENTS OF PROSIEBENSAT.1 MEDIA AG

No.	Company	Location	Share in %	Held via
1	ProSiebenSat.1 Media AG	Unterföhring	100.00	
	Affiliated Companies			
	Germany			
2	9Live Fernsehen GmbH[1]	Unterföhring	100.00	1
3	ArtMerchandising & Media AG[1]	Unterföhring	100.00	42
4	Autoplenum GmbH	Unterföhring	100.00	22
5	Covus Games GmbH	Potsdam	51.00	22
6	Fem Media GmbH[1]	Unterföhring	100.00	22
7	kabel eins Fernsehen GmbH[1]	Unterföhring	100.00	28
8	lokalisten media GmbH[1]	Munich	100.00	22
9	Magic Flight Film GmbH	Munich	100.00	17
10	MAGIC Internet GmbH	Berlin	100.00	11
11	MAGIC Internet Holding GmbH[1]	Berlin	100.00	22
12	maxdome GmbH & Co. KG[1]	Unterföhring	100.00	48
13	maxdome Verwaltungs GmbH	Unterföhring	100.00	12
14	Meteos TV Holding GmbH	Unterföhring	100.00	56
15	P7S1 Erste SBS Holding GmbH[1]	Unterföhring	100.00	1
16	P7S1 Zweite SBS Holding GmbH[1]	Unterföhring	100.00	1
17	Producers at work GmbH	Potsdam	74.90	35
18	ProSieben Digital Media GmbH[1]	Unterföhring	100.00	1
19	ProSieben Television GmbH[1]	Unterföhring	100.00	28
20	ProSiebenSat.1 Achte Verwaltungsgesellschaft mbH[1]	Unterföhring	100.00	1
21	ProSiebenSat.1 Applications GmbH[1]	Unterföhring	100.00	1
22	ProSiebenSat.1 Digital GmbH[1]	Unterföhring	100.00	18
23	ProSiebenSat.1 Elfte Verwaltungsgesellschaft mbH[1]	Unterföhring	100.00	20
24	ProSiebenSat.1 Erste Verwaltungsgesellschaft mbH[1]	Unterföhring	100.00	1
25	ProSiebenSat.1 Fünfzehnte Verwaltungsgesellschaft mbH[1]	Unterföhring	100.00	1
26	ProSiebenSat.1 Games GmbH	Munich	100.00	22
27	ProSiebenSat.1 Produktion GmbH[1]	Unterföhring	100.00	1
28	ProSiebenSat.1 TV Deutschland GmbH[1]	Unterföhring	100.00	1
29	ProSiebenSat.1 Vierzehnte Verwaltungsgesellschaft mbH[1]	Unterföhring	100.00	1
30	ProSiebenSat.1 Welt GmbH	Unterföhring	100.00	1
31	ProSiebenSat.1 Zehnte Verwaltungsgesellschaft mbH[1]	Unterföhring	100.00	20
32	ProSiebenSat.1 Zwölfte Verwaltungsgesellschaft mbH[1]	Unterföhring	100.00	20
33	PS Event GmbH	Cologne	67.00	34
34	PSH Entertainment GmbH[1]	Unterföhring	100.00	1
35	Red Arrow Entertainment Group GmbH[1]	Unterföhring	100.00	1
36	Redseven Artists & Events GmbH[1]	Unterföhring	100.00	37
37	RedSeven Entertainment GmbH[1]	Unterföhring	100.00	35
38	Sat.1 Norddeutschland GmbH[1]	Hannover	100.00	39
39	Sat.1 Satelliten Fernsehen GmbH[1]	Unterföhring	100.00	28
40	Seven Scores Musikverlag GmbH[1]	Unterföhring	100.00	1
41	SevenEntertainment GmbH[1]	Unterföhring	100.00	3
42	SevenEntertainment Holding GmbH[1]	Unterföhring	100.00	1
43	SevenOne AdFactory GmbH[1]	Unterföhring	100.00	44
44	SevenOne Brands GmbH[1]	Unterföhring	100.00	1
45	SevenOne International GmbH[1]	Unterföhring	100.00	35
46	SevenOne Media GmbH[1]	Unterföhring	100.00	44
47	SevenPictures Film GmbH[1]	Unterföhring	100.00	28
48	SevenSenses GmbH[1]	Unterföhring	100.00	1
49	SevenVentures GmbH[1]	Unterföhring	100.00	18
50	Sixx GmbH[1]	Unterföhring	100.00	28

1 Company meets the requirements of Section 264 (3) of the German Commercial Code and exercises the option to be exempted from certain requirements on the preparation, auditing and disclosure of the annual financial statements and the financial report

LIST OF AFFILIATED COMPANIES AND INVESTMENTS OF PROSIEBENSAT.1 MEDIA AG

No.	Company	Location	Share in %	Held via
	Affiliated Companies			
51	Starwatch Entertainment GmbH[1]	Unterföhring	100.00	42
52	Sugar Ray GmbH[1]	Unterföhring	100.00	49
53	tv weiss-blau Rundfunkprogrammanbieter GmbH[1]	Unterföhring	100.00	39
54	wer-weiss-was GmbH	Hamburg	100.00	22
55	Wetter Fernsehen - Meteos GmbH	Singen	100.00	14
56	wetter.com AG	Singen	72.97	22
	Austria			
57	ProSieben Austria GmbH	Vienna	100.00	61
58	Puls 4 TV GmbH	Vienna	100.00	61
59	PULS 4 TV GmbH & Co. KG	Vienna	100.00	61
60	SAT.1 Privatrundfunk und -programmgesellschaft m.b.H	Vienna	51.00	39
61	SevenOne Media Austria GmbH	Vienna	100.00	44
	Belgium			
62	Sultan Sushi CVBA	Mechelen	98.25	35
	Denmark			
63	Kommunikationsanpartsselskabet af 2/4 1990	Copenhagen	100.00	65
64	Radio Nova A/S	Copenhagen	80.00	66
65	Radioreklame A/S	Copenhagen	100.00	67
66	SBS Media A/S	Copenhagen	100.00	86
67	SBS Radio A/S	Copenhagen	80.00	66
68	SBS TV A/S	Copenhagen	100.00	66
69	SNOWMAN PRODUCTIONS ApS	Copenhagen	100.00	118
70	VOICE TV ApS	Copenhagen	100.00	67
	Finland			
71	Miracle Sound Oulu Oy	Oulu	100.00	72
72	Miracle Sound Oy	Helsinki	66.33	74
73	Miracle Sound Tampere Oy	Helsinki	100.00	72; 74
74	Pro Radio Oy	Helsinki	100.00	86
75	SBS Finland Oy	Helsinki	100.00	74
76	TV5 Finland Oy	Helsinki	100.00	74
	Hungary			
77	INTERAKTÍV Televíziós Müsorkészítö Kft.	Budapest	100.00	83
78	INTERAKTÍV-FICTION Müsorkészítö és Filmgyártó Kft.	Budapest	100.00	77
79	MTM Produkció Müsorgyártó és Filmforgalmazó Kft.	Budapest	100.00	83; 87
80	MTM-SBS Televízió Zrt.	Budapest	97.51	83
	Luxembourg			
81	European Broadcasting System S.à r.l.	Luxemburg	100.00	83
82	P7S1 Broadcasting S.à r.l.	Luxemburg	100.00	15; 16
	The Netherlands			
83	P7S1 Broadcasting Europe B.V.	Amsterdam	100.00	85
84	P7S1 Broadcasting Holding I B.V.	Amsterdam	100.00	82
85	P7S1 Broadcasting Holding II B.V.	Amsterdam	100.00	84
86	P7S1 Finance B.V.	Amsterdam	100.00	83
87	P7S1 Nederland B.V.	Amsterdam	100.00	83
88	Stichting Administratiekantoor Melida (in Liquidation)	Amsterdam	100.00	82
89	Sultan Sushi B.V.	Amsterdam	100.00	35
	Norway			
90	SBS Norge AS	Oslo	100.00	86
91	SBS Radio Norge AS	Oslo	100.00	86
92	THE VOICE TV NORGE AS	Oslo	100.00	91
93	TVNorge AS	Oslo	100.00	90

1 Company meets the requirements of Section 264 (3) of the German Commercial Code and exercises the option to be exempted from certain requirements on the preparation, auditing and disclosure of the annual financial statements and the financial report

LIST OF AFFILIATED COMPANIES AND INVESTMENTS OF PROSIEBENSAT.1 MEDIA AG

No.	Company	Location	Share in %	Held via
	Affiliated Companies			
	Republic of Moldavia			
94	ICS SBS Broadcasting S.R.L.	Kischinau	100.00	99
	Romania			
95	MyVideo Broadband S.R.L.	Bukarest	100.00	11
96	S.C. Canet Radio S.R.L.	Bukarest	20.00	99
97	S.C. Media Group Services International S.R.L.	Bukarest	100.00	87; 99
98	S.C. Prime Time Productions S.R.L.	Bukarest	100.00	87; 99
99	S.C. SBS Broadcasting Media S.R.L.	Bukarest	100.00	86; 125; 131; 132
	Sweden			
100	E-FM Sverige AB	Stockholm	100.00	102
101	Eskilstuna SBS Radio AB	Stockholm	70.00	112
102	Euradio i Sverige AB	Stockholm	100.00	115
103	Mix Megapol.se AB	Stockholm	100.00	112
104	Radio City AB	Stockholm	100.00	114
105	Radio Daltid SBS AB	Stockholm	51.00	112
106	Radio Match AB	Jönköping	100.00	112
107	Radioutveckling i Sverige KB	Stockholm	100.00	119; 120
108	RIS Vinyl Skåne AB	Stockholm	100.00	115
109	Rockklassiker Sverige AB	Stockholm	100.00	108
110	SBS Broadcasting (Sweden) AB	Stockholm	100.00	83
111	SBS Media Group Sweden Filial	Stockholm	100.00	83
112	SBS Radio AB	Stockholm	79.98	115
113	SBS Radio HNV AB	Stockholm	100.00	112
114	SBS Radio Sweden AB	Stockholm	100.00	115
115	SBS Radio Sweden Holding AB	Stockholm	100.00	111
116	SBS TV AB	Stockholm	100.00	117
117	SBS TV Sweden Holding AB	Stockholm	100.00	111
118	Snowman Productions AB	Stockholm	67.00	35
119	SRU Svensk Radioutveckling AB	Stockholm	77.60	113
120	Svensk Radioutveckling KB	Stockholm	88.00	113; 119
121	Vinyl AB	Stockholm	100.00	115
	Switzerland			
122	ProSieben (Schweiz) AG	Küsnacht ZH	100.00	124
123	Sat.1 (Schweiz) AG	Zurich	60.00	39
124	SevenOne Media (Schweiz) AG	Küsnacht ZH	100.00	44
	United Kingdom			
125	European Radio Investments Ltd.	London	100.00	132
126	Kanal 5 Ltd. (in Liquidation)	London	100.00	132
127	Mob Film Holdings Ltd.	Beckenham	51.00	130
128	Mob Towers Ltd.	Beckenham	100.00	127
129	Pet Assassin Ltd.	Beckenham	100.00	127
130	Red Arrow Entertainment Ltd.	London	100.00	35
131	Romanian Broadcasting Corporation Ltd.	London	100.00	132
132	SBS Broadcasting (UK) Ltd.	London	100.00	83
133	SBS Broadcasting Networks Ltd.	London	100.00	132
134	SBS Danish Television Ltd. (in Liquidation)	London	100.00	132
135	Scandinavian Broadcasting System (Jersey) Ltd.	Jersey - Channel Islands	100.00	83
136	The London Clacks Company Ltd.	Beckenham	100.00	140
137	The Mob Film Company (Alloway) Ltd.	Glasgow	100.00	141
138	The Mob Film Company (Liverpool) Ltd.	Beckenham	75.00	127
139	The Mob Film Company (North) Ltd.	Beckenham	100.00	127

LIST OF AFFILIATED COMPANIES AND INVESTMENTS OF PROSIEBENSAT.1 MEDIA AG

No.	Company	Location	Share in %	Held via
	Affiliated Companies			
140	The Mob Film Company (TV) Ltd.	Beckenham	100.00	127
141	The Mob Film Company Ltd.	Beckenham	100.00	127
142	VT4 Ltd.	London	100.00	83
	United States of America			
143	Digital Demand LLC	Santa Monica	100.00	145
144	Fuse Entertainment 2.0, LLC	Los Angeles	51.00	152
145	Kinetic Content LLC	Santa Monica	51.00	152
146	Kinetic Content Publishing LLC	Santa Monica	100.00	145
147	Kinetic Music Publishing LLC	Santa Monica	100.00	145
148	Kinetic Operations LLC	Santa Monica	100.00	145
149	Kinpro LLC	Santa Monica	100.00	145
150	Moving TV LLC	Santa Monica	100.00	145
151	Production Connection LLC	Santa Monica	100.00	145
152	SevenOne International, Inc.	Santa Monica	100.00	35
	Associates			
	Germany			
153	meetOne GmbH	Hamburg	29.00	49
154	VG Media Gesellschaft zur Verwertung der Urheber- und Leistungsschutzrechte von Medienunternehmen mbH	Berlin	50.00	1
	Denmark			
155	FM 6 A/S	Copenhagen	40.00	67
	Sweden			
156	LOVESEARCH DP AB	Stockholm	100.00	116
157	Mediamätning i Skandinavien MMS AB	Stockholm	24.02	116
158	Östersjöns Reklamradio AB	Visby	40.00	112
	Switzerland			
159	Goldbach Media (Switzerland) AG	Küsnacht	22.96	124
	Affiliated companies, not consolidated			
	Czech Republic			
160	Merchandising Prague spo. s r.o.	Prague	100.00	42
	Sweden			
161	Hard Hat AB	Stockholm	90.00	118
	Turkey			
162	Anadolu Televizyon Ve Radyo Yayincilik Ve Ticaret Anonim Sirketi	Istanbul	99.50	83; 87; 98; 132
	Joint Ventures			
	Germany			
163	AdAudience GmbH	Düsseldorf	25.00	46
164	FIRST STEPS - der Deutsche Nachwuchspreis Gesellschaft bürgerlichen Rechts	Berlin	25.00	28
165	Internet Business Cluster Gesellschaft bürgerlichen Rechts	Munich	25.00	22
	Other material investments			
	Germany			
166	AFK Aus- und Fortbildungs GmbH für elektronische Medien	Munich	12.00	1
167	Deutscher Fernsehpreis GmbH	Cologne	25.00	1
168	FilmFernsehFonds Bayern Gesellschaft zur Förderung der Medien in Bayern mbH	Munich	6.59	28
169	Privatfernsehen in Bayern GmbH & Co. KG	Munich	10.00	53
170	Privatfernsehen in Bayern Verwaltungs-GmbH	Munich	10.00	53
	Sweden			
171	Aggregate Media Fund III KB	Stockholm	17.82	112; 116
172	Aggregate Media Fund IV KB	Stockholm	20.68	112; 116
	United States of America			
173	ZeniMax Media Inc.	Rockville	6.90	83

Responsibility Statement of the Executive Board

To the best of our knowledge we certify that, 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 8, 2012

Thomas Ebeling (CEO)

Axel Salzmann (CFO)

Conrad Albert (Legal, Distribution & Regulatory Affairs)

Dr. Christian Wegner (New Media & Diversification)

Auditor’s Report

We have audited the consolidated financial statements prepared by ProSiebenSat.1 Media AG, Unterföhring comprising income statement, the statement of comprehensive income, the statement of financial position, the statement of cash flows, the statement of changes in equity and the notes to the consolidated financial statements, together with the group management report for the business year from January 1 to December 31, 2011. 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 Section 315a(1) German Commercial Code (Handelsgesetzbuch, 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 Section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany, IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

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

Munich, March 8, 2012

KPMG AG
Wirtschaftsprüfungsgesellschaft

Pastor
Wirtschaftsprüfer

Dr. Dauner
Wirtschaftsprüfer

ADDITIONAL INFORMATION

Development, production and sale of successful formats – for the **GLOBAL TV MARKET**. For example, with its “Off Their Rockers” comedy show which was sold to numerous countries, SevenOne is celebrating **SUCCESS, ALSO IN THE USA**. Lena (16) is amazed as her exchange friend Grace from Boston chats about really crazy pranks senior citizens play …

CONTENT PRODUCTION & GLOBAL SALES

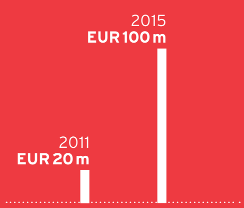
PILLAR 4

In January 2010, ProSiebenSat.1 founded the Red Arrow Entertainment Group: Since then, the subsidiary has been successfully developing, distributing and producing programs for the **GLOBAL** television market. Red Arrow will expand in all three areas by 2015. The fourth pillar of our growth strategy thus also strengthens the independence and international presence of ProSiebenSat.1.

TWO EXTRAORDINARY FORMATS launched in the USA in 2012 – both positioned in this challenging market by the in-house programming sales operation SevenOne International. The comedy show "Benidorm Bastards", which originated in Belgium, shows sprightly seniors like you have never seen them before. Pretty crazy and wonderfully brash, they shock younger people on hidden cameras with spectacular pranks. NBC, the large US station, will broadcast the show from April 2012 under the title "**OFF THEIR ROCKERS**" – hosted by Golden Girls star Betty White (89). And ProSiebenSat.1 is also still directly involved in the local success: This is because the Red Arrow subsidiary Kinetic Content is assuming production in the USA. "**LILYHAMMER**" is celebrating its premiere on Netflix, the leading video-on-demand portal in North America. Star of "The Sopranos" Steve Van Zandt shines as a former Mafia member relocated to the Norwegian province.

With **FURTHER PARTICIPATIONS** we are successfully broadening the basis for the Red Arrow business model. We are now represented with 15 production companies in nine countries.

PILLAR 4 – FACTS & FIGURES



Additional revenues potential to 2015
EUR 100 million, EUR 20 million of which were generated in 2011.

9
Countries

International presence
15 investments in nine countries, including important markets such as GB and the USA.

1,300
Hours

Extensive sales catalog
With 1,300 program hours we are successful all over the world.

KEY FIGURES: MULTI-YEAR-OVERVIEW (Fig. 78)

EUR m	Q4 2011	Q4 2010	Q4 2009	Q4 2008	Q4 2007	Q4 2006	Q4 2005
Revenues	**873.7**	828.9	880.4	876.8	989.3	657.2	636.0
Revenue margin before income taxes (in percent)	**20.7**	23.9	19.5	-14.6	14.4	27.1	23.3
Total costs	**633.7**	572.6	651.8	915.8	772.3	471.6	480.6
Operating costs[1]	**560.4**	520.8	576.2	621.6	695.1	460.3	- / -
Consumption of programming assets	**324.0**	279.3	290.1	327.5	395.6	264.2	288.8
Recurring EBITDA[2]	**317.7**	312.5	307.2	279.3	296.9	200.8	- / -
Recurring EBITDA margin (in percent)	**36.4**	37.7	34.9	31.9	30.0	30.6	- / -
EBITDA	**280.8**	292.9	293.0	251.7	281.1	200.2	167.8
Non-recurring items[3]	**-36.9**	-19.6	-14.2	-27.6	-15.8	-0.6	- / -
EBIT	**243.8**	260.8	239.2	3.5	222.1	189.4	156.8
Financial result	**-63.1**	-63.0	-67.3	-133.3	-79.6	-11.0	-10.0
Profit before income taxes	**180.7**	197.8	171.9	-128.0	142.5	178.4	147.9
Consolidated net profit (after non-controlling interests)[4]	**129.9**	181.4	113.4	-170.0	39.5	113.4	96.9
Profit from discontinued operations (net of income taxes)	**-5.6**	34.4	- / -	- / -	- / -	- / -	- / -
Underlying net income[5]	**157.3**	158.8	137.1	78.2	75.3	114.4	- / -
Investments in programming assets	**277.1**	240.0	267.8	329.3	366.9	261.1	253.9
Free-Cash-Flow	**256.5**	203.5	241.6	389.2	213.9	190.7	162.7
Cash-Flow from investing activities	**-297.2**	-285.7	-305.1	-67.1	-432.1	-268.0	-261.1

EUR m	2011	2010	2009	2008	2007	2006	2005
Revenues	**2,756.2**	2,601.0	2,760.8	3,054.2	2,710.4	2,104.6	1,989.6
Revenue margin before income taxes (in percent)	**13.3**	12.6	8.4	-2.2	9.2	18.4	17.6
Total costs	**2,159.2**	2,045.4	2,310.7	2,851.0	2,341.9	1,672.4	1,620.3
Operating costs[1]	**1,915.7**	1,820.6	2,077.5	2,413.1	2,063.1	1,629.7	- / -
Consumption of programming assets	**1,080.2**	957.0	1,068.6	1,247.1	1,145.8	946.0	947.2
Recurring EBITDA[2]	**850.0**	791.5	696.5	674.5	662.9	487.0	- / -
Recurring EBITDA margin (in percent)	**30.8**	30.4	25.2	22.1	24.5	23.1	- / -
EBITDA	**752.4**	693.8	623.0	618.3	522.3	484.3	418.5
Non-recurring items[3]	**-97.6**	-97.7	-73.5	-56.2	-140.6	-2.7	- / -
EBIT	**606.7**	566.8	475.1	263.5	385.3	444.3	382.7
Financial result	**-240.1**	-238.2	-242.4[8]	-334.9	-135.5	-57.6	-33.0
Profit before income taxes	**366.6**	328.6	233.1[8]	-68.4	249.8	386.7	350.7
Consolidated net profit (after non-controlling interests[4]	**637.5**	312.7	146.6[8]	-129.1	89.4	240.7	220.9
Profit from discontinued operations (net of income taxes)	**375.0**	78.1	- / -	- / -	- / -	- / -	- / -
Underlying net income[5]	**309.4**	275.2	186.8[8]	170.4	272.8	244.8	- / -
Investments in programming assets	**1,161.0**	1,098.6	1,227.2	1,397.0	1,176.7	955.0	907.3
Free-Cash-Flow	**260.8**	179.0	157.4	183.8	-1,675.4	292.4	70.1
Cash-Flow from investing activities	**-1,228.7**	-1,186.4	-1,320.1	-1,175.0	-3,269.0	-979.6	-1,095.7

EUR m	12/31/2011	12/31/2010	12/31/2009	12/31/2008	12/31/2007	12/31/2006	12/31/2005
Programming assets	**1,531.3**	1,654.6	1,526.5	1,380.0	1,317.7	1,056.3	1,057.5
Equity	**1,441.4**	1,025.9	607.0[8]	506.7[8]	1,090.1[8]	1,240.5	1,187.7
Equity ratio (in percent)	**28.6**	16.2	9.8[8]	8.5[8]	18.2[8]	64.2	58.9
Cash and cash equivalents	**517.9**	740.7	737.4	632.9	250.8	63.5	157.6
Financial liabilities	**2,335.7**	3,761.9	4,032.1	4,039.8	3,579.5	185.6	387.2
Leverage[6]	**2.1**	3.3	4.7	5.1	5.0	0.3	- / -
Net financial debt	**1,817.8**	3,021.0	3,294.6	3,406.7	3,328.4	121.8	227.2
Employees[7]	**4,112**	4,117	4,814	5,450	4,852	2,976	2,788

1 Total costs excl. D&A and non-recurring expenses. 2 EBITDA before non-recurring (exceptional) items. 3 Non-recurring expenses netted against non-recurring income. 4 Consolidated net profit attributable to Shareholders of ProSiebenSat.1 Media AG including discontinued operations. 5 Consolidated profit from continuing operations for the period, before the effects of purchase price allocations and non-cash currency valuation effects. 6 Ratio net financial debt to recurring EBITDA. 7 Full-time equivalent positions as of reporting date from continuing operations. 8 After changes in accounting policies according to IAS 8 and corresponding adjustment of previous-year figures. For information regarding the change in accounting policy, please refer to the Annual Report 2010, page 123.

Explanation of reporting principles in the fourth quarter or the December 31, 2011. The figures for 2011 relate to the key figures from continuing operations in line with IFRS 5. The previous-year figures for the income statement and the cash flow statement have been adjusted accordingly. According to IFRS 5, key figures from the previous-year statement of financial position are not to be adjusted. The Belgian activities and the Dutch TV and Print activities were deconsolidated with the completion of the contracts for the sale of the participation in June and July 2011. As a result these companies are separately reported as discontinued operations. The result from disontinued operations containes the net profit and the profit of deconsolidation after taxes.

Finance Glossary

C

Cash flow hedge
Guarding against the risk of variable cash flows with derivative financial instruments.

Cash flow statement
The cash flow statement shows how cash and cash equivalents have changed as a result of cash inflows and outflows during the period. It is broken down into cash flow from operating activities, cash flow from investing activities and cash flow from financing activities. Cash and cash equivalents shown in the cash flow statement correspond to the cash and cash equivalents reported on the statement of financial position as at the reporting date. Cash flow from operating activities is derived indirectly from the consolidated profit or loss from continuing operations for the period.

Credit facility
Defined loan framework at one or more banks which can be utilized to cover credit requirements.

D

Derivative finance instruments
Financial instruments whose value or price depends on future prices or other asset values (underlyings). These include swaps and options.

E

EBIT
Abbreviation for Earnings before Interest and Taxes.

EBITDA
Abbreviation for Earnings before Interest and Taxes Depreciation and Amortization.

F

Financial covenants
Obligations in the context of loan contracts. These relate primarily to key financial indicators which the borrower has to comply with.

H

Hedge accounting
Shows an economic hedge relationship in line with IAS 39. Here what are often opposing value changes of the hedged underlying transactions and the derivative financial instruments used for hedging are recorded in accounting terms.

I

Impairment on programming assets
Recognition of unscheduled value reductions on programming assets, e.g. broadcasting rights which are not broadcast due to due to media-law restrictions or licenses that expire prior to broadcasting.

Impairment test
Examination of the value of assets, especially for goodwill and intangible assets with indefinite useful lives. If the carrying amount exceeds the recoverable amount, then an impairment must generally be recognized in the income statement.

Interest rate swaps
Derivative financial instruments to swap cash flows. For example, with interest rate swaps a swap is made between fixed and floating rate cash flows.

L

Leverage
Shows how high net debt is in relation to recurring EBITDA in the last twelve months.

Leverage factor
Common key ratio for measuring the debt position. It is calculated as the ratio of net financial debt to recurring EBITDA of the last twelve months.

N

Net financial debt
Total loans and borrowing minus cash and cash equivalents and current financial assets.

O

Operating costs
Total costs excluding depreciation and amortization as well as non-recurring expenses. Relevant cost variable for calculating recurring EBITDA.

P

Programming assets
Rights to TV program content (e.g. feature films, series, commissioned productions) capitalized as a separate item due to their particular importance for the financial position and performance at the ProSiebenSat.1 Group. Feature films and series are posted on the statement of financial position as of the beginning of the license term. Commissioned productions are capitalized as broadcast-ready

programming assets as of their date of formal acceptance. Until being broadcast, sport rights are included in advance payments. They are then posted to programming assets. When programs are broadcast, a program consumption item is posted in the income statement.

Recurring EBITDA
Earnings before Interest, Taxes, Depreciation and Amortization. Describes earnings before interest, taxes, depreciation and amortization, adjusted for non-recurring items.

Revolving Credit Facility (“RCF”)
A credit framework which can be repaid and then utilized again within a specific time period.

T

Term loan
Loan in which the loan obligation is repaid at the end of the agreed duration (secured term loan).

U

Underlying net income
Consolidated net income adjusted for amortization and impairment taken on intangible assets identified in the context of business combinations and thus the related tax effects.

W

Working capital
Calculated on the basis of current assets minus current liabilities, thus providing an assessment of liquidity.

Media Glossary

A

Arbeitsgemeinschaft Fernsehforschung (AGF) – Working Group of Television Research
To assess the performance of German-speaking stations on a daily basis, the ProSiebenSat.1 Group uses the data of the Working Group of Television Research. Its data form the basis for planning and billing of advertising customers. The AGF/GfK television panel covers 5,100 representatively selected households with roughly 11,500 persons which report daily. This shows the television use of 71.94 million persons from the age of 3 / 36.04 million television households D+EU (as of January 1, 2012).

G

GfK
Gesellschaft für Konsumforschung (GfK), headquartered in Nuremburg, is one of the largest market research companies worldwide. As a full-service company, GfK offers services for all important consumer goods, pharma, media and services markets. One key activity at GfK is recording television ratings in Germany.

H

HD
High Definition Television (HDTV). HDTV is general term for technical standards relating to the resolution of television programs. Resolution is four times higher than SDTV (Standard Definition Television).

Hybrid television
The term hybrid television describes the convergence of internet and traditional television. Alongside the possibility of receiving TV programs via satellite or cable, users have additional options. They can download a wide range of internet contents, including those related to the TV programs and also on a completely independent basis. The interface to the internet is either a set-top box or one integrated into the television.

M

Media-for-revenue-share / media-for-equity
Describes a business model introduced by the ProSiebenSat.1 Group where the start-up company which has not yet advertised on television receives advertisement time in return for a revenue share or equity.

N

Net advertising revenue
Advertising revenues less discounts, agency commissions, etc.

Nielsen Media Research
Nielsen Media Research GmbH is a German market research company headquartered in Hamburg. Its offerings have included gross advertising spend in above-the-line media (television, newspapers, magazines, radio, outdoor and cinema advertising) in Germany, as well as the media types direct mail, online, at-retail media and transport media.

Pay-per-view
Pay-per-view is a settlement method where there is not a flat fee. Rather a fixed price is paid for downloading digital content.

U

Unique users / visitors
Unique users / visitors describe the number of different visitors to a website within a specific period. Here repeated visits of the same user are counted only once.

V

Video-on-demand
Video-on-demand describes a service where a service provider allows access to customers for digital video material. The video material is offered on a streaming basis or as a download.

Z

"Zentralverband der deutschen Werbewirtschaft (ZAW)" – Association of German Advertisers
The Association of German Advertisers is the umbrella organization of the industry in Germany. It is made up of 41 associations of advertising companies, the media, advertising agencies, advertising professionals and research. The Association of German Advertisers includes the German Advertising Standards Council as a central instrument of advertising self-regulation. Once a year, in its yearbook the Association of German Advertisers publishes net advertising revenue by media type.

360-degree marketing
Denotes advertising concepts and offers which combine several media. In the context of its 360-degree marketing, the ProSiebenSat.1 Group develops networked campaign concepts which link up to twelve different advertising media. The most important are TV, online, mobile, video-on-demand, games, teletext, testimonials, events and licensing.

Index of Figures and Tables

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Reports from the executive and supervisory board

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Consolidated financial statements

Editorial Information

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THE PROSIEBENSAT.1 GROUP ON THE INTERNET

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

03/01/2012	Press Conference/IR Conference on preliminary figures 2011 Press Release, Press Conference in Munich, Conference Call with analysts and investors
03/30/2012	Publication of the Annual Report 2011
05/10/2012	Publication of the Quarterly Report Q1 2012 Press Release, Conference Call with analysts and investors, Conference Call with journalists, Webcast
05/15/2012	Annual General Meeting 2012
05/16/2012	Dividend payment
08/02/2012	Publication of the Half-Year Report 2012 Press Release, Conference Call with analysts and investors, Conference Call with journalists, Webcast
11/08/2012	Publication of the Quarterly Report Q3 2012 Press Release, Conference Call with analysts and investors, Conference Call with journalists, Webcast

GROUP STRUCTURE (VI)

OF THE PROSIEBENSAT.1 MEDIA AG

ProSiebenSat.1 TV Deutschland GmbH
100 %

- sixx GmbH 100 %
- Sat.1 Satelliten Fernsehen GmbH 100 %
- ProSieben Television GmbH 100 %
- kabel eins Fernsehen GmbH 100 %
- SevenPictures Film GmbH 100 %

SevenOne Brands GmbH
100 %

- SevenOne Media GmbH 100 %
- SevenOne Media Austria GmbH 100 %
  - Puls 4 TV GmbH 100 %
- SevenOne Media (Schweiz) AG 100 %
- SevenOne AdFactory GmbH 100 %

Red Arrow Entertainment Group GmbH
100 %

ProSiebenSat.1 Welt GmbH
100 %

P7S1 Erste SBS Holding GmbH
100 %

P7S1 Zweite SBS Holding GmbH
100 %

- P7S1 Broadcasting S.à r.l. 80 % / 20 %
  - SBS Broadcasting Holding I B.V. 100 %

SevenSenses GmbH
100 %

- maxdome GmbH & Co. KG 100 %

ProSieben Digital Media GmbH
100 %

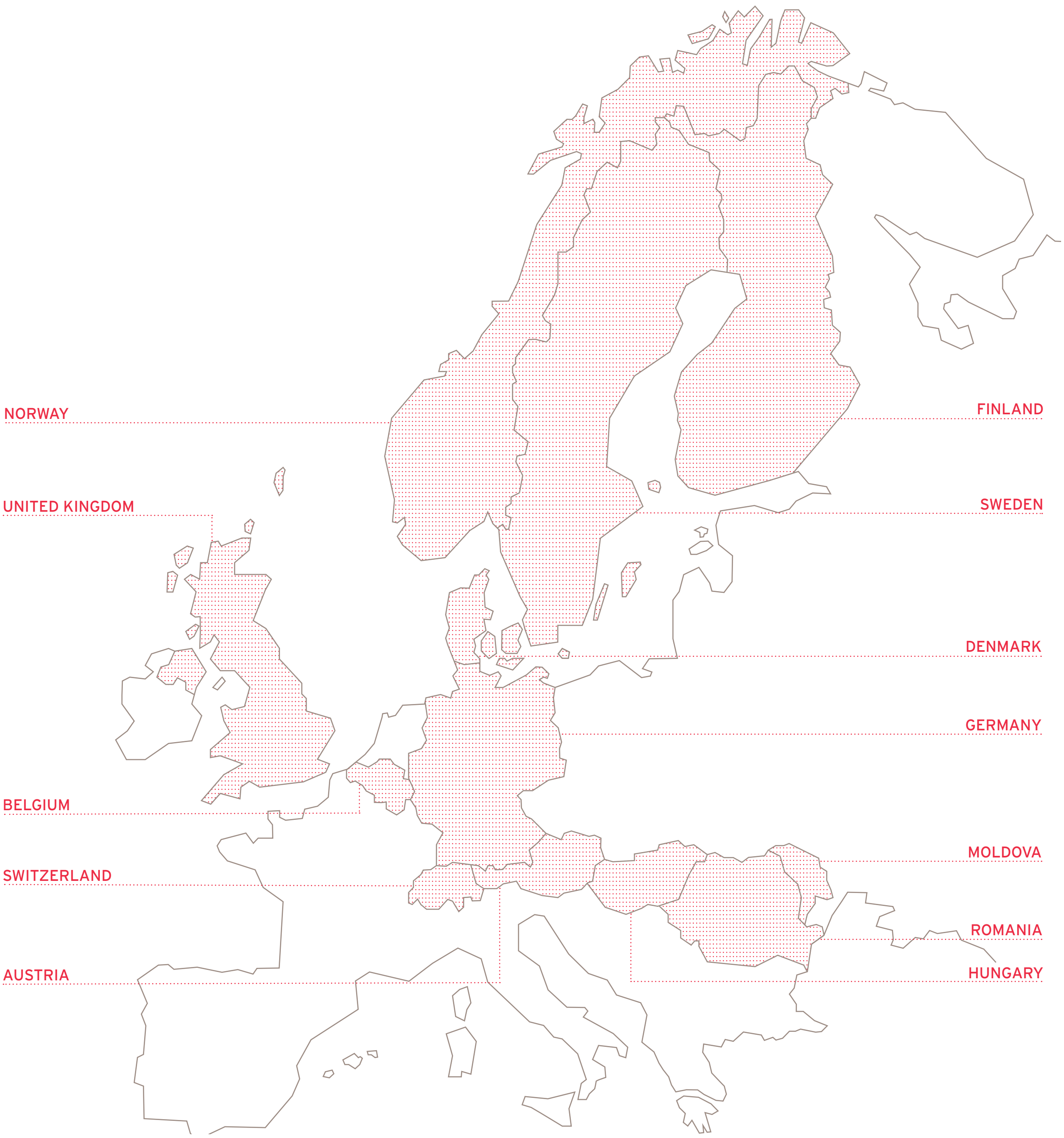
- Seven Ventures GmbH 100 %
- ProSiebenSat.1 Digital GmbH 100 %

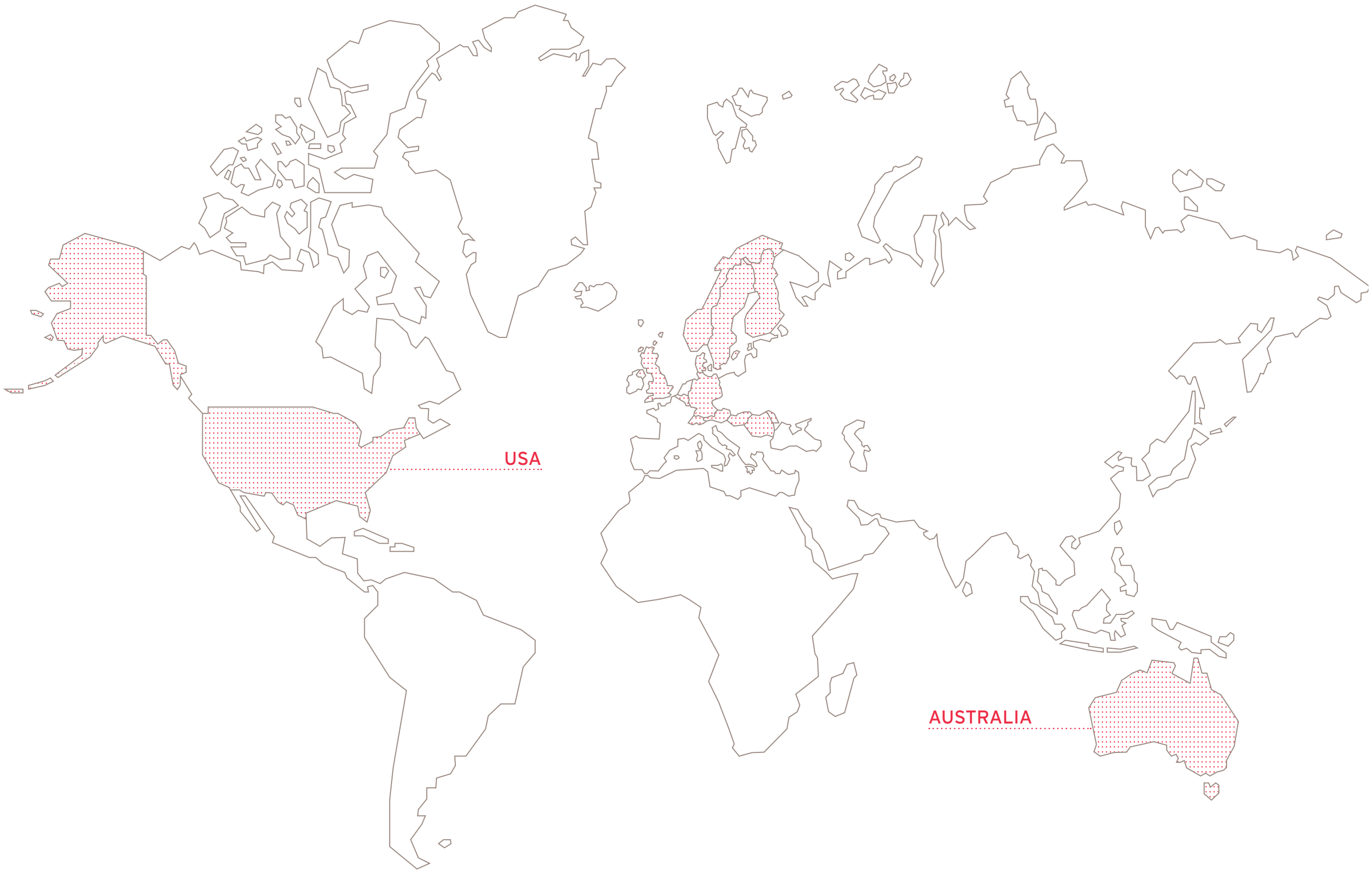
Seven Entertainment Holding GmbH
100 %

- Starwatch Entertainment GmbH 100 %

LOCATIONS OF THE PROSIEBENSAT.1 GROUP (VII)

The ProSiebenSat.1 Group is represented across the world with successful brands.
The company headquarters is located in Unterföhring near Munich in Germany.





GERMANY
ProSiebenSat.1 Media AG, **Headquarters**

Broadcasting German-speaking
kabel eins, ProSiebenSat.1 TV Deutschland GmbH , ProSieben, SAT.1, SevenOne Brands GmbH, SevenOne AdFactory, SevenOne Media, SevenPictures GmbH, sixx

Digital & Adjacent
Covus Games GmbH, kabel eins Classics, lokalisten media GmbH, maxdome, My Video, ProSieben Digital Media GmbH, ProSiebenSat.1 Digital GmbH, ProSiebenSat.1 Games GmbH, SAT.1 Comedy, Seven Entertainment Holding GmbH, Seven Entertainment GmbH, SevenSenses GmbH, SevenVentures GmbH, Starwatch Entertainment GmbH, wer-weiss-was GmbH, wetter.com AG

Content Production & Global Sales
Producers at Work, ProSiebenSat.1 Welt GmbH, Red Arrow Entertainment Group GmbH, RedSeven Artists & Events GmbH, RedSeven Entertainment GmbH, SevenOne International GmbH

AUSTRALIA
Content Production & Global Sales
Granada Media Australia

BELGIUM
Content Production & Global Sales
Sultan Sushi

DENMARK
Broadcasting International
6'eren, Kanal 4, Kanal 5, The Voice TV Radio Broadcast International: Nova FM POP fm, The VoiceRadio

FINLAND
Broadcasting International
The Voice TV, TV 5,
Radio Broadcast International: Local Radio Stations (Radio 957, Radio Jyväskylä, Radio Mega, Radio Sato), Radio Iskelmä, The Voice Radio

UNITED KINGDOM
Broadcasting International
SBS Broadcasting Networks Ltd.

Content Production & Global Sales
Mob Film Co.

MOLDOWA
Broadcasting International
Kiss FM

NORWAY
Broadcasting International
FEM, MAX, The Voice TV, TV Norge
Radio Broadcast International: Radio 1 Hits, Radio Norge, The Voice Radio

AUSTRIA
Broadcasting German-speaking
kabel eins Austria, ProSieben Austria, Puls 4, Sat.1 Österreich, SevenOne Media Austria

ROMANIA
Broadcasting International
Kiss TV, Kiss FM, Magic FM, One FM, Prima TV, Rock FM

SWEDEN
Broadcasting International
Kanal 5, Kanal 9, Mix Megapol, Radio 107,5, Rockklassiker, The Voice Radio, Vinyl 105

Content Production & Global Sales
Hard Hat, Snowman Productions

SWITZERLAND
Broadcasting German-speaking
ProSieben (Schweiz), SAT.1 Schweiz, kabel eins Schweiz, SevenOne Media (Schweiz)

HUNGARY
Broadcasting International
FEM 3, PRO 4, TV 2

USA
Content Production & Global Sales
Kinetic Content LLC

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