ProSiebenSat.1 Group

Annual Report 2012

Driving the Digital Future

PROSIEBENSAT.1 AT A GLANCE

The ProSiebenSat.1 Group was established in 2000. Today, we are one of the leading and most profitable media corporations in Europe, reaching more than 41 million TV households with our TV stations in Germany, Austria and Switzerland. Free TV financed by advertising is our core business. Alongside a strong Digital and Ventures portfolio, the Group also owns an international production network. This means ProSiebenSat.1 has a broad revenue and earnings basis. In the 2012 financial year, we generated revenues of EUR 2.356 billion from continuing operations and recurring EBITDA of EUR 744.8 million. Our headquarters are located in Unterföhring near Munich. ProSiebenSat.1 Media AG is listed in Germany and employs over 3,000 staff across the Group.

GROUP REVENUES FROM CONTINUING OPERATIONS (I)

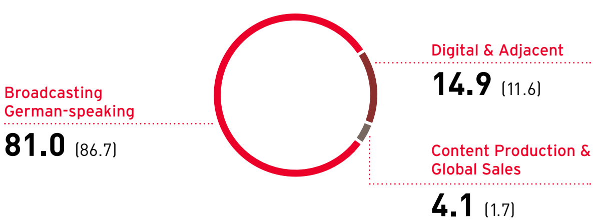
EUR m

RECURRING EBITDA FROM CONTINUING OPERATIONS (II)

EUR m

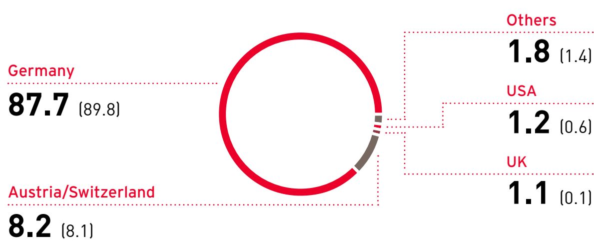
REVENUES BY SEGMENT FROM CONTINUING OPERATIONS (III)

In percent, 2011 figures in parantheses



REVENUES BY REGION FROM CONTINUING OPERATIONS (IV)

In percent, 2011 figures in parantheses



KEY FIGURES AT A GLANCE

The ProSiebenSat.1 Group achieved its financial targets in the 2012 financial year. In the 2011 Annual Report, the Group published its financial targets taking into account the TV and radio portfolio in Northern and Eastern Europe sold or held for sale in December 2012.

The following table shows selected key figures for the 2012 financial year including the activities in Northern and Eastern Europe in comparison with the previous year. The values include the revenues and earnings contributions of the activities in Northern and Eastern Europe; the previous-year figures have been adjusted for the activities disposed of in Belgium and the Netherlands in the 2011 financial year.

KEY FIGURES OF THE PROSIEBENSAT.1 GROUP FOR THE 2012 FINANCIAL YEAR (INCLUDING DISCONTINUED OPERATIONS) (V)

EUR m	**2012**[1]	2011[1]	Change	Change in %
Revenues	**2,969.1**	2,756.2	+212.9	+7.7 %
Operating costs[2]	**2,111.0**	1,915.7	-195.3	-10.2 %
Total costs	**2,389.3**	2,159.2	-230.1	-10.7 %
Cost of sales	**1,607.3**	1,503.5	-103.8	-6.9 %
Selling expenses	**354.3**	345.6	-8.7	-2.5 %
Administrative expenses	**316.0**	281.1	-34.9	-12.4 %
Other operating expenses	**111.7**	29.0	-82.7	>-100 %
EBIT	**593.7**	606.7	-13.0	-2.1 %
Recurring EBITDA[3]	**871.7**	850.0	+21.7	+2.6 %
Non-recurring items[4]	**-78.3**	-97.6	+19.3	+19.8 %
EBITDA	**793.4**	752.4	+41.0	+5.5 %
Consolidated net profit attributable to shareholders of ProSiebenSat.1 Media AG	**295.0**	262.5	+32.5	+12.4 %
Underlying net income[5]	**415.1**	309.4	+105.7	+34.2 %
Basic earnings per preference share	**1.40**	1.24	+0.16	+12.9 %
Basic earnings per preference share (underlying)	**1.97**	1.46	+0.51	+34.9 %

1 Figures including Northern and Eastern European activities, excluding the activities in Belgium and the Netherlands disposed of in 2011.
2 Total costs excluding D&A and non-recurring expenses.
3 EBITDA before non-recurring (exceptional) items.
4 Non-recurring expenses netted against non-recurring income.
5 Consolidated profit for the period, before the effects of purchase price allocation and non-cash currency valuation effects as well as expenses incurred for the antitrust proceedings in 2012.

In this Annual Report, the analysis of the ProSiebenSat.1 Group's revenues and performance is made – unless otherwise indicated – on the basis of continuing operations, i.e. not including the sold or held-for-sale Northern and Eastern European portfolio. In 2012, the Group also achieved its financial targets on the basis of its continuing operations.

The following reconciliation gives an overview of selected key figures on the basis of continuing operations. In addition to the activities in Northern and Eastern Europe, the values including discontinued operations for the 2011 financial year also include the contributions of the Belgian and Dutch business sold in 2011.

Detailed information on the comparison of actual and expected business performance for the Group and the segments in 2012, both on the basis of continued and discontinued operations, can be found on page 68 of this Annual Report.

KEY FIGURES OF THE PROSIEBENSAT.1 GROUP FOR THE 2012 FINANCIAL YEAR (VI)

	ProSiebenSat.1 including discontinued operations		Discontinued operations		ProSiebenSat.1 continuing operations	
EUR m	**2012**	2011	**2012**	2011	**2012**	2011
Revenues	**2,969.1**	2,975.2	**612.9**	776.0	**2,356.2**	2,199.2
Operating costs[1]	**2,111.0**	2,083.6	**486.4**	600.8	**1,624.6**	1,482.9
Total costs	**2,389.3**	2,339.6	**620.5**	711.7	**1,768.8**	1,628.0
Cost of sales	**1,607.3**	1,641.5	**340.9**	456.1	**1,266.4**	1,185.4
Selling expenses	**354.3**	364.0	**124.4**	155.9	**229.9**	208.1
Administrative expenses	**316.0**	305.3	**72.1**	93.2	**243.9**	212.1
Other operating expenses	**111.7**	28.8	**83.1**	6.5	**28.6**	22.4
EBIT	**593.7**	990.9	**-7.2**	410.4	**600.9**	580.5
Recurring EBITDA[2]	**871.7**	901.1	**126.9**	175.7	**744.8**	725.5
Non-recurring items[3]	**-78.3**	238.2	**-13.9**	311.2	**-64.4**	-73.0
EBITDA	**793.4**	1,139.3	**113.0**	486.8	**680.4**	652.5
Consolidated net profit attributable to shareholders of ProSiebenSat.1 Media AG	**295.0**	637.5	**-29.7**	373.3	**324.7**	264.2
Underlying net income[4]	**415.1**	685.3	**59.6**	412.9	**355.5**	272.4

1 Total costs excluding 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 effects of purchase price allocation and non-cash currency valuation effects as well as expenses incurred for the antitrust proceedings in 2012.

Explanation of reporting principles in the fourth quarter or the 2012 financial year: The figures for 2012 relate to the key figures from continuing operations reported in line with IFRS 5, i.e. not taking into account the sold or held-for-sale activities in Scandinavia and Eastern Europe. For the income statement and the cash flow statement, the figures for 2011 were also adjusted for the figures of the activities in Belgium and the Netherlands disposed of in 2011. For the 2010 financial year, the income statement and the cash flow statement were adjusted only for the figures of the activities disposed of in the 2011 financial year. In the 2011 financial year, the Belgian TV activities and the Dutch TV and Print activities were deconsolidated with the completion of the contracts for the sale of the participations in June and July 2011. This means the income statement items of these companies are separately reported as the result of discontinued operations. For 2011, this result from discontinued operations shows net profit and the profit of deconsolidation after taxes.

Due to rounding, it is possible that individual figures in these Group financial statements do not add exactly to the totals shown and that the percentage figures given do not reflect exactly the absolute figures they relate to. Change rates are based on a business perspective. Improvements are shown with a plus (+), deterioration with a minus (–).

Television has changed the world. And its best times lie ahead: Television, as ProSiebenSat.1 understands it, is the engine of a brand new ENTERTAINMENT EXPERIENCE. No other medium benefits so much from the digital revolution – and helps to shape it.

Internet platforms, online games, social media, video portals, apps: They can all make strong TV brands even stronger – and become even more successful with them. ProSiebenSat.1 was particularly early to recognize this interplay. We use its potential consistently and regularly set new standards with our innovations.

ProSiebenSat.1
THE POWER OF TELEVISION

DRIVING THE DIGITAL FUTURE

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THE POWER OF TELEVISION

2 DRIVING THE DIGITAL FUTURE
38 BROADCASTING GERMAN-SPEAKING
152 DIGITAL & ADJACENT
258 CONTENT PRODUCTION & GLOBAL SALES

REPORTS FROM THE EXECUTIVE AND SUPERVISORY BOARD

14 Interview with CEO Thomas Ebeling
18 Members of the Executive Board
20 Report of the Supervisory Board
27 Proposed Allocation of Profits
27 Management Declaration and Corporate Governance Report

GROUP MANAGEMENT REPORT

40 The Year 2012 At a Glance
42 Business Operations and Business Conditions
66 TV Highlights 2012
68 Business Performance
94 Segment Reporting
96 Employees
102 The ProSiebenSat.1 Share
106 Non-Financial Performance Indicators
116 Public Value
118 Events after the Reporting Period
118 Risk Report
135 Outlook
144 Program Outlook 2013

CONSOLIDATED FINANCIAL STATEMENTS

154 Income Statement
155 Statement of Comprehensive Income
156 Statement of Financial Position
158 Cash Flow Statement
160 Statement of Changes in Equity
161 Notes

255 Responsibility Statement of the Executive Board
256 Auditor's Report

ADDITIONAL INFORMATION

260 Group Key Figures: Multi-Year Overview
261 Segment Key Figures: Multi-Year Overview
262 Finance Glossary
264 Media Glossary
266 Index of Figures and Tables
269 Editorial Information
270 Financial Calendar

BEING THERE IS EVERYTHING

Television has always provided big emotions that touch and inspire millions. In recent months, ProSiebenSat.1 has proved how much potential it has for the future: A hit format like "The Voice of Germany" allows the intelligent online platform **CONNECT** to be more interactive than ever before – and shows how social TV and the **MUSIC BUSINESS** complement each other perfectly. Viewers become contributors!

It may be that the live show does not start until 8:15 pm on Thursday with the fanfare that heralds a new episode of Germany's extraordinary talent show: "This is the Voice – of Ger-Ma-Ny!" But anyone who opens their laptop at 8:02 pm and visits the ProSieben Connect website will notice straight away that **THE VOICE OF GERMANY** has already started!

Far more than 50,000 fans are already "checked in", as they call it here, on the social TV platform, and this number is growing every minute. "Hopefully Eva will sing one of her own songs again," Karen writes about her favorite contestant. Timo answers promptly: "I want to get goooosebuuumps again." Backstage videos, background info, ways to vote, competitions: There's a lot going on on the Connect platform, which is a mobile app as well as a website. The central element is a live stream. But most users prefer to watch on a big conventional TV screen while they submit their comments live to the Connect community. Social TV feels like this: "Now you can experience the community feeling of an exciting evening of TV not just with a few friends, but with tens of thousands of like-minded people," says Johannes Bayerl (30), online editor at ProSiebenSat.1 Digital. His colleague Mara Pilz (29) adds: "That is exactly why we developed Connect."

It's the logical continuation of a principle that has guided ProSiebenSat.1 for a long time: Extending successful shows into the digital world in order to offer viewers round-the-clock entertainment. A show like "The Voice of Germany" supplies fans with exciting content 24 hours a day seven days a week: At www.voice-of-germany.de, on the Facebook and Twitter accounts of the participants and now also on Connect. Johannes Bayerl gives an example: "If viewers' favorite Eva Croissant writes 'bad cold ☹' on her Facebook page, worried fans want to know what is up. So we go to Eva and follow her in rehearsals. We then have the good news, 'Eva will sing', immediately as a video on the web and on Connect." This increases excitement and anticipation for the TV show. "The subject can also be included if we show a clip of the hospital visit or read out the nice messages from well-wishers," explains Mara Pilz. And after the show, Eva goes online to say thank you for the support, which creates new opportunities to connect ...

Greater audience loyalty through participation: That is what ProSiebenSat.1's social TV activities are about. "Strategically, a platform like Connect was the next logical step," says Matthias Heidenfelder, Senior Concept Developer at ProSiebenSat.1 Digital. "Connect offers brand new ways to interact. Particularly live, while the show is on air." Therefore, Heidenfelder is not afraid of the "second screen" trend – on the contrary. The television screen alone is often not enough for younger viewers any more – they use their iPad or smartphone at the same time. "As long as it all has to do with our show, there could be nothing better for us," Heidenfelder is sure. Connect functions as a perfect companion to the show, with a comment function, backstage material, and opportunities to guess, win and vote. "If two contestants on 'The Voice of Germany' go up against each other," says Johannes Bayerl, "Connect users can join in and vote on who impressed them the most. And we show the results live on the TV broadcast!"

By the same token, the program makers also benefit from this direct contact, as Connect allows them to receive feedback from their

THE PULL OF THE SECOND SCREEN

69 %

... of parallel users of TV and internet use TV-related content online while watching television.

THE PERFECT CONNECTION

Interaction, Communication and Information: ProSieben Connect for "The Voice of Germany"

Alongside the TV show, fans of "The Voice of Germany" can chat about the show, the contestants and the coaches' decisions, take part in polls and quizzes, give digital applause, and follow the live stream with the social TV application ProSieben Connect for smartphones, tablets, PCs and laptops. Users can log in directly at www.TheVoiceOfGermany.de or download the app of the same name for mobile devices.

Shortly before the big performance at the Olympic Hall in Munich: Katharina Frömsdorf (centre), Managing Director of Starwatch Entertainment, backstage with the artists from "The Voice of Germany".

PROF. DR. BEATE SCHNEIDER (65) TEACHES COMMUNICATION SCIENCE AT THE UNIVERSITY OF MUSIC, DRAMA AND MEDIA HANOVER. SHE RESEARCHES THE FUTURE OF MEDIA USE IN NUMEROUS STUDIES. SHE CALLS "SOCIAL TV" "THE NEW APPETITE FOR TELEVISION!"

What is meant by social TV?

PROF. DR. SCHNEIDER: The connection of the television medium with social networks on the internet – Facebook or Twitter, for example. We narrow down the term and refer only to communication during a TV broadcast rather than before or afterward. This same-time communication is becoming ever more important.

Is "normal television" no longer enough?

PROF. DR. SCHNEIDER: It seems so. A few years ago everybody thought that TV use would decline because the younger generation found not only print media unattractive, but also television. But on the contrary, TV use is going up. Not least because television provides an ideal reason to communicate on social networks. Young people especially have always liked to talk about shared experiences, including television shows that everybody has seen. Social TV now makes it possible to celebrate, to cheer on, to gripe, and to get excited and enthusiastic ... live, during the show. And if you want, you can do it together with a nearly unlimited circle of like-minded people. You could also say that the age of passive absorption in front of the television screen is over.

What formats are particularly popular among online communities?

PROF. DR. SCHNEIDER: Shows that are current and offer a strong emotional appeal, so the community can share the excitement and join in. No wonder that "The Voice of Germany", "Germany's next Topmodel – by Heidi Klum" and "Schlag den Raab" have an awful lot going on in the networks, as we discovered with our studies. The same is true for the "Tatort" crime series, but as a cult show, we can say that is a special case. And ARD barely does anything to reach out to the community purposefully. ProSiebenSat.1 is much farther ahead in this regard.

What would you say to a TV provider that wants to benefit from social TV?

PROF. DR. SCHNEIDER: Take your opportunities! Building up expertise is a must, or you will embarrass yourself in the community. Remember that network communication has to offer an additional experience. Apps like ProSieben Connect can be useful for that. It is all worth it, because social TV is good not only for brand management and audience retention, but also as a fascinating tool for measuring success. Whether praise or criticism, honest feedback comes in straight away. As a broadcaster, you obviously have to trust that.

Ensuring entertainment around the clock: Online editors Maria Pilz and Johannes Bayerl.

Inspiring: That is ProSieben Connect. The social TV platform was developed by Matthias Heidenfelder, Senior Concept Developer at ProSiebenSat.1 Digital, and his team.

audience faster than ever before. What works? What do people not like? The user comments give valuable information no matter what. Being there is everything ...

It all comes together: First online, then at the concert

It seems as if the old Olympic motto is becoming newly relevant for social TV. All the more when you see how the show goes on after the grand final of the second season of "The Voice of Germany". The fan community, which met virtually on Connect or the website, came together a few weeks later in Germany's concert venues. On one January evening, Katharina Frömsdorf (35), who is responsible for ProSiebenSat.1's music and live entertainment commitments as Managing Director of Starwatch Entertainment, is standing in the middle of the Olympic Hall in Munich, between thousands of excited fans in front of a spectacular stage on which the semi-finalists from "The Voice of Germany" are putting on their final show after eight previous performances in all of Germany's major cities. Katharina Frömsdorf is right to be proud. "It was a risk," she says in the break between two songs. "We couldn't be completely sure if it would really work. No one in the country had tried this in this form before – sending eight newly discovered artists to the biggest venues." At this moment, the live band starts playing – and Brigitte Lorenz (42), Team Nena, who just a few months ago was making the beds in a hospital in the Ruhr, is in front rocking out. A storm of excitement sweeps through the crowd. Frömsdorf laughs, then shouts to be understood: "It's great when an idea works so well!"

But that is not a completely new experience for Katharina Frömsdorf and her team. Starwatch Entertainment has often shown how well TV, music and live show business can be combined. The power of television makes bands, singers and their songs famous – the stars that Starwatch looks after include former "The Voice of Germany" winners Ivy Quainoo and Nick Howard as well as the hip-hop legends "Die Fantastischen Vier", the German pop titan Heino, rock legend Udo Lindenberg and the international rock star Lenny Kravitz. And the power of music touches millions in front of their televisions ... of which "The Voice of Germany" tour with a total attendance of 70,000 is no bad example. "As a subsidiary of ProSiebenSat.1, we have unique opportunities as a label and concert organizer," says Katharina Frömsdorf once the very last encore has faded away.

On the way home through the dark Munich Olympiapark, many "The Voice of Germany" fans are already hunched over the glowing displays of their smartphones to share their special experience with the world. One girl beams at her friend: "I can hardly wait till the third season of "The Voice of Germany" starts!"

HIT PRODUCERS

60 %

... of the top-20 artists of 2012 were marketed directly by Starwatch or in music partnerships.

THEY JUST WANT TO PLAY

Who knows **GRONKH UND SARAZAR**? Among fans of computer games and online videos, they are both megastars: The duo have had their own live TV show on the ProSiebenSat.1 portal **MYVIDEO** since 2012. With millions of viewers! And thanks to TV expertise, new stars are also being born in the booming market of **ONLINE GAMES**: Here, every player can make history.

Friday, 5:55 pm in a studio in Hürth, near Cologne: In the middle of the set is a large desk with two opened laptops – Gronkh and Sarazar don't need a lot more than that when they sit here to host Germany's most successful **WEB GAMES SHOW**. Outside, excitement is mounting in front of PCs, for the studio crew, it's concentration. "Attention, 30 seconds," calls the director, "We're about to go online." Gronkh und Sarazar lounge casually on their computer chairs. 6 pm. The show starts!

"Hello folks – we have prepared a lot ... namely, nothing at all," Gronkh, whose real name is Erik Range, welcomes the audience and laughs disarmingly. Valentin Rahmel, aka Sarazar, has nothing to add. No long jibber-jabber – now it's time to play. After all, fans of the live show Let's Play Together on MyVideo want nothing other than to watch Gronkh and Sarazar try out a game while chatting and messing about. Two buddies, the computer and video games: This concept has taken off.

A few months before, Range (35) and Rahmel (29) sat in a Cologne pizzeria at midday to talk to a team from ProSiebenSat.1 Digital about the MyVideo partnership. "We were on an intensive search for talents that were successful online," explains ProSiebenSat.1 Digital boss Markan Karajica. "That included Gronkh and Sarazar." However, there was no extensive discussion at

SUCCESS STORY

It began with a portal that collected users' self-shot videos. ProSiebenSat.1 developed MyVideo into a proper web TV station.

In 2008, ProSiebenSat.1 bought the MyVideo portal – then just loaded with user-generated content, i. e. private film material. Two years later, the first upgrade was complete: In 2010, lots of TV content, such as series and the even the first live streams, were available on MyVideo. In 2012, ProSiebenSat.1 launched MyVideo as a web TV station, with exclusive live shows and its own newly opened web studios, whose special production technology enabled interaction with viewers via social media.

MILLION-STRONG AUDIENCES

490 m

... video views were registered by MyVideo in 2012.

Playtime! Now it's time to play – in front of an audience of millions: Gronkh, aka Erik Range (left) and Sarazar, aka Valentin Rahmel (right), at the MyVideo studio in Cologne.

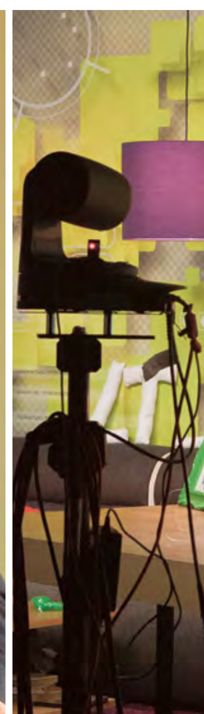
this meeting, and even the pizza got cold. Because, suddenly, two excited school classes, who recognized the duo while walking by, stormed the table.

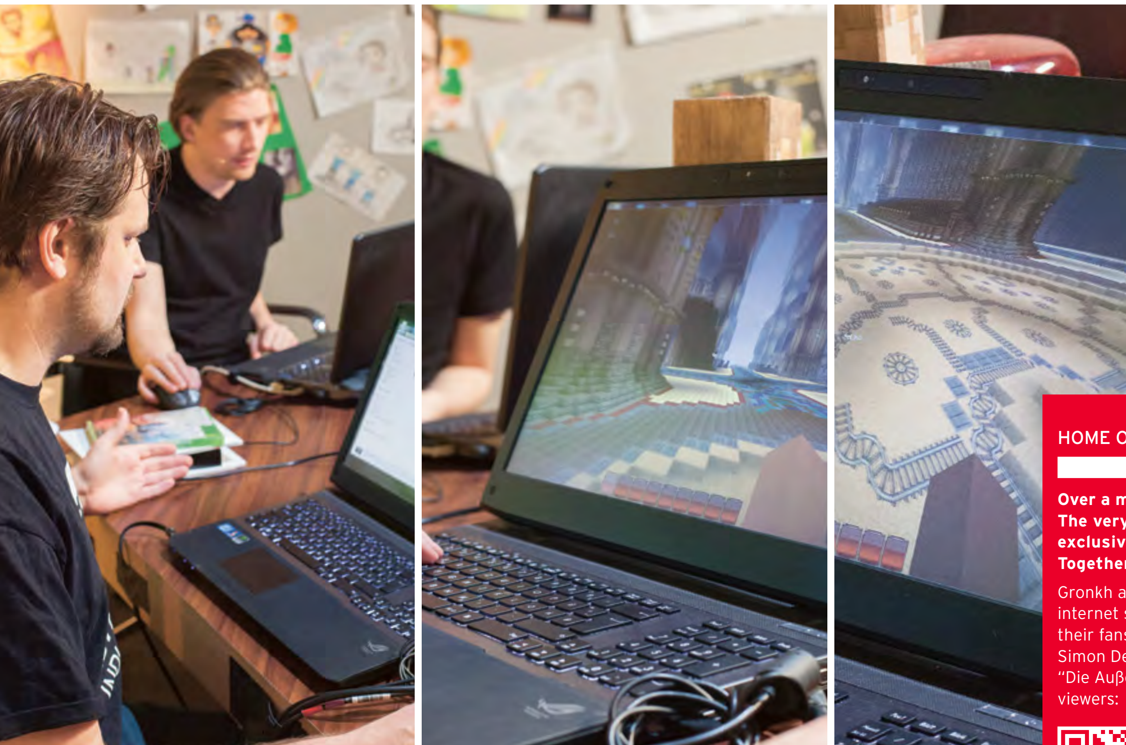
Digitalization is creating new stars, who owe their status to millions of clicks on video platforms, intensified by social networks like Twitter and Facebook. There, Gronkh and Sarazar together have more than 500,000 fans! The other internet stars hunted out by MyVideo – where they all now delight their audiences with their own live shows – can also boast similar numbers of "likes". Their videos are watched hundreds of thousands of times on MyVideo. "With Gronkh and Sarazar, we had more than a million views in the first month," says Markan Karajica. "Naturally I was optimistic – but that massively exceeded my expectations."

He was not alone. "We were completely surprised by our success," says Valentin Rahmel, still astonished. "When Erik told me about his 'Let's Play' idea, I was skeptical." But playing as a "performance" has its own special appeal. "You can imagine it as a bit like a sports show, except that we play along," explains Valentin Rahmel. After the breakthrough on YouTube, cooperating with MyVideo was the next logical step for him and Range. The video platform from ProSiebenSat.1 is a frontrunner for live streaming in Europe. "It is a pioneering project with a big fun factor," confirms Rahmel. "Because 'Let's Play Together' does not just call for watching, but also joining in." The fan community is included via all social media channels. During play, viewers give tips, criticize or tease Gronkh and Sarazar if their virtual character bites the dust.

Losing is a part of playing. With regard to the cooperation between the internet stars and MyVideo, everybody wins. "Professional TV is learning from new, young online formats with a lot of interactivity and a committed fan community. Vice versa, the new internet video heroes benefit from our experience and technical equipment as a entertainment powerhouse," explains ProSiebenSat.1 Digital Managing Director Markan Karajica. "The MyVideo success story shows how, with consistent brand management, attractive content and the right, namely your own, stars, you can establish a successful online TV station from which the whole ProSiebenSat.1 Group benefits." US hit series like "Spartacus: Vengeance" and "Unforgettable" are now also premiered on

Exceeded expectations: Markan Karajica, head of ProSiebenSat.1 Digital, is pleased with the success of the MyVideo webstars.





Playing along is fun – and brings one friends. No wonder Gronkh (left) and Sarazar have so many fans – the market for online games is booming.

MyVideo. It is seen more and more often: "Online first"! And by the way, this attention boost makes the subsequent broadcast on TV even more successful.

Benefiting from the online games boom

Pioneers like Gronkh and Sarazar recognized the potential of combining video, strong stories and interaction – innovatively designed online games offer nothing else. That is why ProSiebenSat.1's commitment to online games makes so much sense – it is, after all, the world's fastest growing entertainment industry. When thousands of warriors with futuristic weapons fight for supremacy on the planet Auraxis in the year 2845, this is already at the level of a Hollywood blockbuster. Instead of actors, however, war is waged in "PlanetSide 2" by avatars, graphic representatives, controlled by players from all over the world. More than one million European players logged in, and that was just in the first months after release. Another example of a successful game: In "DC Universe Online", a total of 1.5 million gamers take on the roles of superheroes.

As in the film industry, the capital expenditure is huge. "150 developers worked on 'DC Universe Online' for five and a half years," says Andreas Heyden, COO of ProSiebenSat.1 Games. The budget was EUR 50 million. The investment is paying off: "Within the game, players can buy clothing, weapons and abilities for their avatars," explains Heyden. "With real money." An average user pays around EUR 35 a month for virtual items.

Heyden's team, in which young pros from 16 countries work together, is always looking for new blockbuster brands. ProSiebenSat.1 Games acquires the licenses for the European market and then signs distribution and cooperation contracts, most recently in France and Turkey. "The opportunities for profit for the company are excellent," says Heyden. "The target groups of the online community and TV overlap: 70 % of active players in Germany can be reached via ProSiebenSat.1 TV stations." Not for nothing do Andreas Heyden and his people proclaim "We turn viewers into players!" And because more and more online gamers do not just want to play at home, ProSiebenSat.1 is also getting involved in mobile games. The new "ProSieben Games" app is already available for the iPhone and iPad.

Web TV in a new dimension, online games of blockbuster quality and gaming enjoyment for your cell phone. Digital boss Markan Karajica grins: "I think we can rightly speak of a digital entertainment powerhouse!"

HOME OF THE INTERNET STARS

Over a million clicks in the first month: The very successful launch of the exclusive gaming show "Let's Play Together" from MyVideo.

Gronkh and Sarazar are not the only internet stars on contract and thrilling their fans on MyVideo. New stars like Simon Desue, beatboxer Alberto and "Die Außenseiter" also delight MyVideo viewers:

▸ **www.myvideo.de/webstars**

Turning TV viewers into online gamers: Andreas Heyden, COO of ProSiebenSat.1 Games.

THE POWER OF THE BLOCKBUSTER

Since 2012, ProSiebenSat.1 Games has cooperated with Sony Online Entertainment – and is now one of the largest games publishers in Europe.

We have exclusive European licenses for the following online games blockbusters: DC Universe Online; EverQuest I & II (plus franchise sequels); Star Wars: Clone Wars Adventures; Free Realms; Magic: The Gathering – Tactics; Pox Nora; PlanetSide 2; Vanguard Saga of Heroes; Wizardry Online.

THE APPEAL OF JOINING THE GAME

+95 %

... growth rate in registrations for ProSiebenSat.1 online games. The number of new registrations increased to 16 million in 2012.

PARTICIPATION IN LEARNING SUCCESS

The "cry of happiness" of Zalando's slogan is ringing in all our ears – and the sensational rise of the online retailer is happening before our eyes. This success was made possible by the partnership with ProSiebenSat.1 and the accompanying TV presence. Now the next idea is ready for its breakthrough. At the first **SEVENVENTURES PITCH DAY** in London, with which our Venture arm presented itself to the international start-up scene, the online language school BUSUU won first prize: Advertising time worth EUR 4 million!

Do you speak **BUSUU**? Hardly likely, because Busuu has almost died out. In Cameroon, only eight people still speak Busuu. In future, perhaps the number will rise: "Of course we also offer a course in Busuu," explains Bernhard Niesner (34) in beautiful Viennese German. "We love all languages – but Busuu is particularly close to our hearts." This is now also true for the team from **SEVENVENTURES**, the Venture arm of ProSiebenSat.1. There are apparently employees who can order in Busuu – although that was not the main purpose of the first SevenVentures Pitch Day in London in October 2012. "It made us known on the international start-up scene at one stroke," says Dr. Hari Sven Krishnan, Managing Director of SevenVentures. "We think beyond the borders of Germany."

REWARDING INVESTMENTS

The success continues. ProSiebenSat.1's ventures business made the greatest contribution to the growth of the Digital & Adjacent segment in 2012.

The principle: Selected start-ups receive advertising time on our TV stations. In return, SevenVentures, the Venture arm of ProSiebenSat.1, takes a share in revenues and / or the company. In a nutshell, SevenVentures bundles companies that have reached a certain market maturity and fit strategically into the portfolio of the TV Group. Inhouse specialists in campaign development for the No. 1 medium of TV are available in the SugarRay creative agency and the Booming digital agency.

STRONG PORTFOLIO

51

... **partnerships** and strategic participations were held by SevenVentures in companies from various sectors in 2012.

Winner of the first SevenVentures Pitch Day: Bernhard Niesner (right) and his language-learning community busuu.com; here with employees at the London office.

That is appropriate for the first winner of SevenVentures Pitch Day: busuu.com. The start-up company from Niesner and his Liechtenstein partner Adrian Hilti (38) is now the world's largest social network for online language learning – with currently 28 million members. Every day, another 40,000 on average sign up. "In more and more countries, language skills are a prerequisite for upward mobility. The market for language teaching is becoming ever more important," says Niesner. "But since the introduction of the CD-ROM, there has been barely any innovation." He and Hilti have changed this. Their brilliant idea: Whoever registers at busuu.com is student and teacher at the same time. On one hand, they learn a new language with modern, interactive learning units and mobile apps. On the other hand, busuu.com members are available as tutors for their own native language – as a contact for other members to speak to. "The visit abroad is virtually built-in," Bernhard Niesner explains the busuu.com principle: Whether with video chats or by the correction of each other's exercises. Fun rather than force, and getting closer is allowed: "Sure, friendships have been made this way," reports Niesner.

Because they want the growth to continue consistently, the first SevenVentures Pitch Day came at just the right time for the busuu.com bosses. In total, seven young company founders presented their business ideas to a top-class jury in London – and to the public, who were there in the hall and joining via an internet live stream. In the end, the result was surprisingly conclusive – among the experts as well as the more than 13,000 internet users who voted on Facebook. Busuu.com won the jury and the public award! The language-learning community can now present itself to the viewers of the ProSiebenSat.1 station group with advertising power worth EUR 4 million. This is an enormous strategic advantage, because experience shows that Europe's gates are open to anyone who becomes known in the German-speaking region. Busuu.com also benefits from a consulting package worth EUR 60,000 provided by renowned agencies including the online marketing specialists of the Booming agency, another ProSiebenSat.1 subsidiary. "Of course we celebrated on Pitch Day," says Bernhard Niesner – and sounds like he is in seventh heaven. "We have now reached a size from which we can grow further with TV advertising – because we can reach brand new target groups."

SevenVentures Managing Director Dr. Hari Sven Krishnan has no doubts about that. "Our motto is: You have ideas – we have the power to implement them. We combine promising business models with the opportunities that only Germany's strongest TV network can provide." The sensational rise of Zalando has demonstrated how well that works. The model: SevenVentures provides advertising presence and in return receives company shares ("Media for Equity") or a share in revenues ("Media for Revenue Share"). "Pitch Day helps us to present ourselves internationally and find new potential partnerships. And on the side, we can learn a new language," says Dr. Krishnan. "Fwə mɛ́ ífù", he adds in almost perfect Busuu: "I would like a beer."

New growth ahead:
Bernhard Niesner expects the TV presence at ProSiebenSat.1 to provide a major boost for his online language school.

IDENTIFYING AND USING POTENTIAL

The success of linking exciting TV programs and captivating digital services is giving ProSiebenSat.1 a boost in all business areas: We will continue to pursue our **GROWTH STRATEGY** in a consistent manner.

BROADCASTING GERMAN-SPEAKING

Page 38

DIGITAL & ADJACENT

Page 152

CONTENT PRODUCTION & GLOBAL SALES

Page 258

REPORTS FROM THE EXECUTIVE AND SUPERVISORY BOARD

14 Interview with CEO Thomas Ebeling
18 Members of the Executive Board
20 Report of the Supervisory Board
27 Proposed Allocation of Profits
27 Management Declaration and Corporate Governance Report
27 Management Declaration
34 Corporate Governance Report

INTERVIEW WITH CEO THOMAS EBELING

Thomas Ebeling (CEO)
CEO
since March 1, 2009

2012 was another record year for the ProSiebenSat.1 Group. The Company made decisive progress on the way to becoming a digital entertainment & e-commerce powerhouse. CEO Thomas Ebeling looks back on the successful financial year.

2.356

EUR BN

... revenues were generated by the ProSiebenSat.1 Group in the financial year 2012. This is an increase of 7.1 %.

Mr. Ebeling, what were your highlights in the year 2012?

Thomas Ebeling ..... I am very satisfied with the 2012 financial year. We grew dynamically and achieved a new record level of revenues and earnings. Moreover, we made very good progress with our digital business. We successfully continued our expansion into the digital world and increased revenues in the Digital & Adjacent segment by almost 40%. We also achieved important targets in our core business of free TV: We significantly increased our HD distribution revenues and successfully established new free TV stations in Germany and Austria. This puts us in an excellent position for the future.

5.65

EUR

... per preference share and EUR 5.63 per common share is the dividend proposal to the Annual General Meeting.

In 2012, ProSiebenSat.1 sold the Northern European station portfolio to Discovery Communications. How does the exit from the international TV business fit into your growth strategy?

Thomas Ebeling ..... Our Northern European TV and radio portfolio was actually a very good business and we are proud that we developed it so successfully in the last few years. At the same time, we had taken the Scandinavian TV business to a point where there were only limited opportunities for further growth. We are convinced that the key to a successful future for the Group is the interaction between our German-speaking TV business and the Digital division. The market was willing to pay us a highly attractive price of EUR 1.325 billion. The valuation multiple was approximately 10 times recurring EBITDA and thus considerably above the valuation of the ProSiebenSat.1 Group as a whole. Therefore, we created considerable added value for all shareholders. We intend to use the proceeds in an amount of EUR 500 million for partial prepayment of term debt and for the rest for reinvestments in the operational business. Hence, the operating cash flow will be available for other purposes in a greater extent. Against this background, we will propose to the Annual General Meeting a dividend of EUR 5.65 per preference share and EUR 5.63 per common share for the year 2012.

Following the sale of the Northern European business, the ProSiebenSat.1 strategy is based on three segments: Broadcasting German-speaking, Digital & Adjacent and Content Production & Global Sales. Wherein lies the strength of this strategy?

Thomas Ebeling ..... Television makes us unique. It is the core of our company and our strategy. There is a simple reason for this: We reach more than 41 million TV households with our stations. At the same time, TV is the most effective advertising medium. With Online Video, Online Games and the Ventures business, we have opened up for ourselves new business areas in the last few years that are growing strongly and that go well with our TV business. We can also advertise our own products from these sectors via commercials on our stations and develop them into successful brands. Linking up our TV business with our Digital and Ventures activities is the basis for the dynamic and long-term growth of the ProSiebenSat.1 Group.

38.1

PERCENT

... to EUR 351.2 million was the increase of external revenues in the Digital & Adjacent segment. Thus, it was the strongest growth driver.

You already touched upon the fact that revenues in the Digital & Adjacent segment grew by almost 40% in 2012. What was key to this success?

Thomas Ebeling ..... We have four business units in the Digital & Adjacent segment and all achieved at least double-digit growth, with the Ventures business even achieving three-digit growth. We are Germany's leading seller of video content and reach more than 25 million unique users per month with our online network. We operate maxdome, Germany's biggest video-on-demand portal, and offer users more than 50,000 titles on demand. In 2012, we expanded MyVideo into an online TV station. We also grew significantly with our Online Games business in 2012. We hold exclusive Europe-wide rights to attractive blockbuster games from Sony Online Entertainment, which we sell internationally. Revenues performed extremely well at our music label Starwatch Entertainment, too. We have successful artists under contract there, such as Lenny Kravitz, Die Fantastischen Vier and Heino.

And the Ventures business?

Thomas Ebeling ..... The Ventures business made the greatest contribution to the growth of the Digital & Adjacent segment in 2012, with a three-digit revenues growth rate. We provide selected start-up companies with idle advertising time in return for a share in revenue and/or equity. In this way, we have built up a Ventures portfolio with more than 50 partnerships and strategic investments since 2009. In selecting start-up companies, we focus on companies from the areas of travel, sports, beauty, health, fashion, home & living and market places. As a Group, we receive a double benefit – we make efficient use of idle advertising inventory and gain attractive investments and partnerships at the same time.

95.4

EUR M

… after EUR 37.7 million in the previous year: In 2012, external revenues of the Content Production & Global Sales posted a three-digit growth rate.

You are active in the production and sale of TV programs with the Content Production & Global Sales segment. How did things go there in 2012?

Thomas Ebeling ..... In this segment, too, we made crucial progress in 2012. Our biggest objective was to establish ourselves in the English-speaking TV markets of the USA and Great Britain. These countries are where the highest margins are achieved. At the same time, they send out strong signals. If a show is successful in the USA or Great Britain, it sells throughout the world. In the last financial year, we acquired majority interests in production companies in both markets. Moreover, we opened a sales office in Hong Kong. In total, Red Arrow is now represented with 18 companies in nine countries. Three years after it was founded, the group is already one of the top 10 most successful independent production companies in the world. In 2012, we sold TV programs in more than 150 countries.

The growth areas are performing very dynamically. What about the traditional TV business – does TV actually have a future in the digital world?

Thomas Ebeling ..... Absolutely! 10 to 15 years ago, noone could really judge how new media would impact on the TV and print industries. Some already predicted the certain death of television. The opposite has happened. With more than three hours of use per day, TV is still the most widely used medium. Why is that the case? Television has a campfire effect. It brings people together, family, friends – people like watching things together. In the case of shows like "The Voice of Germany", five million viewers gather in front of the TV set at the same time. No other medium can do that. People want big emotions on a big screen in top quality. And portable devices such as cell phones and tablets are advancing TV use further. This shows that no other medium is benefiting as much from digitalization as TV!

Why is that the case?

Thomas Ebeling ..... The internet and TV have a natural affinity. Moving images are the fuel of both media. Therefore, they light each other. Let me give you some examples: Today, 60% of TV viewers use a second screen, that is, they use the internet with a laptop, a cell phone or a tablet while they watch TV. In many cases – namely, in the case of almost 70% of parallel users – TV sets the impetus to occupy oneself in greater detail with TV-related content online. Therefore, we design our programs in such a way that we can offer our viewers a complementary experience on the second screen. For example, with a show like "The Voice", users can exchange views about the show with friends online and participate in voting via the social TV platform "Connect". This increases loyalty to our TV programs. Hence, we do not see the internet as competition, but as a tool to strengthen the connection to our shows.

1.910

EUR BN

… or 81.0 % was the contribution of the Broadcasting German-speaking segment to consolidated external revenues in 2012.

Can this be capitalized on?

Thomas Ebeling ..... Yes. Interesting opportunities open up to us in sales in particular. The second screen is becoming ever more a transaction medium. We broadcast a TV spot and extend it onto the internet, where viewers can then order it directly. Advertising concepts that involve other media channels as well as the traditional TV spot are especially effective. For this reason, our sales subsidiary SevenOne AdFactory develops individual, cross-media marketing concepts for advertising customers. In 2012, it again made a valuable contribution to revenues from new customers.

Digitalization offers a media corporation such as ProSiebenSat.1 many opportunities. Where do you see challenges?

Thomas Ebeling ..... The fragmentation of the market is certainly a challenge. Today, basically everyone can operate their own station and create content via the internet. However, the requirements are not the same for everyone. Think of Google, for example. Is Google a distri-

"Linking up our TV business with our Digital and Ventures activities is the basis for the dynamic and long-term growth of the ProSiebenSat.1 Group."

bution platform or a content provider? If it is a content provider, why does Google not have to meet the same requirements in Germany as a private TV company? Considerably higher requirements are set for us – requirements that are right –, for example with regard to the protection of young people or to news production. At the same time, international players such as Google and Facebook , to whom the strict regulations do not apply, are stepping into the German market. Therefore, we need new media structures. It will be a challenge for politicians to find the right answers.

You have already talked about how ProSiebenSat.1 reaches many millions of people with its media services every day. This brings with it a certain responsibility. How do you fulfill this responsibility?

Thomas Ebeling ..... The very fact that we reach so many people means that we can and want to convey messages. It is our goal to acquaint youths and young viewers more heavily with socially relevant topics. We are committed to traditional charity campaigns such as "RED NOSE DAY". Moreover, we also raise young people's awareness of social concerns with initiatives such as "Tolerance Day". In 2012, we launched Stefan Raab's political talk show "Absolute Mehrheit", a highly innovative format. With his first show, Stefan Raab reached as many young viewers as seven talk shows of public stations in one full week put together. This shows that there is a need, and we are happy to assume this responsibility. Furthermore, we will continue to devote ourselves to the topics of ecology and integration. It is important to approach it in such a way that it is fun for young people and that they develop a desire to get involved.

To conclude, let us take a look into the future. If ProSiebenSat.1 is to become an entertainment powerhouse, where do you see the major growth areas in the medium term?

Thomas Ebeling ..... Without any doubt, in our Digital & Adjacent segment. In the next few years, we will register high growth rates in this area, through organic growth but also through strategic acquisitions. Enormous potential is opening up to us in German-speaking free TV, our core business, due to the spread of HD-compatible television sets. Moreover, in the next few years we will establish further TV stations, thus gaining new target groups in the audience and advertising markets. I am very optimistic about the future. The ProSiebenSat.1 Group is optimally positioned in order to benefit from the transformation of the media landscape. We have an extremely committed and creative team. I am impressed by the ingenuity and passion with which our employees develop new ideas and products. Both strategically and in terms of personnel, we are outstandingly positioned to continue the growth story of the ProSiebenSat.1 Group.

>600

EUR M

... is the revenue potential for the Group until 2015 in comparison to the year 2010 (on the basis of continuing operations).

MEMBERS OF THE EXECUTIVE BOARD

Conrad Albert

Management segments:
Legal, Distribution & Regulatory Affairs, Legal Affairs Operational Business, Corporate Law, Mergers & Acquisitions, Shareholder & Boards Management and International Free TV CEE
Member of the Executive Board since October 1, 2011

Heidi Stopper

Management segments:
Human Resources, Compensation & Benefits,
HR People Development,
HR Processes & Controlling,
Labour Law & Freelance Management
Member of the Executive Board since October 1, 2012

Dr. Christian Wegner

Management segments:
Digital & Diversification, New Media, German Pay-TV, Video on Demand, Music & Commerce and Merchandising
Member of the Executive Board since October 1, 2011

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

Thomas Ebeling (CEO)

Management segments:
TV Germany (SAT.1, ProSieben, kabel eins, sixx, SAT.1 Gold), Group Content, International Free TV Scandinavia, Radio, Sales & Marketing, Strategy & Operations and Corporate Communications
Member of the Executive Board (CEO) since March 1, 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 1, 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 2012, the Supervisory Board of ProSiebenSat.1 Media AG performed the duties incumbent upon it under the law, the articles of incorporation, and its own rules of procedure, also taking into consideration the recommendations of the German Corporate Governance Code. The Supervisory Board supervised the management of the Executive Board and assisted it with advice.

Cooperation between the Executive Board and Supervisory Board

In the last financial year, the Supervisory Board regularly advised the Executive Board on the management of the company in close, trusting cooperation and carefully and continuously supervised its conduct of business. It dealt in depth with the development of the Group's operations and strategy. The Supervisory Board was regularly, promptly and fully informed about all issues relevant to the Company concerning strategy, planning, business performance, the risk situation, risk management and compliance. When trading performance deviated from plans, the Executive Board explained the details to the Supervisory Board and discussed with it. In this way it was directly involved at an early stage in all decisions of fundamental importance to the Company. Supervisory Board meetings were characterized by intensive and open exchange between the Executive Board and the Supervisory Board. In addition, in the framework of Supervisory Board meetings, so-called "Executive Sessions" took place, in which members of the Supervisory Board have the opportunity to discuss topics without the Executive Board.

Where the law, the articles of incorporation, or the rules of procedure demanded the approval of the Supervisory Board or a committee for individual measures, a corresponding resolution was passed. Members of the Supervisory Board prepared for resolutions on Executive Board measures 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.

In addition to reporting in the Supervisory Board meetings, the Executive Board regularly advised the Supervisory Board of the most important financial figures — through written monthly reports — and submitted the interim and annual financial reports to it. The Executive Board also informed the Supervisory Board immediately 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 even outside meetings.

On the basis of the Executive Board's regular reports, the Supervisory Board was always promptly and 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.

Changes in the membership of the Executive and Supervisory Boards

Andreas Bartl resigned his Executive Board position effective at the end of February 29, 2012, in consultation with the Supervisory Board. Effective October 1, 2012, Heidi Stopper, previously Executive Vice President Human Resources, was appointed as an additional member of the Executive Board. She is in charge of the newly created "Human Resources" Executive Board department.

There were the following changes to the Supervisory Board in the 2012 financial year: Herman van Campenhout and Robin Bell-Jones resigned their positions as members of the Supervisory Board effective at the end of the Annual General Meeting on May 15, 2012. The Annual General Meeting of May 15, 2012 elected Drs. Fred Th. J. Arp, CFO of Telegraaf Media Groep N.V., and Stefan Dziarski, investment professional at Permira Beteiligungsberatung GmbH, as new members of the Supervisory Board in a by-election. They were both appointed to the Supervisory Board for the remainder of the terms of office of the departing Supervisory Board members. Therefore, their terms of office end with the conclusion of the Annual General Meeting that decides on discharge for the 2013 financial year.

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

In total, four ordinary meetings of the Supervisory Board took place in 2012 as well as two extraordinary meetings in the form of teleconferences. More than half of these meetings were attended by all members of the Supervisory Board. Outside personal meetings, the Supervisory Board made nine decisions by written correspondence.

Once again in the 2012 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 topics were points of emphasis of the Supervisory Board's advisory and monitoring activities:

- In a vote by correspondence of February 15, 2012, the Supervisory Board approved the takeover of Austria 9 TV GmbH and the subsequent station relaunch as sixx Austria.

- In an extraordinary Supervisory Board meeting on February 22, 2012, the Supervisory Board acknowledged and approved Andreas Bartl's resignation from the Executive Board effective at the end of February 29, 2012 and decided upon a corresponding termination agreement. It also approved the conclusion of a consulting contract with Mr. Bartl on the recommendation of the Compensation Committee.

- On March 5, 2012, the Supervisory Board approved the acquisition of a controlling interest in the British TV and film production company Endor Productions Ltd. via the Red Arrow Entertainment Group GmbH.

- In its ordinary meeting of March 27, 2012, the Supervisory Board adopted the documents of the annual financial statements, the Corporate Governance Report and the Declaration of Compliance for the financial year 2011. In addition, the Supervisory Board considered the Executive Board's profit allocation proposal and approved the proposed resolutions on the agenda of the 2012 Annual General Meeting including the resolution proposed to the Annual General Meeting that Drs. Th. J. Fred Arp be elected as a new member of the Supervisory Board. As well as passing the budget for the 2012 financial year, the Supervisory Board approved the consolidation of programming licenses. The annual review of Executive Board compensation was also a topic of discussion. In this respect, the Supervisory Board addressed the appropriateness of Executive Board compensation in detail and approved the bonus payments for the 2011 financial year and the target agreements for members of the Executive Board for the 2012 financial year. In the Executive Board's absence, the Supervisory Board carried out a review of the efficiency of its working procedures in terms of Item 5.6 of the German Corporate Governance Code.

- In addition to the proposed resolutions on the agenda of the 2012 Annual General Meeting already adopted, on April 2, 2012 the Supervisory Board approved the resolution proposed to the Annual General Meeting that Mr. Stefan Dziarski be elected as a new member of the Supervisory Board by correspondence.

- In a vote by correspondence on May 7, 2012, the Supervisory Board approved the acquisition of a majority interest in the Israeli production firm July August Communications and Productions Ltd.

- The Annual General Meeting on May 15, 2012 elected Drs. Fred Th. J. Arp and Mr. Stefan Dziarski to the Supervisory Board. In a subsequent ordinary meeting of the Supervisory Board, Drs. Fred Th. J. Arp was elected to the Compensation Committee and Mr. Stefan Dziarski to the Presiding Committee and the Audit and Finance Committee. In this meeting, the Supervisory Board also addressed strategic issues and the Company's financial position.

- In a vote by correspondence on June 13, 2012, the Supervisory Board approved the implementation of a new share-based compensation plan (Group Share Plan). This replaces the Long Term Incentive Plan, which was last renewed in 2011. In addition to Executive Board members, the Group Share Plan benefits selected managers and other selected employees of the ProSiebenSat.1 Group.

- On July 27, 2012, the Supervisory Board approved a controlling interest in the US production company Left/Right Holdings, LLC via the Red Arrow Entertainment Group GmbH.

- In another vote by correspondence on August 21, 2012, the Supervisory Board approved the foundation of a new free TV station, "SAT.1 Gold", which went on air on January 17, 2013. The channel is aimed at affluent older, primarily female viewers – a target group of increasing relevance to advertising customers.

- In a vote by correspondence on September 11, 2012, the Supervisory Board approved a consensual settlement of the two pending Federal Cartel Office proceedings. The cases are based on the accusation of anti-competitive collusion between the two TV station groups ProSiebenSat.1 and RTL with regard to the encryption of their digital free TV programs.

- In its ordinary meeting on September 27, 2012, the Supervisory Board appointed Heidi Stopper to the Executive Board as an additional member. On October 1, 2012, Heidi Stopper took on the newly created "Human Resources" Executive Board department. Other subjects of the meeting were various operational and strategic issues such as expected offers from various parties interested in purchasing the ProSiebenSat.1 Group's Northern European TV and radio interests.

- At its last ordinary meeting of the 2012 financial year, on November 28, 2012, the Supervisory Board approved the budget for the 2013 financial year. Another topic was the development of the proportion of women in management positions in the ProSiebenSat.1 Group.

- In an extraordinary meeting held by teleconference on December 13, 2012, the Supervisory Board approved the sale of the ProSiebenSat.1 Group's TV and radio interests in the Northern European countries (Norway, Sweden, Finland and Denmark) to Discovery Communications. In this meeting, the Supervisory Board also addressed the planned dividend proposal and the planned conversion of preference shares into common stock.

- In another vote by correspondence on December 17, 2012, the Supervisory Board approved the acquisition of a stake of 10% of the share capital of KüchenQuelle GmbH by Seven-Ventures GmbH.

Report on the committees' work

The work of the ProSiebenSat.1 Media AG Supervisory Board is supported by the committees it has set up. Once again in 2012, the Supervisory Board had three committees at its disposal 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 Supervisory Board candidates to the full Supervisory Board for nomination at the Annual General Meeting. In 2012, the Presiding Committee adopted seven resolutions by correspondence; there was one meeting in person.

- 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 2012, the Compensation Committee held four ordinary meetings; one extraordinary meeting took place via telephone. One resolution was passed by correspondence.

- In accordance with Section 107 (3) Sentence 2 of the German Stock Corporation Act and Item 5.3.2 of the German Corporate Governance Code, the **Audit and Finance Committee** is concerned with monitoring the financial reporting process and the effectiveness of the internal controlling system, the risk management system, compliance and the internal auditing system. In particular, the Audit and Finance Committee prepares the Supervisory Board's resolutions on the annual and consolidated financial statements and agreements with the auditor (specifically the audit assignment, determination of the focal points of the audit and the fee agreement); it also takes appropriate steps to verify and monitor the auditor's independence. Finally, it prepares the Supervisory Board's decision for the Supervisory Board's proposal to the Annual General Meeting on the selection of the auditor and submits a recommendation on this issue to the Supervisory Board. The Audit and Finance Committee also decides in place of the Supervisory Board on certain measures requiring approval referred to the Committee. The Audit and Finance Committee met five times in 2012 and adopted one resolution by correspondence.

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 2012

The 2012 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, measurement of programming assets, recognition and measurement of deferred taxes for the Group in compliance with IAS 12, income taxes, determination of revenues in conformity with the requirements of IAS 18, revenues, 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 partiality on the part of the auditor. The auditor performed services in addition to the auditing services amounting to EUR 1.3 million. The Notes to the consolidated financial statements include details of the auditor's services and the level of compensation, reproduced on page 248 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 are 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 2012 financial year. 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 on relationships with affiliated companies 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.

Conflicts of interest

No conflicts of interest occurred in the Supervisory Board in the year under review.

Corporate governance

The Executive Board and Supervisory Board have compiled a separate report on corporate governance. This and the Management Declaration in accordance with Section 289a of the German Commercial Code can be found online at http://en.prosiebensat1.com/en/company/corporate-governance/management-declaration and in the Annual Report on page 27.

Thank you from the Supervisory Board

On behalf of the Supervisory Board, I would like to formally thank the members of the Executive Board as well as all employees for their great commitment and successful work in the 2012 financial year. Because of the particular dedication of the Executive Board members and the employees, the ProSiebenSat.1 Group closed the 2012 financial year with success. I also thank Mr. van Campenhout and und Mr. Bell-Jones for their activity in the ProSiebenSat.1 Supervisory Board.

Unterföhring, March 2013

On behalf of the Supervisory Board

Götz Mäuser,
Chairman

MEMBERS OF THE SUPERVISORY BOARD OF PROSIEBENSAT.1 MEDIA AG AS OF DECEMBER 31, 2012 (Fig. 1)

Götz Mäuser, Chairman	Permira Beteiligungsberatung GmbH (Partner)	Member of the Supervisory Board since: March 7, 2007
Johannes P. Huth, Vice Chairman	Kohlberg Kravis Roberts & Co. Ltd. (Member of the Investment Committee)	Member of the Supervisory Board since: March 7, 2007
Drs. Fred Th. J. Arp	Telegraaf Media Groep N.V. (CFO)	Member of the Supervisory Board since: May 15, 2012[1]
Gregory Dyke	Ambassador Theatre Group (Company Chairman)	Member of the Supervisory Board since: May 7, 2004
Stefan Dziarski	Permira Beteiligungsberatung GmbH (Investment Adviser)	Member of the Supervisory Board since: May 15, 2012[2]
Philipp Freise	Kohlberg Kravis Roberts & Co. Ltd. (Investment Executive)	Member of the Supervisory Board since: March 7, 2007
Lord Clive Hollick	Retired	Member of the Supervisory Board since: March 7, 2007
Dr. Jörg Rockenhäuser	Permira Beteiligungsberatung GmbH (Managing Partner)	Member of the Supervisory Board since: June 4, 2009
Prof. Dr. Harald Wiedmann	Gleiss Lutz Hootz Hirsch Partnerschaftsgesellschaft von Rechtsanwälten und Steuerberatern (German Certified Public Accountant, Tax Adviser, Attorney at Law)	Member of the Supervisory Board since: March 7, 2007

1 Drs. Fred Th. J. Arp succeeds Herman van Campenhout, Telegraaf Media Groep N.V. (CEO).
2 Stefan Dziarski succeeds Robin Bell-Jones, Permira Advisers LLP (Partner).

Proposed Allocation of Profits

Subject to the successful consummation of the sale of the Northern European TV and radio activities, the ProSiebenSat.1 Media AG Executive Board intends to propose to the Annual General Meeting the payment of a dividend of EUR 5.65 (previous year: EUR 1.17) per no-par value preference share with dividend entitlement for the 2012 financial year. With respect to the registered common shares, under the proposal for the allocation of profits, a dividend of EUR 5.63 (previous year: EUR 1.15) is allotted per registered common share. This represents a total payout of approximately EUR 1.2 billion (previous year: EUR 245.7 million).

Management Declaration and Corporate Governance Report

Management Declaration

The Executive Board and Supervisory Board report on management in the Management Declaration pursuant to Section 289a of the German Commercial Code. Alongside the annual Declaration of Compliance under Section 161 of the German Stock Corporation Act, it also provides relevant information about management practices and other aspects of management such as in particular a description of the working procedures of the Executive Board and Supervisory Board.

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

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" as amended on May 15, 2012 and published in the official part of the Federal Gazette on June 15, 2012, have in principle been complied with since their publication. Only the following recommendations of the Code have not been and will not be applied:

- The Executive Board of the Company has not appointed a proxy to exercise the shareholders' voting rights at the Annual General Meeting in accordance with instructions (item 2.3.3 of the German 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 members of the Executive Board and the Supervisory Board provide for a deductible for insured members of the Executive Board in compliance with the framework provided for 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 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, currently no deductible is agreed for Supervisory Board members.

- The stock option plan ("Long Term Incentive Plan") first approved by the Annual General Meeting in May 2005, as part of the authorization to acquire treasury stock, and lastly renewed by resolution of the Annual General Meeting in June 2010, provides only for performance targets relating to the stock price of the Company. Additional comparison parameters relating to corporate key figures (item 4.2.3 of the German 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 at present. On the basis of the Long Term Incentive Plan, stock options were issued to members of the Executive Board lastly in 2009. The share-based compensation plan ("Group Share Plan") which was newly launched in 2012 and which shall replace the Long Term Incentive Plan, now also provides for performance targets relating to corporate key figures.

- The Company's Executive Board contracts for the Executive Board members who were appointed in or after the fiscal year 2011 provide for a so-called severance pay cap. Also in the future, when the Company will conclude new Executive Board contracts, or amend existing Executive Board contracts, 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 compensate no more than the remaining term of the employment contract. Solely the Executive Board contracts that were concluded before the fiscal year 2011 did not provide for a so-called severance pay cap (item 4.2.3 of the German Corporate Governance Code), as the Company did not consider this appropriate at that time. As per the date of the execution of this declaration of compliance, the contracts of all acting Executive Board members provide a severance pay cap.

- The Supervisory Board of the Company has abstained from complying with the recommendations of Item 5.4.1 para. 2 and 3 of the German Corporate Governance Code. Pursuant to Item 5.4.1 para. 2 and 3 of the German 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, the number of independent Supervisory Board members within the meaning of Item 5.4.2 of the German Corporate Governance Code, 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. Proposals 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 implementation shall be published in the Corporate Governance Report.

  The Supervisory Board is of the opinion that such formalized targets regarding its composition are not necessary, in particular not in order to ensure compliance with the criteria with respect to the composition of the Supervisory Board as set out by the German Corporate Governance Code. In fact, the Supervisory Board is of the opinion that also absent such formalized targets, the composition of the Supervisory Board will be implemented in a way that is in the best interests of the Company.

Subject to the exceptions stated above, ProSiebenSat.1 Media AG intends to continue complying with the recommendations of the Government Commission on the German Corporate Governance Code as amended on May 15, 2012 and published in the official part of the Federal Gazette on June 15, 2012 also in the future.

The Executive Board and Supervisory Board of ProSiebenSat.1 Media AG further declare that, with respect to the time period since the last Declaration of Compliance of March 2012 until the publication of the recommendations of the Government Commission on the German Corporate Governance Code, as amended on May 15, 2012, in the Federal Gazette on June 15, 2012, the Company complied with the recommendations of the Government Commission on the German Corporate Governance Code as amended on May 26, 2010 and published in the Federal Gazette on July 2, 2010, subject to the above-mentioned exceptions as well as the following exception:

- The members of the Supervisory Board receive only a fixed compensation. No additional performance-related variable component (Item 5.4.6 of the German Corporate Governance Code) is provided. The Company believes a fair fixed compensation is more suitable in order to take account for the control function of the Supervisory Board which is to be fulfilled irrespective of the performance of the Company.

March 2013
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 Resources, Group Controlling, and Legal Affairs departments. The Code of Compliance can be downloaded at www.prosiebensat1.com/en/company/corporate-governance/declaration-of-compliance.

Composition of the Executive Board and Supervisory Board

According to the provisions of the articles of incorporation, the Executive Board has one or more members. The number of Executive Board members is determined by the Supervisory Board. As of December 31, 2012, the ProSiebenSat.1 Media AG Executive Board consisted of five members. The Supervisory Board has nine members in accordance with the articles of incorporation, which must all be elected by the Annual General Meeting. As a company that primarily serves purposes of reporting or expressing opinions (so called "Tendenzunternehmen"), the company is not subject to co-determination.

Working Procedures of the Executive Board and Supervisory Board

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 members are governed by established rules of procedure, which the Supervisory Board enacted for the Executive Board. 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.

Further details on the working procedures of the Executive Board are governed by the rules of procedure for the Executive Board defined by the Supervisory Board, which also govern the schedule of responsibilities and the matters reserved for the full Executive Board.

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 about compliance issues. 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 2012 financial year can be found in the Supervisory Board's report on pages 21 to 24.

The Supervisory Board holds at least two meetings per half of the calendar year. The Supervisory Board has adopted rules of procedure in addition to the provisions of the articles of incorporation 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.

Prof. Dr. Harald Wiedmann, who is also Chairman of the Audit and Finance Committee, meets the requirements of Sections 100 (5), 107 (4) of the German Stock Corporation Act and Item 5.3.2 Sentences 2 and 3 of the German Corporate Governance Code as an independent and expert member.

Every Supervisory Board member must report conflicts of interest immediately to the Supervisory Board's Presiding Committee, particularly those that could arise from an advisory or executive function for customers, suppliers, creditors or other business partners.

In keeping with the recommendation of Item 5.6 of the German Corporate Governance Code, the Supervisory Board conducts regular efficiency reviews. The major points of examination include 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 in the 2012 financial year. 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.

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.
Drs. Fred Th. J. Arp	has been CFO of Telegraaf Media Groep N.V. since 2005. Previously, he was a partner at Deloitte & Touch and Director of N.V. Holdingmaatschappij De Telegraaf. Drs. Fred Th. J. Arp studied at the Erasmus University in Rotterdam and is a certified public accountant. He holds positions at Wereldhave N.V., Stichting-Telegraafpensoensfonds 1959 and Stichting Africa Interactive Media.
Gregory Dyke	has filled management positions in various organizations, including CEO of Pearson Television and London Weekend Television and General Director of the BBC. He is now a freelance media consultant. Gregory Dyke is also Chancellor of the University of York and holds offices at HIT Entertainment Ltd. (Chairman), Brentford FC (Non-Executive Chairman) and the British Film Institute (Chairman). He studied political science at the University of York in England.
Stefan Dziarski	has worked at Permira Beteiligungsberatung GmbH in Frankfurt since 2007 and concentrates on the Industrials and TMT sectors. Stefan Dziarski previously worked for four years in investment banking for Salomon Smith Barney/Citigroup in New York and Hong Kong. There, he was involved in many M&A and capital market transactions in the TMT sector. Stefan Dziarski holds the German business degree of Diplom-Kaufmann from the European Business School, Oestrich-Winkel. He also spent semesters abroad at the Thunderbird School of Global Management, Arizona/USA and at the National University of Singapore, Singapore.
Philipp Freise	leads the pan-European media business of KKR, where he has worked since 2001, as Partner. 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 Munster and holds a PhD from the University of Bochum. Before joining Permira in 2001, he was a Principal at A.T. Kearney. He is also 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 AG Wirtschaftsprüfungsgesellschaft 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. To the extent permitted by law, 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 invites in particular executives from finance and reporting units to provide information at meetings if required. 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.

Further information on the tasks of the individual committees, page 24.

COMMITTEE MEMBERS AS OF DECEMBER 31, 2012 (Fig. 3)

Presiding Committee	Götz Mäuser (Co-Chairman), Johannes P. Huth (Co-Chairman), Stefan Dziarski[1], Philipp Freise, Lord Clive Hollick, Dr. Jörg Rockenhäuser
Audit and Finance Committee	Prof. Dr. Harald Wiedmann (Chairman and independent financial expert according to Sections 100 (5), 107 (4) of the German Stock Corporation Act and Item 5.3.2 Sentences 2 and 3 of the German Corporate Governance Code), Götz Mäuser, Johannes P. Huth, Stefan Dziarski[1], Philipp Freise
Compensation Committee	Götz Mäuser (Chairman), Johannes P. Huth, Gregory Dyke, Drs. Fred Th. J. Arp[2]

1 He succeeds Robin Bell-Jones, Partner at Permira Advisers LLP.
2 He succeeds Herman van Campenhout, CEO of Telegraaf Media Groep N.V..

Corporate Governance Report

The Executive Board and Supervisory Board see good corporate governance as an essential component of responsible, transparent management and control oriented to long-term value creation.

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. Individual topics relating to corporate governance at ProSiebenSat.1 Media AG are described in more detail in the Management Declaration pursuant to Section 289a of the German Commercial Code; this includes in particular the annual Declaration of Compliance, relevant information on management practices and a description of the working procedures of the Executive Board and Supervisory Board. Additional details can be found in the following Corporate Governance Report in accordance with Item 3.10 of the 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 Management Declaration in accordance with Section 289a of the German Commercial Code reports on the working procedures of the Executive Board and Supervisory Board and their cooperation. It can be accessed online at http://en.prosiebensat1.com/en/company/corporate-governance/management-declaration and is reproduced in the Annual Report on page 27. The compensation of members of the Executive and Supervisory Boards is explained in the Compensation Report, which is part of the Group management report (see page 52 in the Annual Report).

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, and therefore 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 website, 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 according to Section 289a of the German Commercial Code, the annual Corporate Governance Report, the Declaration of Compliance with the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporation Act, including an archive with previous Declarations of Compliance 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 interim financial reporting, the ProSiebenSat.1 Group's business performance, its financial position and its current results of operations are explained. In keeping with the requirements of law, matters that could significantly influence the stock market price are promptly publicized also outside of scheduled reporting in ad hoc disclosures, and are made available immediately on the internet.

- **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 website, 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/investorrelations/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 financial year 2012 and after the end of the reporting period until February 27, 2013, 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 Section 15a of the German Securities Trading Act.

DIRECTORS' DEALINGS DISCLOSURES (Fig. 4)

Last name, first name	Reason for notification	Name of financial instrument	Purchase/ Sale	Date/place	Shares	Price in EUR	Total amount of transaction in EUR
Ebeling, Thomas	Own management duties	ProSiebenSat.1 preference share	Sale	March 2, 2012/ OTC	105,000	19.35	2,031,750
Salzmann, Axel	Own management duties	ProSiebenSat.1 preference share	Sale	March 2, 2012/ OTC	60,000	19.35	1,161,000
Albert, Conrad	Own management duties	ProSiebenSat.1 preference share	Sale	March 2, 2012/ OTC	42,000	19.35	812,700
Dr. Wegner, Christian	Own management duties	ProSiebenSat.1 preference share	Sale	March 2, 2012/ OTC	42,000	19.35	812,700
Ebeling, Thomas	Own management duties	ProSiebenSat.1 preference share	Sale	March 5, 2012/ Xetra, Frankfurt	418	19.56	8,176.08
Ebeling, Thomas	Own management duties	ProSiebenSat.1 preference share	Sale	March 8, 2012/ Xetra, Frankfurt	100,000	19.300006	1,930,000.60
Ebeling, Thomas	Own management duties	ProSiebenSat.1 preference share	Sale	March 8, 2012/ Xetra, Frankfurt	40,804	19.500025	795,679.02
Ebeling, Thomas	Own management duties	ProSiebenSat.1 preference share	Sale	March 9, 2012/ Xetra, Frankfurt	29,582	19.77026	584,843.83
Ebeling, Thomas	Own management duties	ProSiebenSat.1 preference share	Sale	March 9, 2012/ Xetra, Frankfurt	59,196	19.502489	1,154,469.34
Ebeling, Thomas	Own management duties	ProSiebenSat.1 preference share	Sale	March 14, 2012/ Xetra, Frankfurt	203	19.95	4,049.85
Ebeling, Thomas	Own management duties	ProSiebenSat.1 preference share	Sale	March 16, 2012/ Xetra, Frankfurt	50,000	19.500448	975,022.40
Ebeling, Thomas	Own management duties	ProSiebenSat.1 preference share	Sale	March 26, 2012/ Xetra, Frankfurt	33,476	19.44286	650,869.18
Ebeling, Thomas	Own management duties	ProSiebenSat.1 preference share	Sale	March 27, 2012/ Xetra, Frankfurt	16,321	19.40	316,627.40
Ebeling, Thomas	Own management duties	ProSiebenSat.1 preference share	Sale	January 30, 2013/ Xetra, Frankfurt	300,000	25.1232	7,536,960.00
Albert, Conrad	Own management duties	ProSiebenSat.1 preference share	Sale	January 31, 2013/ Xetra, Frankfurt	4,180	25.27	105,628.60

- **Shareholdings of the Executive Board and Supervisory Board:** As of December 31, 2012, members of the Executive Board held a total of 464,510 preference shares of ProSiebenSat.1 Media AG, and a total of 571,000 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, 2012, 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) as adopted by the European Union. 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 new share-based compensation plan (Group Share Plan) and the former stock option plan (Long Term Incentive Plan) on page 237.

GROUP MANAGEMENT REPORT

40 The Year 2012 At a Glance

42 Business Operations and Business Conditions
42 Corporate Structure and Business Areas
42 Organization and Legal Group Structure
47 Intragroup Management System
51 Legal Environment
52 Compensation Report
58 Media Policy Environment
60 Business and Industry Environment

66 TV Highlights 2012

68 Business Performance
68 Comparison of Actual and Expected Business Performance
70 Explanatory Notes on Reporting Principles
72 Major Influencing Factors on Financial Position and Performance
76 Group Earnings
82 Group Financial Position and Performance

94 Segment Reporting

96 Employees

102 The ProSiebenSat.1 Share

106 Non-Financial Performance Indicators
106 Competitive Advantages through Integrated Organization with Established Brands
109 Long-Standing Supplier Relationships
110 Solid Customer Relationships
111 Research and Development
111 Sustainability as a Factor for Success
115 Independence and Transparency

116 Public Value

118 Events after the Reporting Period

118 Risk Report
118 Risk Management
121 Development of the Individual Risks

135 Outlook
135 Opportunity Report
142 Future Business and Industry Environment

144 Program Outlook 2013

146 Company Outlook

BROADCASTING GERMAN-SPEAKING

ProSiebenSat.1 is the **NUMBER 1** in the German advertising market. Also, in the future, attractive growth opportunities open up for our Group: We are establishing new TV stations, thus reaching new target groups in the audience and advertising market. Moreover, revenues from sales of our HD stations are becoming increasingly important.

MARKET POSITION

27.8 %

... audience share was achieved by SAT.1, ProSieben, kabel eins and sixx in the target group relevant for advertising of 14 to 49 year old viewers in 2012.

HD SUCCESS

TV is continually reinventing itself. High-definition television (HD) makes series, films and shows a very special experience. All large cable, satellite and IPTV operators offer our stations in HD quality – and pass on a share of the sales revenues to ProSiebenSat.1. In the next few years, the number of HD households in Germany will rise significantly. This will allow us to expand our HD distribution revenues considerably. We thus open up new sources of revenues for ourselves, even within our core business.

PORTFOLIO

5

... new free TV stations have been successfully launched by us in the last six years: sixx, sixx Austria, sixx Schweiz, PULS 4 and SAT.1 Gold.

KATJA HOFEM (42) SET UP NOT ONLY THE SUCCESSFUL WOMEN'S CHANNEL SIXX, BUT SHE AND HER TEAM HAVE ALSO NOW LAUNCHED THE NEW FREE TV STATION SAT.1 GOLD – FOR THE TARGET GROUP OF WOMEN FROM THE AGE OF 49. "WHAT A GREAT OPPORTUNITY," LAUGHS THE TV MANAGER. "I INVENTED MY FUTURE FAVORITE CHANNEL!" TODAY SHE IS THE BOSS OF KABEL EINS.

What is the key to developing a new TV station?

KATJA HOFEM: It begins with the concept – and a convincing business model. Once that has been approved, it all depends on finding a skilled and experienced project manager. Our best man is a woman. After the launch of sixx in 2010, she wrote us a "manual for launching a station" – that really was worth its weight in gold, including for SAT.1 Gold! (Laughs.) Then, once you have found a name and you see the new logo for the first time, awesome. Then the idea begins to live.

How do you find the right target group?

KATJA HOFEM: For SAT.1 Gold, that was not too difficult at all. It was clear to us that demographic reality could not be denied any longer in the TV business either – already 43% of people in Germany are over 50 years old. And women in particular see this stage of life positively. They want to enjoy it consciously. This was also confirmed in a large living world study that we commissioned . After that at the latest, we knew it was about time for a corresponding channel! With exciting, self-produced magazine formats, the nicest series, movie classics ... that's why our slogan is so appropriate: Uns geht's Gold (Go for Gold). We are like our viewers: Fun-loving, warm-hearted, easy-going – and young at heart. However, men are also allowed to feel attracted to this, of course. There is no watching ban for them!

How can a new station establish itself in the German market – which, after all, is actually considered to be saturated?

KATJA HOFEM: As I said before, you need a crystal-clear target group approach, you need to know exactly your target group's attitude towards life and cater to it precisely ... and from this develop a sexy brand. However, a new station cannot simply be established "in the middle of nowhere". You need a large and well positioned TV company with successful programs, backed by digital and content expertise.

After sixx, that is already your second station launch at ProSiebenSat.1. Does it become addictive?

KATJA HOFEM: Actually, we are currently working at full speed on the launch of the new men's channel ProSieben Maxx, which is planned for 2013. And I cannot imagine any nicer job. But don't worry, there's life without TV for me as well. Preferably in the mountains – with my husband and my dog.

THE YEAR 2012 AT A GLANCE

In the 2012 financial year, the ProSiebenSat.1 Group invested in new growth areas, continued to strengthen its core business and optimized its portfolio.

MAY....**Annual General Meeting decides on dividends and appoints new Supervisory Board members.** At the Annual General Meeting on May 15, 2012, the shareholders resolved to pay a dividend of EUR 1.17 per entitled preference share and EUR 1.15 per entitled common share for the financial year 2011. The dividend was paid out on May 16, 2012. Moreover, drs. Fred Th. J. Arp of Telegraaf Media Groep N.V. and Stefan Dziarski of Permira Beteiligungsberatung GmbH were appointed to the Supervisory Board.

COMPANY

AUGUST....**ProSiebenSat.1 Annual Report is the winner in the MDAX.** In the competition "The Best Annual Report," the ProSiebenSat.1 Group won first place among all MDAX companies. In the overall ranking of all stock market indices, the Group took second place. The award is evidence of the high quality of the ProSiebenSat.1 Annual Report in terms of content and the company's transparent financial communication. The ranking is compiled each year by "manager magazine" under the academic leadership of Prof. Dr. Dr. h.c. Jörg Baetge.

SEPTEMBER....**Heidi Stopper is new member of the Executive Board.** (a) In September, the Supervisory Board of ProSiebenSat.1 Media AG appointed Heidi Stopper to the Executive Board. As of October 1, 2012, she took on the newly created "Human Resources" Executive Board division. HR development and recruiting are directly linked to the ProSiebenSat.1 Group's corporate objectives and have gained considerable strategic significance in recent years.

....a

DECEMBER....**Disposal of Northern European TV and radio activities.** The ProSiebenSat.1 Group sold its TV and radio activities in Norway, Sweden, Finland and Denmark to the US media company Discovery Communications. The transaction was based on an enterprise value of EUR 1.325 billion. In future, ProSiebenSat.1 will concentrate even more closely on the integration of its German-speaking TV and digital activities, because this area has the greatest growth and synergy potential.

JANUARY....**ProSiebenSat.1 secures attractive Hollywood rights.** In 2012, the ProSiebenSat.1 Group further enhanced its programming with attractive US series and Hollywood blockbusters. In January, the Group concluded a multi-year license agreement with Warner Bros. International Television Distribution ("Superman", "Harry Potter"). In April, the Group purchased the exclusive free TV license for the international blockbuster "The Hunger Games". In August followed an agreement with the Hollywood studio Paramount Pictures ("World War Z").

BROADCASTING GERMAN-SPEAKING

JULY....**sixx starts in Austria.** (b) On July 3, 2012, sixx Austria launched successfully. After six months, the women's channel had already achieved a market share of 1.1% in the target group of 12 to 49 year olds. In March 2012, ProSiebenSat.1 acquired the private station Austria 9, relaunched it and brought it on air as sixx Austria.

SIXX AUSTRIA....b

NOVEMBER....**Second season of "The Voice of Germany" with high market share.** In this show, only the voice counts: The music show "The Voice of Germany" delighted German audiences again in 2012. The format captured TV market shares of up to 30.2% on SAT.1 and ProSieben. The music show was also a big hit in digital media. The show's app had around 100,000 users, 1.7 million users visited the "The Voice of Germany" website during broadcast and the social TV platform "The Voice Connect" posted 1.9 million interactions.

NOVEMBER....**Stefan Raab launches first political talk show for young target group.** In recent years, ProSiebenSat.1 has succeeded in introducing young people to political issues with several shows in a way that is suited to the target group. In November, Stefan Raab launched "Absolute Mehrheit – Meinung muss sich wieder lohnen", the first political talk show for young viewers on German television. Among 14 to 29 year olds, the show reached an audience share of 24.9% and is therefore much more popular with young people than the public stations' talk show formats.

BROADCASTING INTERNATIONAL

JANUARY....**VOX starts in Norway.** In Norway, a new station went on air in January – VOX. The channel is aimed primarily at viewers over 30 years. In addition to TV classics, it also broadcasts current movies, series and comedy formats. In 2012, VOX achieved an audience share of 1.1 %. The combined share of Norwegian stations TVNorge, FEM, MAX and VOX came to 19.0 %.

JUNE....**New radio stations strengthen Danish portfolio.** (c) In June, the Danish SBS radio group purchased three new stations, Radio 100, Radio Klassik and Radio Soft, further improving its strong market position.

RADIO KLASSIK

....c

SEPTEMBER....**New TV stations in Finland and Hungary.** In September, a new station went on air in Finland – Kutonen. Its core target group is men aged 15 to 34. The station achieved an audience share of 1.3 % in 2012. Hungary saw the launch of Super TV2, a new pay TV station for the core target group of 18 to 49 year olds. The entertainment station emphasizes exclusive content and shows previews, premieres of films and series as well as local hit formats.

JANUARY....**Games business goes international.** In early 2012, ProSiebenSat.1 Games secured Europe-wide exclusive licenses to eight online games from the US games developer Sony Online Entertainment. The portfolio includes blockbusters such as "DC Universe™ Online", "EverQuest® II" and "PlanetSide 2". For the international marketing of its portfolio, the Group agreed partnerships with TF1 in France and the Turkish Dogan Media Group in 2012. The games business is the fastest growing entertainment sector in the world and is therefore one of the ProSiebenSat.1 Group's most important growth drivers in digital business.

DIGITAL & ADJACENT

MAY....**ProSieben FUN goes on air.** (d) From May 2012, there has been a new pay TV station. ProSieben FUN shows a young, varied range of programming and is the Group's third German pay TV station after SAT.1 emotions and kabel eins CLASSICS.

....d

OCTOBER....**maxdome extends technical reach.** maxdome is the ProSiebenSat.1 Group's video-on-demand portal and Germany's largest online video library with more than 50,000 titles. Since October, maxdome users can also access the service on their televisions via the Sony Playstation 3. With the implementation, maxdome extended its technical reach to over ten million devices, and is also integrated in nearly all new hybrid TVs.

NOVEMBER....**New investments in Ventures business.** The ProSiebenSat.1 Group's Ventures activities are based on an innovative business model: The Group provides advertising space to start-up companies and receives revenue share and/or equity participation in return. In 2012, the ProSiebenSat.1 Group increased the number of investments to 51. Among others, the company acquired majority interests in the price-comparison platform Preis24.de as well as the travel business Tropo.

DECEMBER....**MyVideo becomes online TV station.** In 2012, ProSiebenSat.1 converted the internet platform MyVideo into an online TV station. The Group showed popular US series such as "Spartacus" on MyVideo before the TV broadcast as an "online first" premiere. In addition, ProSiebenSat.1 produced four live shows exclusively for the web and opened its own production studio in Cologne for this purpose. MyVideo got more than one million hits in the first month with the web show "Let's Play Together".

MAY....**Red Arrow Entertainment enters Israeli TV market.** In May, Red Arrow acquired a majority interest in the Israeli production company July August Productions. The new subsidiary specializes in the development and production of TV shows, series and feature films. The entry into the Israeli TV market gives the Red Arrow Entertainment Group new opportunities for growth: The country is among the most productive and creative TV markets in the world.

CONTENT PRODUCTION & GLOBAL SALES

JUNE....**Red Arrow International opens branch in Hong Kong.** (e) In mid-2012, the ProSiebenSat.1 program distribution company opened its own office in Hong Kong. From there, the company supports the entire Asian market. More than 50 % of all TV households worldwide are in Asia. Several ProSiebenSat.1 formats like "Galileo" or "Mein Mann kann" are already on air in Asia. In 2012, among other things, Red Arrow International sold the TV show "You Deserve It" to the Chinese state broadcaster CCTV.

RED ARROW INTERNATIONAL

....e

AUGUST....**Red Arrow Entertainment expands further in English-speaking region.** In 2012, the Red Arrow Entertainment Group broadened its investment portfolio in the most important international TV markets, the USA and Great Britain. In August, the company acquired a majority interest in the American production company Left/Right. The company was the Red Arrow Entertainment Group's biggest acquisition so far. In Great Britain, too, Red Arrow significantly strengthened the content of its portfolio with the production companies CPL Productions, Endor Productions and NERD. The Red Arrow Entertainment Group unites a total of 18 holdings in nine countries under one roof.

DECEMBER....**Red Arrow programs on air around the world.** In 2012, Red Arrow International sold the TV series "Jo" with Jean Reno in over 120 countries. Great Britain's biggest private station ITV1 acquired the rights to the SAT.1 show "Mein Mann kann" – the format has already been taken by more than 30 countries. In addition, the Red Arrow production subsidiary Kinetic Content developed the innovative cooking show "The Taste", successfully aired by the US station ABC in January 2013. Red Arrow International is one of the five most successful programming distributors in the world and sold programming in over 150 countries in 2012.

Business Operations and Business Conditions

Corporate Structure and Business Areas

The ProSiebenSat.1 Group is one of the leading media corporations in Europe. We reach more than 41 million TV households with our free TV stations in Germany, Austria and Switzerland. Free TV financed by advertising is our core business. Alongside a strong digital and ventures portfolio, the Group also has an international production network. This means, ProSiebenSat.1 has a broad and solid revenue and profit basis.

Our free TV stations SAT.1, ProSieben, kabel eins, sixx and SAT.1 Gold are positioned to complement each other and reach all commercially relevant target groups in the German-speaking countries. With our successful stations and far-reaching digital services, we are the leading video sales company in Germany. Our digital activities range from Germany's largest video-on-demand portal maxdome, the online platform MyVideo and online games from ProSiebenSat.1 Games to SevenVentures GmbH, which is establishing an attractive investment portfolio of media investments. In addition, with Starwatch we own an independent music label. With the Red Arrow Entertainment Group, we produce international TV programs and sell them to TV stations worldwide. Red Arrow is represented with 18 production companies in nine countries. Our headquarters are located in Unterföhring near Munich. ProSiebenSat.1 Media AG was established in 2000. The Group is listed and employs more than 3,000 staff in 12 countries.

Organization and Legal Group Structure

There was no legal or structural change to the organizational set-up of the ProSiebenSat.1 Group in 2012; the company is managed centrally by the holding company ProSiebenSat.1 Media AG. However, there have been changes in the scope of consolidation. In December 2012, the Group sold its Northern European TV and radio activities and will now focus on the strategic expansion of its high-growth Digital & Adjacent business. The company acquired additional investments in the USA and Great Britain for its program production area. In addition, the Executive Board was extended by the "Human Resources" division. There is an overview on the individual acquisitions on page 74f., while we report on Board personnel changes from page 30.

Explanatory Notes on Reporting Principles, page 70.

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 **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.

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.

A detailed overview of the shareholding structure in the ProSiebenSat.1 Group can be found in the Notes on page 250f. In addition to this list of investments, the legal Group structure and the international locations are shown on the back cover.

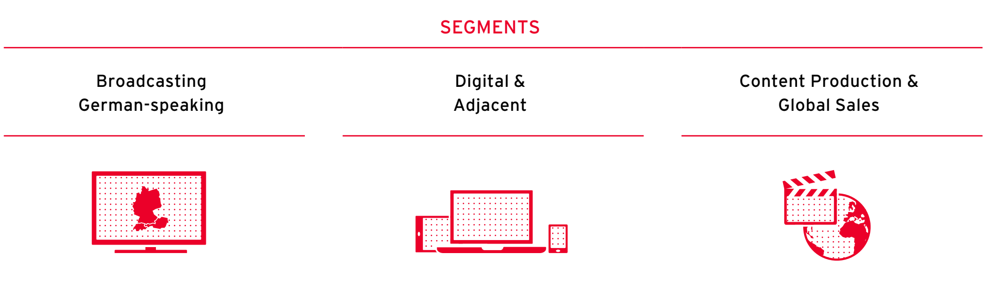
One of the most important direct subsidiaries of ProSiebenSat.1 Media AG is **ProSiebenSat.1 TV Deutschland GmbH**. Under this umbrella all German TV stations work together in a cross-function matrix organization. In terms of structure, ProSiebenSat.1 Media AG differs considerably from other German TV companies. Not only does the company own all shares in the TV stations SAT.1, ProSieben, kabel eins and sixx and SAT.1 Gold (since January 2013), it also indirectly holds a 100 % stake in the sales companies. This results in advantages with regard to the station programming and the sale of advertising time.

The companies in the online, games and pay TV areas are also affiliated with ProSiebenSat.1 Media AG via subsidiaries consolidated under **ProSiebenSat.1 Digital GmbH, SevenSenses GmbH** as well as **SevenVentures GmbH**.

Segment Structure and Competitive Situation

In view of the activities disposed of in Northern Europe and held for sale in Eastern Europe, the ProSiebenSat.1 Group's operating business activities are divided into three reporting segments that are strategically, economically and technically interrelated and managed by ProSiebenSat.1 Media AG:

SEGMENTS OF THE PROSIEBENSAT.1 GROUP (Fig. 5)



- **Broadcasting German-speaking:** The TV activities in Germany, Austria and Switzerland are allocated to the Broadcasting 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. Due to their complementary programming, the advertising-funded TV stations SAT.1, ProSieben, kabel eins, sixx and SAT.1 Gold cover a broad audience group. 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 event shows like "Schlag den Raab", ProSieben mainly appeals to male viewers aged between 14 and 29. kabel eins focuses on viewers aged between 25 and 45. sixx, the women's channel, was added to the German TV family in May 2010 and targets primarily female viewers aged between 20 and 39. In 2012, the ProSiebenSat.1 Group designed a further TV channel – SAT.1 Gold. Here the core target group is women aged between 49 and 64. At the beginning of 2013, the channel successfully went on air. With this portfolio, the ProSiebenSat.1 Group in Germany covers all commercially relevant audience segments, offering both advertising customers and viewers a wide range of stations.

  Additionally, in the Broadcasting German-speaking segment refinancing via distribution revenues is becoming increasingly important. The Group participates in the technical fees which IPTV, cable network and satellite operators charge for making the channels available in HD quality.

Glossary, page 264.

- **Digital & Adjacent segment:** The Digital & Adjacent segment is the strongest growth driver of the ProSiebenSat.1 Group. It bundles the business units Online Video, Online Games, Ventures & Commerce and Music. The Group leverages the reach and advertising power of its television stations to develop products from the digital sphere and adjacent business areas as successful and strong brands. In this way, the Group taps into new revenue sources and strengthens its independence from TV advertising markets which are sensitive to the development of the general economy.

  maxdome, Germany's largest video-on-demand platform is part of the ProSiebenSat.1 Group. maxdome offers subscribers more than 50,000 series, movies, comedy programs, documentaries and other genres. Furthermore, the Group operates an advertising-financed online network with 25 million unique users per month, and with websites such as MyVideo has established online brands with high levels of recognition.

  Another important area of growth is the Online Games business. In 2012, among other things, the ProSiebenSat.1 Group secured Europe-wide exclusive licenses to eight blockbuster games from the US games developer Sony Online Entertainment. For international marketing of its online games portfolio, the Group agreed several media cooperations, including those with TF1 in France and the Turkish Dogan Media Group. In the Online Games unit, ProSiebenSat.1 generates most of its revenues on the basis of what is called "virtual item selling", where players acquire virtual goods for their online games.

Glossary, page 264.

- The ProSiebenSat.1 Group also expanded its Ventures business in 2012. With its media-for-revenues/media-for-equity business model, the Group has built up a portfolio with over 50 partnerships including strategic investments over the last few years. In doing so, the Group provides media services to promising start-up companies and receives a revenue and/or equity participation in return.

  Furthermore, revenues from the Music business developed in an extremely positive way in 2012. Starwatch Entertainment GmbH is ProSiebenSat.1´s music label, which has successful artists such as Lenny Kravitz, Roxette and a-ha under contract. In addition to the classical music business, the company's portfolio includes live entertainment and marketing artists.

- **Content Production & Global Sales segment:** The Content Production & Global Sales segment covers the international program production and distribution business. The two units are bundled under the Red Arrow Entertainment Group. In 2012, the Group expanded its investment portfolio, primarily in key English-speaking markets. In Great Britain, Red Arrow acquired majority stakes in the production companies CPL, Endor Productions and NERD in spring. This was followed by an interest in the New York production company Left/Right in August. As a result the Group now has a very good positioning for both fiction and non-fiction production, holding a portfolio with 18 majority stakes in nine countries. In 2012, the Group also opened a permanent sales office in Hong Kong, using it as a base for covering the entire Asian market. With the Red Arrow Entertainment Group, the Group participates in the entire TV value chain, from development and production to selling television programs. One successful example is the TV show "The Taste". It was developed in 2012 by the American Red Arrow subsidiary Kinetic Content and is also produced locally by Kinetic for the US station ABC. Red Arrow International, the program distribution subsidiary, owns the global sales rights and has sold licenses not only in the USA but also to Canada, India and Australia.

Changes in the Scope of Consolidation. page 73.

SEGMENT STRUCTURE OF THE PROSIEBENSAT.1 GROUP (Fig. 6)

Broadcasting German-speaking

Free TV Stations

Germany

kabeleins

sixx

Gold

Austria

Austria

kabeleins

sixx Austria

PULS 4

Switzerland

Schweiz

SAT.1 Schweiz

kabeleins

sixx Schweiz

Sales

Germany

SevenOne Media

SevenOne AdFactory

Austria

SevenOne Media

SevenOne AdFactory

Switzerland

SevenOne Media

SevenOne AdFactory

Production and Productions Services

SevenPictures

ProSiebenSat.1 Produktion

Digital & Adjacent

Digital

ProSiebenSat.1 Digital

ProSiebenSat.1 Games

maxdome

MyVideo

Seven Senses

FUN

Starwatch Entertainment

emotions

ProSiebenSat.1 Welt

CLASSICS

Adjacent

ProSiebenSat.1 Licensing

SevenVentures

Ecosystem

SUGAR RAY

BOOMING

Content Production & Global Sales

Red Arrow Entertainment

Production Companies

CPL

endor

Fabrik

HARD HAT

Kinetic

LEFT RIGHT

magic flight film

MOB FILM COMPANY

NERD.

Producers at Work

Red Arrow Entertainment

redseven

SNOWMAN

Sultan Sushi

Development Partners

Marcus.tv

Dick de Rijk Productions BV

Global Sales

RED ARROW INTERNATIONAL

Locations:
Unterföhring
Los Angeles
Hong Kong

Partnerships

Gurin

Intragroup Management System

The corporate management of the ProSiebenSat.1 Group is carried out centrally by the Group's Executive Board. The overriding goal is to consistently implement the corporate strategy and to expand the Group from a traditional TV company to a digital entertainment & e-commerce powerhouse. The focus is on sustainably improving profitability. The internal management system at the ProSiebenSat.1 Group is primarily composed of the following elements:

- Financial and operational parameters
- A strategy-setting process
- 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

Information on risk and opportunity management, page 119 and 135.

Strategic fields of action defined to establish a digital entertainment & e-commerce powerhouse. We inspire people with first-class entertainment and up-to-the-minute information. We offer advertising customers individual, cross-media advertising concepts. Thanks to the reach and advertising power of our TV stations, we are in an excellent position to establish successful brands. It is our goal to consolidate this strong position in the TV business and simultaneously develop the ProSiebenSat.1 Group further into a digital entertainment & e-commerce powerhouse. We are therefore following a course set to extend our value chain into related growth areas around the core business of TV.

Even after the sale of our TV and radio activities in Northern Europe, we are concentrating on expanding the free TV core business and tapping into pioneering business areas by integrating the television and digital fields. The Group sees great synergy and growth potential here. Our long-term growth targets for consolidated revenues remain in place: By the end of 2015, we aim to realize an additional revenue potential – adjusted for the growth target for the discontinued operations of EUR 150 million – of more than EUR 600 million compared to continuing operations of 2010. With purposeful management, the company has already achieved 50 % of its 2015 revenue target by the end of 2012.

Company Outlook, page 146.

In addition to growth and diversification measures, performance factors such as cost awareness and efficient process management are central requirements for the continued strengthening of the ProSiebenSat.1 Group's leading position. The establishment of a "best practice organization" therefore remains an important strategic task for us. Central requirements for this are uniform process management and a successful internal controlling and risk management system. With the PRIME program, the ProSiebenSat.1 Group has systematically mapped all processes in the Group including risks, and thus has an efficient and transparent control instrument in process management. At the same time, the company provides the required conditions for a culture of top performance by, for example, promoting networking between all the different departments and the transfer of knowledge with the aid of "best-practice-sharing days". A key requirement for the effectiveness of management is clear objectives for employees at all company levels **(Management by Objectives)**. In 2012, the Group continued to intensify its measures for HR development and talent promotion and linked them more closely to corporate strategy goals. High-performing and motivated employees, guided by a common sense of mission, are the heart of our best-practice organization.

Employees, page 96.

STRATEGIC FIELDS OF ACTION OF THE PROSIEBENSAT.1 GROUP (Fig. 7)

1. Expand and strengthen the core business of TV financed by advertising in German-speaking countries.
2. Develop new business models in related areas and extend the value chain into digital activities.
3. Ensure quality and efficiency through outstanding implementation.

Management System Based on Key Performance Indicators

The ProSiebenSat.1 Executive Board manages the Group with a number of key performance indicators. These key performance indicators are derived from the above-mentioned strategic fields of action of the ProSiebenSat.1 Group and broken down for its individual segments and operating units. The parameters we use enable us to measure the success of our strategic goals. The defined financial performance indicators are oriented toward the interests and requirements of the ProSiebenSat.1 Group's equity providers and lenders:

- **Earnings management:** Revenues or recurring EBITDA and recurring EBITDA margin as well as EBITDA and EBITDA margin are used as operating benchmarks for profitability management at Group and segment level and for the individual subsidiaries. Recurring EBITDA, (earnings before interest, taxes, depreciation and amortization), adjusted for non-recurring items, reflects the Group's 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 and an important parameter for assessing the financial strength of the Group. 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 shows how much liquidity is available to the company's providers of equity and lenders from the business in one period.

  Financial leverage (leverage factor) is another parameter used in planning the capital structure at Group level. It indicates the level of net debt in relation to LTM recurring EBITDA, i.e. the adjusted EBITDA that the ProSiebenSat.1 Group has generated in the last twelve months. In connection with the capital management structure at the ProSiebenSat.1 Group, managing leverage is given particularly high priority.

The company operates in an industry environment characterized by a dynamic change process. It is therefore particularly important that the different operating units act flexibly and can quickly take advantage of market opportunities that arise. For this reason, while the individual subsidiaries operate on the basis of central objectives, they are also autonomous with full responsibility for revenues and earnings.

Non-Financial Performance Indicators, page 106.

Alongside financial key performance indicators, operational parameters also serve the ongoing control of our customer, market and service-related achievement of targets. The audience share of free TV stations is one of the most important operating indicators. They are indicators for the popularity of ProSiebenSat.1 Group TV station programs and are an important means of documenting performance for the advertising industry in consequence. Deviations in current ratings from anticipated planning figures are assessed as part of early risk detection. For the advertising market, indicators of brand awareness and advertising effectiveness are also important performance values. The performance of pay TV stations is measured and controlled using subscription figures. For online business in the Digital & Adjacent segment, the number of unique users is relevant among other things. Additional significant parameters in the video-on-demand area are technical availability and the number of users or subscribers.

Business and Industry Environment, page 60.

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, incoming orders, retail sales and gross domestic product serve, for example, as relevant indicators for advertising companies' willingness to invest.

OVERVIEW OF IMPORTANT KEY PERFORMANCE INDICATORS (Fig. 8)

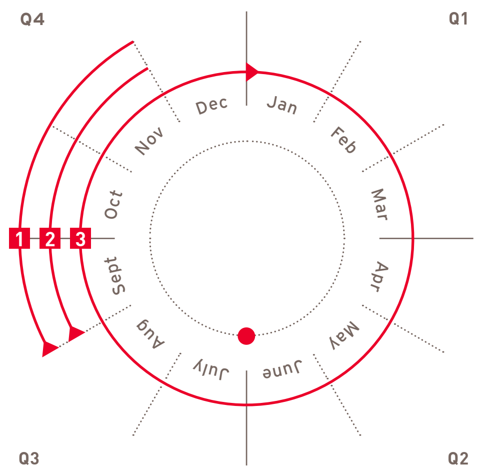
Central financial parameters	› Revenues › Recurring EBITDA and recurring EBITDA margin › EBITDA and EBITDA margin › Free cash flow › Leverage
Selected operational parameters	› Audience shares › Unique users › Users and subscribers

Integrated Budgeting and Planning System

Planning targets are developed as part of the 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 centrally. 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 – independently of the formal process – to deal sensibly with potential risks for the company and to analyze and take any opportunities that arise.

Systematic planning process serves purposeful management. The planning is based on strategic and operating corporate objectives. For this purpose, the ProSiebenSat.1 Group determines 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 steps of the planning processes – **monthly reporting, budget preparation** and the **multi-year plan** – are co-ordinated systematically. This approach is a matter of fundamental importance for managing target figures and assessing risks and opportunities effectively.

PLANNING CLOCK (Fig. 9)



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 Executive Board 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 stock exchange and legal regulations. As a stock corporation listed in Germany, it is in particular subject to German laws that govern corporations, co-determination, and the capital markets, and it must observe the recommendations of 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 124a Sentence 1 No. 3 and 176 (1) Sentence 1 of the German Stock Corporation Act (AktG):** The non-voting 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 2012 financial year, which contains the following closing statement: "The Executive Board declares that the company received appropriate compensation for all legal transactions on the basis of circumstances known to the Executive Board at the time that the transactions or measures were or were not performed, and has not been placed at a disadvantage by measures being taken or not taken." 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 according to Section 289a of the German Commercial Code and the Corporate Governance Report according to Item 3.10 of the German Corporate Governance Code:** The company's Management Declaration according to Section 289a of the German Commercial Code and the Corporate Governance Report according to Item 3.10 of the German Corporate Governance Code are published on the Company's homepage. In addition, the Management Declaration and the Corporate Governance Report are included in the Annual Report. 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 AktG were also part of the auditor's review.

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

- **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 118.

Compensation Report

The Compensation Report describes the main features of the compensation system for the Executive Board and Supervisory Board of ProSiebenSat.1 Media AG and explains the structure and level of compensation of the individual members of the Executive Board and Supervisory Board. It is part of the audited Group Management Report and complies with the relevant legal regulations; it also takes into account the recommendations of the German Corporate Governance Code in the version of May 15, 2012.

Compensation Paid to 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 Executive Board employment agreements have a maximum term of five years and also regulate the compensation. 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.

Compensation Committee, page 24 and 33.

Compensation system for the Executive Board

The compensation system for the Executive Board of ProSiebenSat.1 Media AG aims to create an incentive for sustainable company performance. It is composed of fixed and results-based components. In the 2012 financial year, Executive Board compensation comprised the following components:

- All Executive Board members each received a **fixed base salary**, paid monthly, that was determined with reference to the individual Executive Board 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 annual bonus are uniform among the contracts of the Executive 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. In the event of failure to meet the targets, it is possible that there is no variable compensation at all.

  Glossary, page 240.

  In the case of Executive Board members newly appointed in 2011 and 2012, 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.

- In addition, Executive Board members receive a long-term share-based compensation component. The former stock option plan (Long Term Incentive Plan) first introduced in 2005 was replaced in 2012 by a new share-based compensation plan (Group Share Plan). The Group Share Plan is organized as a share bonus program and is served by the Company's own preference shares. Participants are issued with performance share units (PSUs), entitling them from the beginning of the year of commitment to receive preference shares after the expiry of a four-year holding period. The conversion factor by which the PSUs are exchanged for ProSiebenSat.1 preference shares after the end of the holding period depends on the achievement of predefined annual targets during the holding period. These relate to the development of Group EBITDA. The conversion factor can vary between 0% and 150%. In the event of exceptional developments, the Supervisory Board can also raise or lower the conversion factor by 25 percentage points under consideration of the individual performance of the Executive Board members. After the end of each year of the four-year holding period, a quarter of the PSUs awarded become vested; a requirement for this is that Group net income is generated in the year in question and the ProSiebenSat.1 Group's EBITDA does not fall below a defined minimum.

Stock options were last issued to Executive Board members under the expired stock option plan (Long Term Incentive Plan) in 2009. Thomas Ebeling and Axel Salzmann still own stock options from this plan that were granted to them as Executive Board members. Each option entitles the holder to acquire one ProSiebenSat.1 preference share if certain exercise conditions are met. As well as an already expired two-year holding period, the exercise conditions include the achievement of a performance target linked to the price performance of the ProSiebenSat.1 preference share and the advent of a vesting period staggered over five years. One fifth of the stock options issued becomes vested at the end of each financial year following the issue.

Further information on the Group Share Plan 2012 and the remaining stock options under the Long Term Incentive Plan can be found in the notes to the consolidated financial statements on page 240.

- **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 attains the age of 60, or 62 in the case of Heidi Stopper, who was appointed to the Executive Board on October 1, 2012, and was a member for at least 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.

- In addition, the Executive Board members receive other **non-performance-based fringe benefits** in the form of non-cash benefits through being granted company cars and taking part in group accident insurance.

- In the case of the premature termination of the employment relationship by the Company without serious cause, the Executive Board agreements concluded from the 2011 financial year onwards include a severance payment commitment amounting to two years' total compensation according to Section 4.2.3 of the German Corporate Governance Code up to a maximum of the compensation that would have been paid up to the end of the agreement period.

Compensation of Executive Board members for the 2012 financial year

The following total compensation was determined for the Executive Board members appointed by the Company as of the close of the 2012 financial year:

COMPENSATION OF EXECUTIVE BOARD MEMBERS (Fig. 10)

EUR k

		Annual salary			Total	Multi-year variable annual compensation (conversion from annual compensation)	Expenses from share-based compensation in the financial year	Pensions	
		Fixed base salary	Variable annual compen-sation	Fixed fringe benefits[3]				Current service cost[4]	Defined benefit obligation
Thomas Ebeling	**2012**	**1,000.0**	**1,100.0**	**10.9**	**2,110.9**	**–**	**570.2**	**175.5**	**653.7**
	2011	1,000.0	947.6	10.9	1,958.5	–	183.2	160.5	432.7
Conrad Albert	**2012**	**500.0**	**383.4**	**8.8**	**892.2**	**–**	**377.1**	**66.2**	**79.4**
	2011[1]	125.0	42.2	2.2	169.4	51.6	–	56.0	13.3
Axel Salzmann	**2012**	**675.0**	**488.8**	**19.2**	**1,183.0**	**–**	**435.9**	**109.4**	**473.6**
	2011	650.0	419.6	19.2	1,088.8	–	107.1	96.8	323.3
Heidi Stopper	**2012[2]**	**125.0**	**93.8**	**2.2**	**220.9**	**–**	**188.5**	**60.1**	**14.4**
	2011	–	–	–	–	–	–	–	–
Dr. Christian Wegner	**2012**	**500.0**	**383.4**	**17.4**	**900.8**	**–**	**377.1**	**54.8**	**65.8**
	2011[1]	125.0	42.2	2.4	169.6	51.6	–	44.3	10.5

1 Three-month basis: Member of the Executive Board since October 1, 2011.
2 Three-month basis: Member of the Executive Board since October 1, 2012.
3 Includes lease payments for use of company car and insurance premiums (excluding D&O).
4 Service costs in line with IFRS for the pension entitlement acquired in the respective financial year. Not including entitlements from the individual's own payments (as of December 31, 2011 and December 31, 2012).

Additional disclosures on share-based compensation instruments (Stock option plan)

The stock options held by active members of the Executive Board developed as follows in the 2012 financial year:

DEVELOPMENT OF STOCK OPTIONS HELD BY ACTIVE MEMBERS OF THE EXECUTIVE BOARD IN THE 2012 FINANCIAL YEAR (Fig. 11)

		Shares on January 1		Exercised in the financial year / repurchased			Shares on December 31			
		Number	Weighted average of strike prices	Number	Weighted average share price	Weighted average of strike prices	Number	Weighted average of strike prices	Range of strike prices	Weighted average of remaining contract duration
Thomas Ebeling	**2012**	**315,000**	**€ 1.58**	**105,000**	**€ 19.35**	**€ 1.58**	**210,000**	**€ 1.58**	**€ 1.58**	**3.00**
	2011	525,000	€ 1.58	210,000	€ 15.39	€ 1.58	315,000	€ 1.58	€ 1.58	4.00
Axel Salzmann	**2012**	**240,000**	**€ 5.19**	**60,000**	**€ 19.35**	**€ 1.58**	**180,000**	**€ 6.39**	**€ 1.58 – € 16.00**	**2.67**
	2011	450,000	€ 6.39	210,000	€ 17.90	€ 7.76	240,000	€ 5.19	€ 1.58 – € 16.00	3.75

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

Compensation for Executive Board members who departed in 2012

Andreas Bartl, who left the Executive Board in the year under review, received the following compensation in 2012:

COMPENSATION OF EXECUTIVE BOARD MEMBER ANDREAS BARTL (RESIGNED IN 2012) (Fig. 12)

EUR k

		Annual salary			Total	Multi-year variable annual compensation (conversion from annual compensation)	Expenses from share-based compensation in the financial year	Pensions	
		Fixed base salary	Variable annual compen-sation	Fixed fringe benefits[2]				Current service cost[3]	Defined benefit obligation
Andreas Bartl	**2012[1]**	**650.0**	**120.0**	**16.7**	**786.7**	**–**	**54.2**	**103.7**	**448.3**
	2011	650.0	364.4	16.1	1,030.5	–	98.4	91.8	305.9

1 Andreas Bartl was appointed to the Executive Board as of February 29, 2012. His contract of employment ended as of December 31, 2012.
2 Includes lease payments for use of company car and insurance premiums (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, 2012).

The stock options of Andreas Bartl, who resigned from the Executive Board in 2012, developed as follows in the reporting period:

DEVELOPMENT OF STOCK OPTIONS OF EXECUTIVE BOARD MEMBER ANDREAS BARTL IN THE 2012 FINANCIAL YEAR (RESIGNED IN 2012) (Fig. 13)

		Shares on January 1		Exercised in the financial year / bought back			Shares on December 31			
		Number	Weighted average of strike prices	Number	Weighted average share price	Weighted average of strike prices	Number	Weighted average of strike prices	Range of strike prices	Weighted average of remaining contract duration
Andreas Bartl	**2012**	**315,000**	**€ 8.45**	**175,000**	**€ 21.98**	**€ 11.47**	**140,000**	**€ 4.67**	**€ 1.58 – € 16.00**	**2.79**
	2011	425,000	€ 8.24	110,000	€ 15.39	€ 1.58	315,000	€ 8.45	€ 1.58 – € 16.00	3.52

Other compensation components

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

Total compensation of former Executive Board members

In the 2012 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, 2012, pension provisions for former members of the Executive Board according to IFRS amounted to EUR 8.7 million (previous year: EUR 7.8 million).

In the 2012 financial year, 51,000 stock options were bought back or exercised by former members of the Executive Board. The weighted average strike price was EUR 1.58 per option, the weighted average exercise price amounted to EUR 20.49 per option.

Pension provisions

In the 2012 financial year, there were additions to pension provisions for active and former Executive Board members in line with IFRS totaling EUR 2.9 million (previous year: EUR 1.3 million). Of this amount, EUR 2.4 million was for personnel expenses (previous year: EUR 0.9 million) and EUR 0.5 million (previous year: EUR 0.4 million) for interest expenses. As of December 31, 2012, pension provisions for active and former Executive Board members totaled EUR 12.8 million (previous year: EUR 10.1 million).

D&O insurance

The Executive Board members are involved in group liability insurance (D&O insurance). This D&O insurance covers the personal liability risk should Executive Board members be made liable for financial losses when exercising their professional functions for the Company. The insurance includes a deductible according to which an Executive Board member against whom a claim is made pays a total of 10 % of the claim in each insured event, but not more than 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.

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**. It amounts to EUR 50,000 for the ordinary Supervisory Board members and EUR 100,000 each for the Chairman and the Vice Chairman. In addition, **meeting honoraria** are paid for contributing to the committees. This amounts to EUR 3,000.00 per meeting attended for ordinary members of the Audit and Finance Committee, and EUR 1,500.00 per meeting attended for ordinary members of any other Committee. Committee Chairmen receive twice the standard meeting honorarium. No performance-based variable compensation is granted.

Compensation of Supervisory Board members for the 2012 financial year

Supervisory Board members received the following compensation for the 2012 financial year:

COMPENSATION OF SUPERVISORY BOARD MEMBERS FOR THE 2012 FINANCIAL YEAR (Fig. 14)

EUR k

		Fixed base compensation	Meeting honoraria Presiding Committee	Meeting honoraria Audit and Finance Committee	Meeting honoraria Compensation Committee	Total
Götz Mäuser	**2012**	**100.0**	**3.0**	**15.0**	**15.0**	**133.0**
	2011	100.0	6.0	12.0	6.0	124.0
Johannes Peter Huth	**2012**	**100.0**	**–**	**12.0**	**6.0**	**118.0**
	2011	100.0	6.0	12.0	7.5	125.5
Drs. Fred Th. J. Arp[1]	**2012**	**31.3**	**–**	**–**	**3.0**	**34.3**
	2011	–	–	–	–	–
Robin Bell-Jones[2]	**2012**	**25.0**	**–**	**9.0**	**–**	**34.0**
	2011	50.0	3.0	15.0	–	68.0
Herman M.P. van Campenhout[3]	**2012**	**25.0**	**–**	**–**	**3.0**	**28.0**
	2011	25.0	–	–	–	25.0
Gregory Dyke	**2012**	**50.0**	**–**	**–**	**4.5**	**54.5**
	2011	50.0	–	–	4.5	54.5
Stefan Dziarski[1]	**2012**	**31.3**	**1.5**	**6.0**	**–**	**38.8**
	2011	–	–	–	–	–
Philip Freise	**2012**	**50.0**	**1.5**	**15.0**	**–**	**66.5**
	2011	50.0	3.0	12.0	–	65.0
Lord Clive Hollick	**2012**	**50.0**	**1.5**	**–**	**–**	**51.5**
	2011	50.0	3.0	–	–	53.0
Dr. Jörg Rockenhäuser	**2012**	**50.0**	**1.5**	**–**	**–**	**51.5**
	2011	50.0	3.0	–	–	53.0
Adrianus Johannes Swartjes[4]	**2012**	**–**	**–**	**–**	**–**	**–**
	2011	25.0	–	–	1.5	26.5
Prof. Dr. Harald Wiedmann	**2012**	**50.0**	**–**	**30.0**	**–**	**80.0**
	2011	50.0	–	30.0	–	80.0
Total	**2012**	**562.6**	**9.0**	**87.0**	**31.5**	**690.1**
	2011	550.0	24.0	81.0	19.5	674.5

1 Member of the Supervisory Board since May 15, 2012.
2 Member of the Supervisory Board until May 15, 2012.
3 Member of the Supervisory Board from July 1, 2011 until May 15, 2012.
4 Member of the Supervisory Board until June 30, 2011.

In addition to this fixed annual compensation 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 2012 financial year. Members of the Supervisory Board do not receive loans from the Company.

Media Policy Environment

The Broadcasting System in Germany

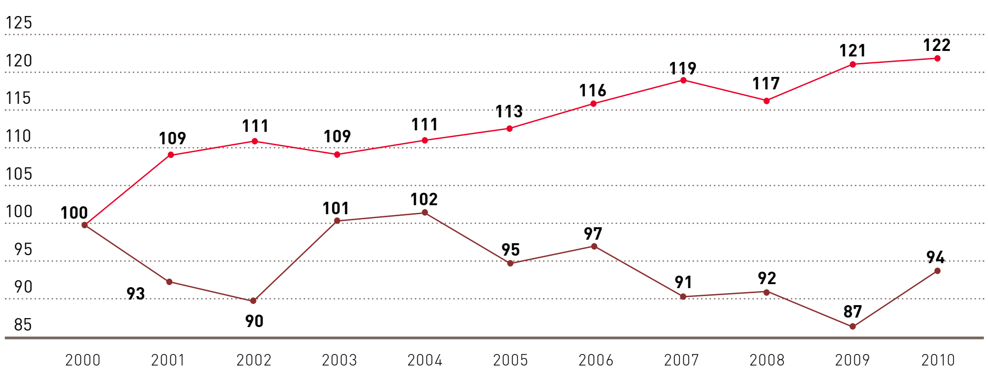
The German TV market is characterized by a dual broadcasting system with private providers as well as financially strong public broadcasting. The private television market is mainly organized in two families of stations: The ProSiebenSat.1 Group, the market leader in the German advertising market, and the RTL Group. While the private providers operate as independent commercial enterprises, funding of public broadcasting is guaranteed by law and is ensured by the license fee. In 2012, the fee was EUR 17.98 per TV. In 2000, it was DM 28.25 or EUR 14.44. In addition, the institutions generate revenues from advertising and sponsorship. In 2012, gross advertising revenues of ARD totaled EUR 262.3 million, while ZDF generated EUR 246.5 million. In 2011, the corresponding figures were EUR 266.8 million for ARD and EUR 233.1 million for ZDF. Each year, public broadcasting receives fees of approximately EUR 7.5 billion.

Opportunity Report, page 135.

In January 2013, various new legal regulations came into effect. Instead of the device-related license fee, a broadcasting fee is now being charged on all households, regardless of whether they own a TV or radio set. In addition, at the start of the year a sponsorship ban came 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 Great Britain, public broadcasters are funded entirely by revenues from fees. For this reason, in no European country do the public broadcasters have similarly high budgets to those in Germany. Due to increasing revenues from license fees at the public stations, the financial bases of the private providers in Germany are becoming increasingly imbalanced, as the following graph shows:

CHANGE IN TOTAL REVENUES IN BROADCASTING [2000 = 100] (Fig. 15)

In percent



■ Public broadcasting ■ Private broadcasting without teleshopping
Source: Economic Situation of Broadcasting Services 2010/2011.

In order not to endanger the financing model of the private providers, a clear restriction should apply to the digital and online services of the public stations in harmony with the public service mission. The following examples provide insight into the current competitive situation:

While a planned joint video-on-demand platform of ProSiebenSat.1 Media AG and Mediengruppe RTL was prohibited in 2011 due to the dominant position of both companies in the TV advertising market, in 2012 subsidiaries of public institutions established the company "Germany's Gold" in order to operate a commercial video-on-demand platform. The question of whether this would distort competition is currently still being examined by the antitrust authorities.

Non-Financial Performance Indicators, page 106.

Furthermore, public broadcasting is continuing its expansion with the establishment of new digital TV stations. The public stations are reaching fewer and fewer young people with their main channels, ARD and ZDF. In 2012, the average market share among 14 to 29 year olds was 4.7 % for ARD and 4.0 % for ZDF. In order to counteract this trend, the public stations are planning measures such as the establishment of a new channel for young people. Since three public news channels, four cultural channels, one entertainment and one service channel, as well as the principal stations, are already being financed through license fees, private broadcasters consider this excess supply of digital stations should be reviewed before discussing the establishment of new stations.

Regulatory conditions for private broadcasting in Germany. In Germany, television is controlled by a large number of quantitative and qualitative restrictions and is more heavily regulated than other media types. For example, advertising time for German TV stations is restricted to a maximum of twelve minutes per hour, while opportunities to place advertising in certain programs are limited. As well as time and content-related advertising restrictions, media concentration legislation and programming restrictions regulate private broadcasting in Germany, in addition to generally applicable conditions for the protection of young people and of copyright. To ensure plurality of opinion, for instance, 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.

Globalization of competition demands new media structures. Increasing digitalization and the growing importance of online services open up far-reaching opportunities for growth to the ProSiebenSat.1 Group. At the same time, an increasing number of international competitors such as Google and Facebook are entering the German media market that are not subject to the same regulatory framework. Due to the increasing prevalence of convergent devices such as smart TVs, tablets and smartphones, new media offerings are competing directly with traditional television on the same screens. Therefore, ProSiebenSat.1 believes that new media structures are required that create uniform regulation criteria for all providers of audiovisual content on the German market, thus ensuring fair competition. For this reason, in 2013 the ProSiebenSat.1 Group will further intensify the cross-media dialog about reforming the regulation in an increasingly global market.

Distribution of TV Programs and Technological Conditions

Refinancing via HD distribution revenues is becoming increasingly important. The German media market is dominated by a few large cable network operators. Since the takeover of Kabel Baden-Württemberg by Unitymedia at the end of 2011, there are now only two large providers: Unitymedia, reaching approximately 6.9 million households, and Kabel Deutschland with a reach of approximately 8.6 million households. The consolidation continued in 2012, with Kabel Deutschland GmbH announcing the acquisition of TeleColumbus GmbH, although this still requires the approval of the Federal Cartel Office. With approximately one million households, TeleColumbus is currently the third-largest cable network operator in Germany.

Opportunity Report, page 135.

In Germany, TV stations pay feed-in fees to the large regional cable network operators. Both private and public TV stations pay analog suppliers approximately EUR 0.22 per household for the supply of programs. In contrast, cable network operators in many European markets, such as in the majority of Scandinavia, repay part of their revenues to the TV stations for the provision of the content. However, refinancing via distribution revenues is becoming increasingly important for German TV stations. When transmitting their programs in high definition (HD), the ProSiebenSat.1 stations already take a share in the technical access fees imposed by cable network and IPTV platform operators. Since 2010, the ProSiebenSat.1 Group has had an agreement with numerous providers such as Kabel Deutschland and Unitymedia on the supply and transmission of its German HD stations. In 2012, the Group expanded its IPTV agreement with Deutsche Telekom and also concluded additional agreements with new and existing partners. With the growing number of internet-enabled TV sets, revenues from so-called "over-the-top" distribution such as video-on-demand services are increasing in importance, alongside revenues from the distribution of linear HD services.

Analog satellite signal switched off. In April 2012, Germany was one of the last European countries to switch off the analog satellite signal. Digital transmission is less susceptible to faults and enables better sound and picture quality, such as HD television. At the same time, more programs can be broadcast with the digital TV signal. In the long-term, the analog cable signal is also to be switched off in Germany.

Business and Industry Environment

Economic Environment

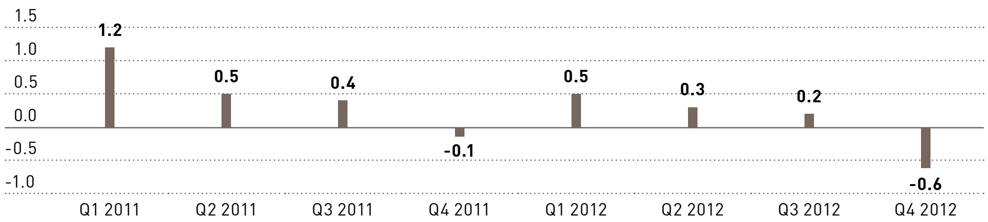
According to the International Monetary Fund (IMF), real economic growth in 2012 was at 3.2 % and had therefore declined for the second time in succession (previous year: 3.9 %). After a good start, the global economic situation was negatively affected over the year by the European debt crisis, the subdued growth rate in important emerging economies and uncertainty over the USA's fiscal path.

The economy in the euro zone was recessive in the past year due to the unsolved sovereign debt crisis: After stagnation in the first quarter, there was decline in both the second and the third quarter (-0.2 % and -0.1 % respectively on preceding quarter). With minus 0.6 %, the final quarter fall significantly below the level of the preceding quarter. For 2012 as a whole, this means a decline by 0.5 % (previous year: +1.4 %) of the economic performance in the euro zone.

However, Germany again closed the year significantly better than its large European neighbors, even though momentum let up somewhat during the year: In the first and second quarter of 2012, GDP grew by 0.5 % and 0.3 % respectively compared to the preceding quarter. In the third quarter, economic performance increased by 0.2 % only; the fourth quarter significantly stayed behind the preceding quarter with a decline of 0.6 %. In the year as a whole, GDP rose by a total of 0.7 % compared to 2011 (previous year: 3.0 %). The German export economy was robust despite the difficult international environment and the weaker fourth quarter and was again the most important driver of growth, climbing 4.1 %. Private consumption, too, increased in comparison to the previous year and strengthened the German economy with growth of 0.8 %. The positive sentiment in private consumption was supported by continued stability of the employment market and higher household incomes with moderate inflation (+2.0 %).

PERFORMANCE OF GROSS DOMESTIC PRODUCT IN GERMANY (Fig. 16)

In percent, change vs. previous quarter



Price, season and calendar adjusted; source: Destatis.

Development of the Advertising Market

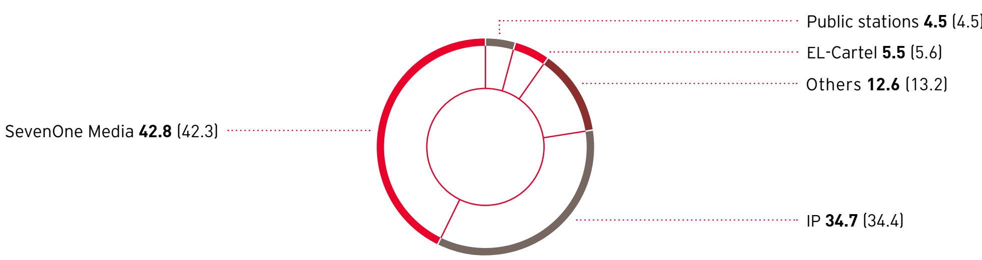
According to Nielsen Media Research, gross investments in TV advertising in Germany increased by 2.0 % to EUR 11.34 billion in 2012 (previous year: EUR 11.11 billion). In the fourth quarter, gross advertising investments increased by 0.8 % to EUR 3.69 billion (previous year: EUR 3.66 billion). In this environment, the ProSiebenSat.1 advertising sales company SevenOne Media increased its gross TV revenues in 2012 by 3.2 % to EUR 4.85 billion (previous year: EUR 4.70 billion). In the fourth quarter, too, SevenOne Media was well above the market average with growth of 1.5 % or EUR 1.60 billion (previous year: EUR 1.58 billion). Thus, SevenOne Media raised its market share by 0.5 percentage points to 42.8 % and extended its lead in the German TV market.

Glossary, page 264.

Gross expenditure allows only limited conclusions to be drawn on actual advertising revenues, as they do not take into account discounts, self-promotional advertising and agency commissions. Moreover, the gross figures from Nielsen Media Research also include TV spots from media-for-revenue-share and media-for-equity deals. Under these models, the ProSiebenSat.1 Group invests media services in return for a revenue and/or equity share in start-up companies. The Group introduced the media-for-revenue-share and media-for-equity models in 2009 and reports them in the Digital & Adjacent segment.

SHARES GERMAN GROSS TV ADVERTISING MARKET (Fig. 17)

In percent, 2011 figures in parentheses

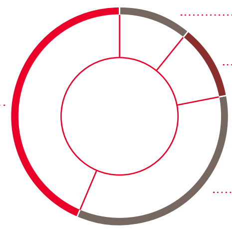


Source: Nielsen Media Research, SevenOne Media; without N24 and 9Live.

Among traditional media, TV grew the most in 2012 with an increase of 0.5 percentage points and achieved a share of 43.3 % in the German gross advertising market, while the print industry gave up 2.3 percentage points. The internet increased its share in the gross advertising market to 11.0 % (previous year: 9.5 %).

MEDIA MIX GERMAN GROSS ADVERTISING MARKET (Fig. 18)

In percent, 2011 figures in parentheses



Source: Nielsen Media Research.

Segment Reporting, page 94.

According to our own estimates, the volume of the German TV advertising market in 2012 based on net figures increased year-on-year (+1.0 to +2.0 %). ProSiebenSat.1 benefited from the positive price trend in the TV advertising market and increased the cost per mille (CPM) of its stations on a gross basis (SAT.1: +4.9 %; ProSieben +7.1 %; kabel eins +4.7 %). In addition to moderate price increases, the successful expansion of new customer business was an important revenue driver: As in the previous year, SevenOne Media turned over more than EUR 100 million with new TV customers in 2012. The majority of the top 10 industries increased their TV advertising expenditure and the share of the TV budget in the media mix in 2012; the sectors with the highest growth rates were the automotive and telecommunications industries.

In 2012, the ProSiebenSat.1 Group generated gross revenues of EUR 294.9 million by selling online advertising space, well ahead of IP Deutschland, its direct competitor, with EUR 180.4 million. SevenOne Media achieved gross revenues of EUR 110.6 million by selling online video advertising, which is a market share of 44.8 % (IP Deutschland: 27.5 %). Thus, ProSiebenSat.1 continued to extend its leading position in the sale of video advertising on the internet, too. In 2012, the gross volume of the advertising market for online video grew by a considerable 26.4 %, amounting to EUR 246.8 million (previous year: EUR 195.3 million). Overall, gross revenues of EUR 2.892 billion (previous year: EUR 2.465 billion) were generated in the German online advertising market, which includes video and traditional banner advertising. This corresponds to a growth rate of 17.3 %.

In Austria and Switzerland, too, ProSiebenSat.1 benefited from market growth and increased its share in the gross advertising market. In particular, SevenOne Media Austria developed strongly in 2012 with growth of 1.3 percentage points to 32.2 % (previous year: 30.3 %). In other international markets in which the ProSiebenSat.1 Group was active in the previous financial year, advertising revenues developed inconsistently.

DEVELOPMENT OF TV ADVERTISING MARKETS (Fig. 19)

In percent	Change from previous year 2012
Germany	2.0
Austria	7.0
Switzerland	4.8
Denmark	-5.5
Sweden	3.7
Norway	5.9
Finland	-1.0
Hungary	-23.1
Romania	-15.2

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. **Denmark:** net, DRRB. **Sweden:** net, IRM. **Norway:** net, IRM. **Finland:** net, TNS Media Intelligence. **Hungary:** net, own calculations/estimates. **Romania:** net, own calculations/estimates.

Development of the Audience Market

Two major events shaped the German TV audience market in 2012: The European Football Championship and the Olympic Games. While the public broadcasters increased their ratings among 14 to 49 year olds by broadcasting the two sporting events (ARD: +0.4 percentage points; ZDF: +0.6 percentage points), the audience shares of Germany's major private stations fell short of the previous year's figures.

With its German free TV stations SAT.1, ProSieben, kabel eins and sixx, the ProSiebenSat.1 Group reached a combined audience share of 27.8% in 2012 (previous year: 28.9%). This group of stations was once again the market leader among 14 to 49 year olds and was ahead of the RTL Group with 27.3% (previous year: 29.3%). Women's station sixx, launched in 2011, doubled its annual market share from 0.5% to 1.0%, thus making an important contribution to overall ratings. Particularly popular were programs of the free TV stations such as "Knallerfrauen" (up to 21.7%; SAT.1), "ran – UEFA Europa League" (up to 20.3%; kabel eins) and "The Voice of Germany" (ProSieben and SAT.1). The second series of the music show achieved an average audience share of 23.4% among 14 to 49 year olds.

Report "Being there is everything", page 3.

The Austrian TV channels SAT.1 Österreich, ProSieben Austria, kabel eins austria, sixx Austria and PULS 4 extended their lead among private station groups in the last financial year and achieved an audience share of 20.8% in 2012 after 20.2% in the previous year. Programming on PULS 4 and the newly launched women's channel sixx Austria scored particularly well with audiences. In 2012, PULS 4 posted a ratings increase of 0.4 percentage points to 3.7% (previous year: 3.3%), thanks to the newly acquired rights to the football Champions League, among other things. sixx Austria went on air in July 2012 and established itself extremely successfully in the Austrian TV market in its first six months with an audience share of 1.1% in the core target group of 12 to 49 year olds.

The Year 2012 At a Glance, page 40.

The Northern European TV stations, whose sale the ProSiebenSat.1 Group announced in December 2012, also performed positively in the previous financial year. Combined market shares increased year-on-year in all Scandinavian countries: In Denmark, Kanal 4, Kanal 5, 6'eren and The Voice achieved a combined market share of 18.9 % in 2012 and were thus 2.7 percentage points above the previous year (16.2 %). The Group's Swedish stations posted an increase of 0.4 percentage points in combined market share and closed the year at 14.2 % (previous year: 13.8 %). The four Norwegian TV channels gained 1.6 percentage points in 2012, bringing them to 19.0 %. In Finland, the ProSiebenSat.1 Group posted a 1.3 percentage point increase of combined market share to 6.4 % with its stations TV5 and Kutonen. In the Eastern European channels, whose planned sale has been announced, the group market shares declined.

AUDIENCE SHARES OF THE PROSIEBENSAT.1 GROUP (Fig. 20)

In percent	Q4 2012	Q4 2011	2012	2011
Germany	**27.9**	29.6	**27.8**	28.9
Austria	**20.7**	20.4	**20.8**	20.2
Switzerland	**15.0**	15.7	**14.6**	16.1
Denmark	**18.3**	16.3	**18.9**	16.2
Sweden	**15.4**	15.0	**14.2**	13.8
Norway	**19.1**	18.1	**19.0**	17.4
Finland	**7.1**	5.2	**6.4**	5.1
Hungary	**18.7**	18.2	**18.5**	20.5
Romania	**6.5**	8.1	**6.2**	7.8

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, sixx; key demographic age 14-49; sixx: data released only from February 2011; in the 2011 calculation, 0 is used for the calculation of January. **Austria:** SAT.1 Österreich, ProSieben Austria, kabel eins austria, sixx Austria (since July 2012), PULS 4; key demographic age 12-49; sixx Austria: in the 2012 calculation, 0 is used for the calculation of the period up to July 3, 2012; market share of July 3 to December 31, 2012: 1.1%, in the fourth quarter: 1.1%. **Switzerland:** SAT.1 Schweiz, ProSieben Schweiz, kabel eins Schweiz; 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. **Denmark:** Kanal 4, Kanal 5, 6'eren, The Voice; key demographic age 15-50, based on 14 advertising-financed TV stations. **Sweden:** Kanal 5, Kanal 9; key demographic age 15-44. **Norway:** TVNorge, FEM, MAX, The Voice (to January 22, 2012), VOX (from January 23, 2012); key demographic age 12-44. **Finland:** TV5, The Voice (to August 30, 2012), Kutonen (from September 1, 2012); key demographic age 15-44. **Hungary:** TV2, FEM3, PRO 4 (since March 2011); Super TV2 (since November 2012); key demographic age 18-49; Super TV2: market share in November 2012: 0.8 %, in December 2012: 0.7 %. **Romania:** Prima TV, Kiss TV; key demographic age 15-44; due to methodological changes it is not possible to compare data from 2011 and 2012.

Development of User Numbers

Glossary, page 264.

ProSiebenSat.1 Networld is one of the leading online networks in Germany and counts approximately 25 million unique users every month. ProSiebenSat.1 is already in a good position, especially in the dynamic growth market of online video: As part of its digitalization strategy, the Group is successively expanding the internet platform MyVideo to become an online TV station. In 2012, MyVideo recorded 7.7 million unique users per month (previous year: 7.9 million). The number of users of premium videos on MyVideo rose to 4.32 million per month (previous year: 4.03 million). In the year as a whole, the portal's video views climbed to 490 million, compared to 340 million in the previous year. The number of registered users grew to 11.8 million in 2012 (previous year: 9.3 million). With its successful "online-first" premieres – where MyVideo shows licensed US series before they are broadcast on German free TV – the portal generated 44 million video views.

Segment Reporting, page 94.

maxdome remains the market leader among video-on-demand providers in Germany. In 2012, maxdome considerably expanded its customer base and showed again a revenue growth. At the end of the year, the online video library had approximately 800,000 active households (previous year: around 500,000).

A sharp rise in user numbers was seen in Online Games, too: The number of registrations on ProSiebenSat.1´s online gaming portals almost doubled, growing to 16.0 million (previous year: 8.2 million). Games from the licensing partnership with Sony Online Entertainment made a particular contribution to this increase. The market for online games is the world's fastest growing entertainment industry.

USE OF ONLINE SERVICES (Fig. 21)

In m	**2012**	2011
MyVideo (video views)	490.0	340.0
maxdome (active households)	0.8	0.5
Online Games (registrations)	16.0	8.2

TV HIGHLIGHTS 2012

In 2012, the ProSiebenSat.1 stations were successful with exciting shows, successful own formats, blockbuster TV and sports.

.....a

THE STRONGEST VOICE WINS.....(a) The music show which fascinated Germany went into the second round in the fall of 2012 – and again was a hit. Up to 30.2 % of 14 to 49 year olds followed **"The Voice of Germany"** on ProSieben and SAT.1.

IT'S RAINING MONEY BEFORE CHRISTMAS.....(b) EUR 3.5 million – just before Christmas this was the highest jackpot ever at **"Schlag den Raab"**. 22.4 % of 14 to 49 year olds followed the exciting neck-and-neck race between candidate Bernd and host Stefan Raab. With the score at 50:55, the victory was decided by two cubic meters of moss. The winner was: Bernd, the farmer.

.....b

LOVE AND SUFFERING IN THE MIDDLE AGES .....(c) In February, Marie, the wandering harlot, returned to the screen to a strong market share. Part 2, **"Die Rache der Wanderhure"**, on SAT.1 had an audience market share of 26.9 %. And there was a second helping for mediaeval fans in December: The four-part series "Die Tore der Welt" ("World Without End") based on Ken Follet's novel took up to 1.93 million viewers between 14 and 49 years old through this dark period.

.....c

DISMAL VISIONS .....(d) The Mayas believed that the world would come to an end on December 21, 2012. Out of this, Roland Emmerich made great entertainment. **"2012"** generated a strong market share of 37.1%.

.....d

.....e

THEY ARE CRAZY, THE GAULS.....(e) In 2012, kabel eins set the Gauls on the audience. Up to 12.3 % of viewers between 14 and 49 years followed the adventures of **"Asterix & Obelix"**. All parts of the series generated above-average viewing figures for the station.

.....f

SWEET, SWEETER, ENIE.....(f) Since October 6, Enie van de Meiklokjes has been entrancing sixx viewers with her sweet creations. The first season of her baking documentary **"Sweet & Easy – Enie backt"** achieved a market share of up to 2.8 % of 14 to 49 year olds and is thus the station's most successful own production. In 2013, she is returning with a second season and many new recipes.

PLEASURES OF THE PALATE ON AIR .....(g) The Swiss chef, René Schudel, regularly stirs things up in the kitchen with his **"Funky Kitchen Club"**. Successfully – a market share of up to 6.7 % of 15 to 49 year olds watched the format in 2012.

.....g

INTO THE BACK OF THE NET.....(h) In addition to the NFL, as of the season 2012/2013 PULS 4 is also broadcasting the **UEFA Champions League**. PULS 4 generates market shares of up to 15.2 % for viewers aged between 12 and 49 years and secured the rights to this sports tournament up to 2015.

.....h

.....i

ELDERLY FUN.....(i) Pensioners have no sense of humor? The comedy show **"Betty White's Off Their Rockers"** on the Finnish station TV5 shows the opposite. Red Arrow International, which operates the program distribution activities of ProSiebenSat.1, has already sold the format in more than 10 countries.

BIG SUCCESS.....(j) In Denmark, the TV station Kanal 5 networked **"Big Brother 2012"** as cross-media event with internet, radio and several mobile offerings. The show generated the best TV market share (up to 16.5 %) since the station was etablished.

.....j

Business Performance

Overall assessment of the business performance – management view.

In 2012, the German economy posted slight growth despite the limited global economic development and the ongoing European sovereign debt crisis. Key factors were again the good consumer climate and the robust export market. Against this backdrop, advertising investments in Germany developed positively. The ProSiebenSat.1 Group continued to extend its lead in the TV advertising market and in the sale of video content online. In 2012, we not only strengthened our strong position in the TV business, but also made great progress on the way to becoming a digital entertainment & e-commerce powerhouse by expanding in growth areas. Having sold the Northern European portfolio, we are concentrating on expanding the core business of free TV in German-speaking countries and tapping into pioneering business areas by integrating the television and digital fields.

In the 2012 financial year, we again improved all of the Group's relevant key financial indicators. On the basis of continuing operations, consolidated revenues increased by 7.1% to EUR 2.356 billion (previous year: EUR 2.199 billion). Recurring EBITDA climbed 2.7% to EUR 744.8 million. All segments contributed to this, with the growth segments Digital & Adjacent and Content Production & Global Sales in particular performing extremely dynamically. We also saw high rates of growth in distribution revenues. But we did not just increase our profitability in 2012 – we also continued to reduce our level of debt. At the end of the year – before reclassification of cash and cash equivalents from the Northern and Eastern European activities held for sale – it amounted to EUR 1.780 billion (previous year: EUR 1.818 billion). At the time the Group management report was compiled, the ProSiebenSat.1 Group had a solid financial and operating basis. We have made a positive start to the new 2013 financial year in the TV advertising market. Our growth areas are continuing to perform dynamically. In the months to come, we will continue to expand our strong market position with organic growth and targeted acquisitions.

Comparison of Actual and Expected Business Performance

Inner cover page; Changes in the Scope of Consolidation, page 73.

The ProSiebenSat.1 Group announces its financial targets in the Annual Report. If necessary, they can be adjusted during the year. At the beginning of 2012, the ProSiebenSat.1 Group had announced its financial targets taking into account its discontinued operations, i.e. including its TV and radio portfolio in Northern and Eastern Europe. In the 2012 financial year, the Group increased recurring EBITDA including discontinued operations in Northern and Eastern Europe to EUR 871.7 million. The Group thus surpassed the previous year's earnings and hit its forecast annual target. The ProSiebenSat.1 Group also achieved its objectives with regard to revenue growth and raised its underlying net income including discontinued activities. At the annual press conference in March 2012, the Group announced – among other things – that it was targeting higher recurring EBITDA than the previous year's figure of EUR 850.0 million. The target was based on the assumption that the price level for the sale of TV advertising time would remain at least stable and the economic climate in the German core market would stay positive. In addition, the Group anticipated a continuation of the dynamic development in the growth areas outside the traditional TV business.

Explanatory Notes on Reporting Principles, page 70.

These assumptions proved correct in 2012. However, portfolio optimization and the sale/proposed sale of the Northern European/Eastern European business activities have resulted in substantial changes to reporting and segmentation.

For better comparability, the following will therefore consider the figures generated on the basis of continuing operations, i.e. excluding the Northern and Eastern European activities, and compare them with the corresponding financial targets at Group level.

At the beginning of the year, the ProSiebenSat.1 Group targeted a mid-single-digit percentage increase in revenues. In fact, revenues from continuing operations also grew by 7.1% to EUR 2.356 billion. All segments made a contribution here. Recurring EBITDA from continuing operations also reached a new record figure at EUR 744.8 million (2011: EUR 725.5 million). The high revenue growth and the improvement in the financial result led to an additional EUR 58.0 million increase in profit from continuing operations to EUR 329.1 million. As previously indicated, the interest and financing expenses decreased by a total of more than EUR 50 million. This was particularly due to a lower average level of debt. In this context, the financial result overall improved by 37.9% or EUR 88.3 million to minus EUR 144.4 million. Underlying net income from continuing operations increased by 30.5% or EUR 83.1 million to EUR 355.5 million.

At the beginning of the year, the Group forecast that operating costs would rise in proportion with revenues. However, due to more intensive investment in the growth areas, operating costs increased by 9.6% in total, and thus were above the growth rate of Group revenues. In the core business of television financed by advertising, operating costs were kept almost stable as expected. This is the result of consistent cost management.

In the 2011 Annual Report, we estimated that by 2015 the revenue potential of the Digital & Adjacent segment would be more than EUR 250 million compared to 2010. At the end of 2012, 66.7% or EUR 166.7 million had already been achieved. In 2012, the Content Production & Global Sales segment also posted a considerable revenue increase of EUR 57.8 million. However, due to start-up costs resulting from the international expansion of the portfolio, the segment's recurring EBITDA decreased to EUR 4.3 million. At the end of 2011, the program production unit was combined with the digital activities and adjacent business area into the Diversification segment, thus becoming the object of a common revenues and earnings forecast for 2012 and 2013. On this basis, we reached our financial objectives at segment level on the basis of continuing operations. An overview on a segment basis is presented below.

We also continued to improve net financial debt in the past financial year. At the end of the year, it amounted to EUR 1.780 billion including cash and cash equivalents of the Northern and Eastern European business (previous year: EUR 1.818 billion). At 2.0 (previous year: 2.1), the leverage factor was within the target range of 1.5 to 2.5.

Overall, the Group achieved its financial objectives also on the basis of continuing operations. The following chart provides an overview of the figures for 2012 including the Northern and Eastern European activities and the comparative figures for 2011.

COMPARISON OF THE ACTUAL AND FORECAST BUSINESS PERFORMANCE FOR THE GROUP (Fig. 22)

EUR m	Actual figures 2011 continuing operations according to 2011 Annual Report[1]	Actual figures 2012 including discontinued operations[1]	Forecast for 2012[2]	Actual figures 2011 continuing operations according to 2012 Annual Report[3]	Actual figures 2012 continuing operations[3]
Revenues	2,756.2	2,969.1 (+7.7 %)	Increase	2,199.2	2,356.2 (+7.1 %)
Operating costs	1,915.7	2,111.0 (-10.2 %)	Increase	1,482.9	1,624.6 (-9.6 %)
Recurring EBITDA	850.0	871.7 (+2.6 %)	Increase	725.5	744.8 (+2.7 %)
Underlying net income	309.4	415.1 (+34.2 %)	Increase	272.4	355.5 (+30.5 %)
Net financial debt (per 12/31/)	1,817.8	1,780.4[4] (+2.1 %)	Reduction	1,817.8[4]	1,870.8[5] (-2.9 %)
Leverage	2.1	2.0	1.5 – 2.5	2.1[6]	2.1[5]

1 Figures including Northern and Eastern European activities, excluding the activities in Belgium and the Netherlands.
2 2012 forecast on the basis of continuing operations in accordance with the 2011 Annual Report, i.e. including the Northern and Eastern European activities, excluding the activities in Belgium and the Netherlands.
3 Figures excluding Northern and Eastern European activities.
4 Including cash and cash equivalents from the Northern and Eastern European business.
5 Excluding cash and cash equivalents from the Northern and Eastern European business.
6 The leverage factor is calculated using net financial debt (as of December 31, 2011) including cash and cash equivalents of the Northern and Eastern European activities of EUR 1,817.8 million and recurring EBITDA excluding the Belgian and Dutch business of EUR 850.0 million.

COMPARISON OF THE ACTUAL AND FORECAST BUSINESS PERFORMANCE FOR THE SEGMENTS[1] (Fig. 23)

	Actual figures 2011	Actual figures 2011	Forecast for 2012	Actual figures 2012	Actual figures 2012
EUR m	Revenues	Recurring EBITDA	Revenues/Recurring EBITDA	Revenues	Recurring EBITDA
Broadcasting German-speaking	1,903.0	657.7	Stable development to slight increase	1,909.5 (+0.3 %)	660.3 (+0.4 %)
Digital & Adjacent[2]	254.4	66.9	Significant increase	351.2 (+38.1 %)	89.7 (+34.1 %)
Content Production & Global Sales[2]	37.7	9.6	Significant increase	95.4 (>+100 %)	4.3 (-55.2 %)

1 The figures relate to continuing operations.
2 As of the end of the 2011 financial year, the activities were still shown in the Diversification segment. This was the basis for the forecast "significant increase".

Explanatory Notes on Reporting Principles

Changes in the Scope of Consolidation, page 73.

Reporting on the basis of continuing operations. In December 2012, the ProSiebenSat.1 Group sold its Northern European television and radio activities to Discovery Communications. As a result of the disposal and the consequent focus on the core areas of German-speaking TV and digital activities, ProSiebenSat.1 Group has also put its Eastern European TV and radio activities up for sale.

The following textual analysis of revenues and performance is made on the basis of continuing operations, i.e. excluding the sold or held-for-sale activities in Northern and Eastern Europe.

As a result of the requirements of IFRS 5, the companies disposed of and those held for sale in Northern and Eastern Europe in the 2012 financial year are posted separately as "discontinued operations" both in the income statement and in the cash flow statement. Consequently, earnings contributions and cash flows of these activities are not contained in the individual items of the income statement and the cash flow statement but are recognized as "Results from discontinued operations" and "Cash flow from discontinued operations". The previous-year figures of the income statement and the cash flow statement have been adjusted accordingly at consolidated and segment level and adjusted not only for the Northern and Eastern European activities but also for the operations disposed of in Belgium and the Netherlands in 2011. For the 2010 financial year, the income statement and the cash flow statement were adjusted only for the figures of the activities disposed of in the 2011 financial year. In the 2011 financial year, the Belgian TV activities and the Dutch TV and Print activities were deconsolidated with the completion of the contracts for the sale of the participations in June and July 2011. This means the income statement items of these companies are separately reported as the result of discontinued operations. For 2011, this result from discontinued operations shows net profit and the profit of deconsolidation after taxes.

In the Group balance sheet, the assets and the liabilities of the held-for-sale operations in Northern and Eastern Europe are reported as "Assets held for sale" and "Liabilities in connection with assets held for sale". The previous year's figures were not adjusted.

At the beginning of the 2012 financial year, the Group adjusted its segment reporting on the basis of its four-pillar strategy. In the first nine months of 2012 financial year, the segment structure of the Group included the segments Broadcasting German-speaking, Broadcasting International, Digital & Adjacent and Content Production & Global Sales. Due to the sale of the Northern European activities and of the Eastern Europe business held-for-sale, which were allocated to the Broadcasting International segment, the Group has reported on the basis of continuing operations only in the segments Broadcasting German-speaking, Digital & Adjacent and Content Production & Global Sales since the fourth quarter of 2012.

Explanatory notes on reporting figures. Recurring EBITDA, EBITDA and net financial debt are the key financial indicators for the ProSiebenSat.1 Group. In addition, analysts often refer to operating costs and underlying net income in their estimates, i.e. net income adjusted for non-cash special items and expenses from the concluded antitrust proceedings. 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. The period or group net income is the net result after taxes, interest, 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.

Due to rounding, it is possible that single figures in these Group financial statements do not exactly add to the totals shown and that the percentage figures given do not exactly reflect the absolute figures they relate to. Change rates are based on a business perspective. Improvements are shown with a plus (+), deterioration with a minus (-).

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 conditions underlying these 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 shares, 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 revenue level transparent. Furthermore, additional advertising budgets are granted at short time notice towards the end of the year.

Development of the advertising market, page 61.

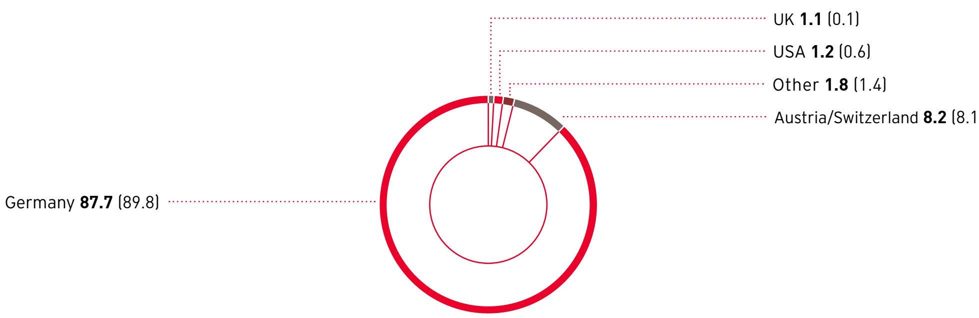
Major Influencing Factors on Financial Position and Performance

Impact of General Conditions on the Business Performance

With a share of 75.7 % (previous year: 80.5 %) in total revenues, the ProSiebenSat.1 Group generated the majority of its revenues from the sale of TV advertising time in the 2012 financial year as well. 89.7 % (previous year: 90.5 %) of this was attributable to the German TV advertising market.

REVENUE PERFORMANCE 2012 FROM CONTINUING OPERATIONS BY REGION (Fig. 24)

In percent, 2011 figures in parentheses



Development of the Advertising Market, page 61.

Economic Environment, page 60, and Risk Report, page 118.

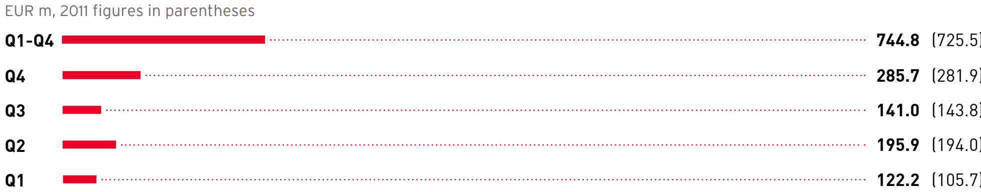
There is a strong correlation between the development of the TV advertising markets and macroeconomic conditions. At the same time, the advertising market often reacts to macroeconomic developments pro-cyclically. For this reason, advertising industry budgets are often allocated in the very short term. Furthermore, advertising business is subject to a strong seasonal fluctuation like virtually no other industry: The ProSiebenSat.1 Group generates a particularly high share of its annual advertising revenues from the TV business in the fourth quarter, because both television use and propensity to spend rise significantly during the Christmas season. Generally, as in 2012, approximately one third (2012: 33.5 %) of annual revenues and approximately 40 % (2012: 38.4 %) of annual recurring EBITDA are generated in the final quarter.

REVENUE PERFORMANCE 2012 FROM CONTINUING OPERATIONS BY QUARTER (Fig. 25)

EUR m, 2011 figures in parentheses

RECURRING EBITDA PERFORMANCE 2012 FROM CONTINUING OPERATIONS BY QUARTER (Fig. 26)

EUR m, 2011 figures in parentheses



In order to make its growth less dependent on cyclical fluctuations in the advertising industry, the ProSiebenSat.1 Group will continue to advance its diversification strategy. Our objective is to open up additional sources of revenues outside the core business, free TV financed by advertising, and to further increase their share in total revenues.

Group Earnings, page 76.

In 2012, economic development in Germany again proved to be considerably more robust than that of its large European neighbors, even though momentum let up somewhat during the year. In this context, there were positive signs for the advertising industry as well. In the year as a whole, the Group posted an increase in TV advertising revenues with its TV station groups in all three German-speaking television markets. Due to the broadcast of the European Football Championship and the Olympic Games in the competing schedules of the public broadcasters, the audience shares of the large German private stations remained below the level of the previous year. This regressive development did not subdue TV advertising income growth significantly. The Group rather implemented moderate price rises and scored with viewers and advertising customers particularly at the important prime time due to outstanding programs such as "The Voice of Germany", with ratings of up to 30.2 %.

The ProSiebenSat.1 Group generated the majority of its revenues (92.9 %) in the euro zone (previous year: 95.2 %). Therefore, currency fluctuations had only a marginal influence on revenues and earnings performance in 2012 as well. 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. In 2012, transaction effects did not have a material impact on the revenues and earnings performance of the Group and its segments. As well as currency-related effects, changing interest rates could impact the company's earnings situation. In the 2012 financial year, the impact was not significant. In 2012, the Group's interest expenses declined considerably year-on-year due to the lower average level of Group debt as well as lower Euribor money market rates.

Risk Report, page 118.

Group Financial Position and Performance, page 83.

Changes in the Scope of Consolidation

Disposal of business activities in Northern Europe. At the end of 2012, the ProSiebenSat.1 Group sold its Northern European television and radio activities to Discovery Communications. The transaction was based on an enterprise value of EUR 1.325 billion. The relevant agreement was signed in the middle of December. The completion of the transaction is still subject to anti-trust approvals and is expected by the middle of April 2013. After the completion of the sale, the Northern European activities, which are shown as discontinued operations in both the income statement and the cash flow statement for 2012, will be deconsolidated. The disposed portfolio covers all TV and radio activities of the Group in Norway, Sweden, Finland and Denmark. The program production unit in Northern Europe (Red Arrow Entertainment Group) is not part of the transaction.

Explanatory Notes on Reporting Principles, page 70.

With the disposal of its Northern European activities, the ProSiebenSat.1 Group is even more strongly focusing on its German-speaking TV and digital activities, the two areas with the highest growth and synergy potential. In this context, the Group has also put its TV and radio activities in Eastern Europe up for sale.

Acquisition of a majority interest in Left/Right Holdings LLC. In August 2012, in the course of the international expansion of its program production business, ProSiebenSat.1 acquired a majority stake in the American production company Left/Right Holdings LLC via the Red Arrow Entertainment Group. Left/Right is one of the leading TV production companies on America's east coast and is Red Arrow's biggest acquisition so far. Left/Right has been fully consolidated since August 2012. With the acquisition, Red Arrow has strengthened its position in the United States, the world's largest TV market.

In 2012, there were no other events which had a significant impact on the earnings, financial position and performance of the Group and its segments. However, the ProSiebenSat.1 Group optimized its portfolio further on the basis of various strategic acquisitions. Alongside the international expansion of the program production business, the Group expanded with participations, particularly in the digital business.

In 2012, these in particular included "media-for-revenue share" and "media-for-equity" deals. Under these contracts, the ProSiebenSat.1 Group invests media services in return for a revenue or equity share in start-up companies. Our Ventures portfolio includes more than 50 partners, including stakes in a wide variety of online companies across the digital and lifestyle spectrum. It thus has a high degree of correlation to the target group characteristics of the ProSiebenSat.1 station family. The majority interests acquired in 2012 include the search machine marketing company Booming GmbH and the price comparison platform preis24.de GmbH. These acquisitions were concluded in May and September 2012 respectively and have since been fully consolidated. In August, the Group acquired the online travel business Tropo GmbH. We also expanded our digital business further with the acquisition of a majority interest in Covus Ventures, a company jointly owned by SevenVentures and the Covus Group, in September 2012. The main objective of Covus Ventures is to form and develop new business models and establish them in the market. Using new ways of generating revenues apart from traditional TV advertising, we are pursuing the objective of participating in the dynamic development of trend and growth markets, at the same time becoming less dependent on the TV advertising market and its economic fluctuations.

The following table gives an overview of selected portfolio measures. You will find further information relating to 2012 events on pages 40 to 41. The impact on reporting is described on page 70.

A detailed explanation of the Group structure can be found on pages 42 to 46. For more information on current changes in the scope of consolidation, refer to the Notes from page 162 onwards. A detailed commentary on reporting in line with IFRS 5 can be found in the chapter Explanatory Notes on Reporting Principles, page 70.

PORTFOLIO MEASURES AND CHANGES IN THE SCOPE OF CONSOLIDATION IN 2012 (Fig. 27)

Broadcasting German-speaking segment	Acquisition of the private Austrian station Austria 9 TV in March 2012 (relaunch as sixx Austria on July 3, 2012) › Fully consolidated since April 2012
Broadcasting International segment	Launch of the new free TV station VOX in Norway in January 2012
	Acquisition of three new radio stations (Radioselskabet af 1/7 2007 ApS, Newradio ApS and Radio Klassisk ApS) by the Danish SBS radio group in June 2012 › Fully consolidated since August 2012
	Launch of the new free TV station Kutonen in Finland in September 2012
	Launch of the new free TV station Super TV2 in Hungary in November 2012
	Disposal of the TV and radio activities in Norway, Sweden, Finland and Denmark. › Purchase agreements signed on December 14, 2012

PORTFOLIO MEASURES AND CHANGES IN THE SCOPE OF CONSOLIDATION IN 2012 – CONTINUED

Digital & Adjacent segment	Foundation of the SugarRay GmbH creative agency (wholly owned subsidiary) › Fully consolidated since February 2012
	Majority interest in the Munich-based search engine marketing company Booming GmbH in May 2012 › Fully consolidated since May 2012
	Launch of the new pay TV station ProSieben FUN in June 2012
	Majority interest in the online travel business Tropo GmbH in August 2012 › Fully consolidated since September 2012
	Majority interest in the price comparison site preis24.de GmbH in September 2012 › Fully consolidated since September 2012
	Majority interest in Covus Ventures GmbH, a company jointly owned by SevenVentures and the Covus Group › Fully consolidated since October 2012
Content Production & Global Sales segment	Majority interest in British production company CPL Productions Ltd. in February 2012 › Fully consolidated since March 2012
	Majority interest in the British TV and film production company Endor Productions Ltd. in March 2012 › Fully consolidated since April 2012
	Majority interest in the British production company New Entertainment Research and Design Ltd. (NERD TV) in May 2012 › Fully consolidated since June 2012
	Majority interest in the Israeli production company July August Communications and Productions Ltd. in May 2012 › Fully consolidated since June 2012
	Majority interest in the US production company Left/Right Holdings LLC in August 2012 › Fully consolidated since August 2012
	Red Arrow International opens branch in Hong Kong › Fully consolidated since December 2012

PORTFOLIO MEASURES AND CHANGES IN THE SCOPE OF CONSOLIDATION IN 2011 (Fig. 28)

Broadcasting International segment	Launch of PRO4 in Hungary in January 2011
	Sale of the TV and print 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
	Disposal of the Greek radio station Lampsi FM › Deconsolidation in September 2011
	Sale of Bulgarian radio stations › Deconsolidation in November 2011
	Sale of the Bulgarian music channel the Voice TV › Deconsolidation in November 2011
Digital & Adjacent segment	Acquisition of a further 50 % of maxdome GmbH & Co. KG › 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
	Transmission of the call TV station 9Live discontinued in August 2011
Content Production & Global Sales segment	Majority interest in the British production company, The Mob Film Holdings Limited., in March 2011 › Fully consolidated since April 2011
	Majority interest in the US production company Fabrik Entertainment 2.0 LLC (previously Fuse Entertainment) › Fully consolidated since December 2011
	Majority interest in the Swedish production company Hard Hat AB › Affiliated company as of December 2011, fully consolidated as of January 2012

Group Earnings

Explanatory Notes on Reporting Principles, page 70, Changes in the Scope of Consolidation, page 73.

The following analysis of the revenue and earnings performance in 2012 relates to continuing operations, unless otherwise indicated.

The reconciliation below gives an overview of selected key figures in the income statement, taking into account the business held for sale in Northern and Eastern Europe.

KEY FIGURES OF THE PROSIEBENSAT.1 GROUP FOR 2012 (Fig. 29)

	ProSiebenSat.1 including discontinued operations		Discontinued operations		ProSiebenSat.1 continuing operations	
EUR m	**2012**	2011	**2012**	2011	**2012**	2011
Revenues	2,969.1	2,975.2	612.9	776.0	2,356.2	2,199.2
Operating costs[1]	2,111.0	2,083.6	486.4	600.8	1,624.6	1,482.9
Total costs	2,389.3	2,339.6	620.5	711.7	1,768.8	1,628.0
Cost of sales	1,607.3	1,641.5	340.9	456.1	1,266.4	1,185.4
Selling expenses	354.3	364.0	124.4	155.9	229.9	208.1
Administrative expenses	316.0	305.3	72.1	93.2	243.9	212.1
Other operating expenses	111.7	28.8	83.1	6.5	28.6	22.4
EBIT	593.7	990.9	-7.2	410.4	600.9	580.5
Recurring EBITDA[2]	871.7	901.1	126.9	175.7	744.8	725.5
Non-recurring items[3]	-78.3	238.2	-13.9	311.2	-64.4	-73.0
EBITDA	793.4	1,139.3	113.0	486.8	680.4	652.5
Consolidated net profit attributable to shareholders of ProSiebenSat.1 Media AG	295.0	637.5	-29.7	373.3	324.7	264.2
Underlying net income[4]	415.1	685.3	59.6	412.9	355.5	272.4

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 effects of purchase price allocation and non-cash currency valuation effects as well as expenses incurred for the antitrust proceedings in 2012.

Explanation of reporting principles in the fourth quarter or the 2012 financial year: The figures for 2012 relate to the key figures from continuing operations reported in line with IFRS 5, i.e. not taking into account the sold or held-for-sale activities in Scandinavia and Eastern Europe. For the income statement and the cash flow statement, the figures for 2011 were also adjusted for the figures of the activities in Belgium and the Netherlands disposed of in 2011. For the 2010 financial year, the income statement and the cash flow statement were adjusted only for the figures of the activities disposed of in the 2011 financial year. In the 2011 financial year, the Belgian TV activities and the Dutch TV and Print activities were deconsolidated with the completion of the contracts for the sale of the participations in June and July 2011. This means the income statement items of these companies are separately reported as the result of discontinued operations. For 2011, this result from discontinued operations shows net profit and the profit of deconsolidation after taxes.

KEY FIGURES OF THE PROSIEBENSAT.1 GROUP FOR THE FOURTH QUARTER OF 2012 (Fig. 30)

	ProSiebenSat.1 including discontinued operations		Discontinued operations		ProSiebenSat.1 continuing operations	
EUR m	**Q4 2012**	Q4 2011	**Q4 2012**	Q4 2011	**Q4 2012**	Q4 2011
Revenues	970.4	874.2	181.0	161.8	789.3	712.4
Operating costs[1]	657.0	560.8	147.5	126.1	509.5	434.7
Total costs	791.6	631.3	237.5	164.6	554.1	466.7
Cost of sales	492.7	451.8	105.3	109.6	387.4	342.3
Selling expenses	108.1	87.8	32.2	32.9	76.0	54.9
Administrative expenses	88.6	82.5	25.4	15.7	63.2	66.8
Other operating expenses	102.2	9.2	74.7	6.5	27.6	2.7
EBIT	185.0	237.9	-56.4	-11.5	241.3	249.3
Recurring EBITDA[2]	319.4	317.8	33.7	35.8	285.7	281.9
Non-recurring items[3]	-25.0	-42.8	-8.5	-27.4	-16.5	-15.4
EBITDA	294.4	275.0	25.2	8.5	269.3	266.5
Consolidated net profit attributable to shareholders of ProSiebenSat.1 Media AG	99.0	129.9	-78.6	-36.3	177.6	166.2
Underlying net income[4]	174.0	151.7	-4.9	-24.2	178.9	175.9

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 effects of purchase price allocation and non-cash currency valuation effects as well as expenses incurred for the antitrust proceedings in 2012.

Explanation of reporting principles in the fourth quarter or the 2012 financial year: The figures for 2012 relate to the key figures from continuing operations reported in line with IFRS 5, i.e. not taking into account the sold or held-for-sale activities in Scandinavia and Eastern Europe. For the income statement and the cash flow statement, the figures for 2011 were also adjusted for the figures of the activities in Belgium and the Netherlands disposed of in 2011. For the 2010 financial year, the income statement and the cash flow statement were adjusted only for the figures of the activities disposed of in the 2011 financial year. In the 2011 financial year, the Belgian TV activities and the Dutch TV and Print activities were deconsolidated with the completion of the contracts for the sale of the participations in June and July 2011. This means the income statement items of these companies are separately reported as the result of discontinued operations. For 2011, this result from discontinued operations shows net profit and the profit of deconsolidation after taxes.

Revenue and Earnings Performance on the Basis of Continuing Operations

In 2012, the ProSiebenSat.1 Group's **consolidated revenues** grew by 7.1% or EUR 157.1 million to EUR 2.356 billion. All segments made a contribution to this positive revenue performance. In the fourth quarter, which is seasonally most important, the Group generated 33.5% of its annual revenues in the reporting period.

Segment Reporting, page 94.

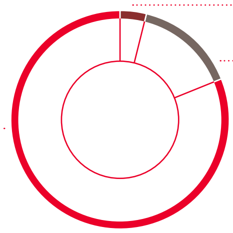
The highest contribution to the increase in revenues in 2012 was made by the ProSiebenSat.1 Group's growth areas. These include all of the Group's revenue models outside the traditional TV advertising business. They are shown in the Digital & Adjacent and Content Production & Global Sales segments. The Group's digital and adjacent activities were the strongest growth driver in 2012. Here, the Ventures unit with the media-for-revenues-share business model made the most important contribution. The music business, the video-on-demand portal maxdome and the online games business also contributed to the dynamic revenue performance. At EUR 446.7 million, the contribution of the Digital & Adjacent and Content Production & Global Sales segments to consolidated revenues increased year-on-year to 19.0% in total (previous year: 13.3%).

In the core business of advertising-financed free TV — recognized in the Broadcasting German-speaking segment — the revenues of EUR 1.910 billion remained at the previous year's level (+0.3%). This corresponds to a share of 81.0% (previous year: 86.7%) of consolidated annual revenues.

This means that the proportion of revenues sources has shifted further in favor of the Group's growth areas:

REVENUES BY SEGMENT FROM CONTINUING OPERATIONS (Fig. 31)

In percent, 2011 figures in parentheses



Notes, page 194.

Other operating income amounted to EUR 13.4 million after EUR 9.3 million in the comparative period (+44.8 %).

In 2012, the ProSiebenSat.1 Group consistently invested in growth areas such as new TV stations, the global expansion of the program production portfolio and the development of the digital business. As a result, costs increased as expected in the year under review. **Total costs** of the Group, comprising cost of sales, selling expenses and administrative expenses, as well as other operating expenses, increased by 8.6 % or EUR 140.8 million in the reporting period to EUR 1.769 billion.

The majority of the cost increase can be attributed to higher **cost of sales**, which increased by 6.8 % or EUR 81.0 million to EUR 1.266 billion in total. The main reason for this is higher production costs in the Digital & Adjacent and Content Production & Global Sales growth areas. They increased by 61.5 % or EUR 64.5 million to EUR 169.3 million (previous year: EUR 104.8 million). In addition to this increase in the cost of sales, higher depreciation and amortization of property, plant and equipment of intangible assets, which increased by EUR 12.2 million to EUR 37.1 million (previous year: EUR 24.9 million), also had an effect. On the other hand, the consumption of programming assets, included in cost of sales, decreased by 3.0 % to EUR 838.7 million (previous year: EUR 864.3 million). The previous-year figure includes unscheduled impairments taken on the programming assets of 9Live.

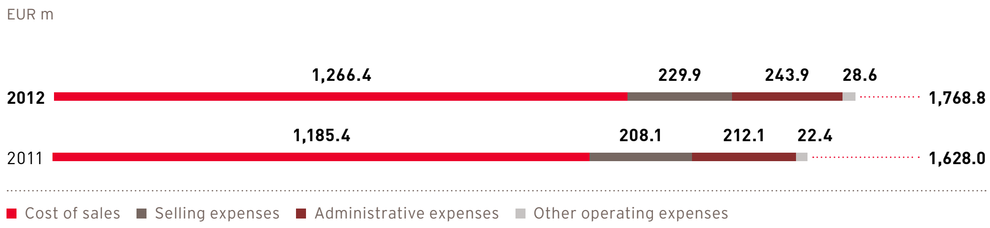
Administrative expenses increased by 15.0 % or EUR 31.8 million to EUR 243.9 million. **Selling expenses** rose by 10.4 % to EUR 229.9 million (previous year: EUR 208.1 million).

Other operating expenses amounted to EUR 28.6 million, 27.9 % or EUR 6.2 million higher than in the comparative period. The previous-year figure includes impairments of EUR 11.2 million on the brand value of 9Live and impairments or losses of EUR 9.3 million in connection with the disposal of subsidiaries in Greece and Bulgaria.

For further information, refer to the Risk Report, page 118, and Notes, page 193 and 223.

Total costs include non-recurring expenses of EUR 64.7 million (previous year: EUR 73.1 million). At EUR 33.5 million, the majority of the non-recurring expenses are connected to the antitrust proceedings concluded in the fourth quarter 2012 and provisions for additional payments to bestseller authors. The non-recurring expenses are reported under other operating expenses or in cost of sales. Other non-recurring expenses arose from acquisitions in the Group's growth areas and in the course of consulting projects.

TOTAL COSTS FROM CONTINUING OPERATIONS (Fig. 32)



In 2012, the ProSiebenSat.1 Group posted a total increase in depreciation and amortization of 10.4 % to EUR 79.5 million (previous year: EUR 72.0 million). This includes amortization of intangible assets of EUR 55.2 million (previous year: EUR 51.0 million) and depreciation of property, plant and equipment of EUR 24.3 million (previous year: EUR 21.0 million).

Operating costs – total costs adjusted for non-recurring expenses and depreciation and amortization – increased by 9.6 % or EUR 141.7 million to EUR 1.625 billion for the reasons given. While operating costs posted an increase in the growth areas due to the expansion of business activities and as a result of investments and acquisitions, in the existing core business they remained almost at the previous year's level (+1.1 %). This is the result of consistent cost management with the goal of using resources efficiently by bundling them.

RECONCILIATION OF OPERATING COSTS FROM CONTINUING OPERATIONS (Fig. 33)

EUR m	2012	2011
Total costs	1,768.8	1,628.0
Non-recurring expenses	-64.7	-73.1
Depreciation and amortization[1]	-79.5	-72.0
Operating costs	**1,624.6**	1,482.9

1 Depreciation, amortization and impairment of intangible assets and property, plant and equipment.

Glossary, page 262.

Glossary, page 262.

Revenue growth resulted in an increase of EBITDA before and after non-recurring items. **EBITDA** year-on-year increased by 4.3 % to EUR 680.4 million (previous year: EUR 652.5 million). It includes the income-reducing non-recurring expenses described above amounting to EUR 64.7 million (previous year: EUR 73.1 million), which are offset by non-recurring income of EUR 0.2 million (previous year: EUR 0.1 million). **Recurring EBITDA** adjusted for these non-recurring effects grew by 2.7 % to EUR 744.8 million (previous year: EUR 725.5 million). The recurring EBITDA margin was 31.6 % (previous year: 33.0 %).

The following table shows a reconciliation of EBITDA before and after non-recurring effects:

RECONCILIATION OF RECURRING EBITDA FROM CONTINUING OPERATIONS (Fig. 34)

EUR m	2012	2011
Profit before income taxes	456.5	347.8
Financial result	-144.4	-232.7
EBIT	**600.9**	**580.5**
Depreciation and amortization[1]	79.5	72.0
Thereof from purchase price allocations	4.4	22.9
EBITDA	**680.4**	**652.5**
Non-recurring items[2]	64.4	73.0
Recurring EBITDA	**744.8**	**725.5**

1 Depreciation/amortization and impairment of intangible assets and property, plant and equipment.
2 Non-recurring expenses of EUR 64.7 million (previous year: EUR 73.1 million) less non-recurring income of EUR 0.2 million (previous year: EUR 0.1 million).

In 2012, the **financial result** improved by a considerable 37.9 % or EUR 88.3 million to minus EUR 144.4 million. The change is based on the positive development of the interest result and the other financial result. The interest result improved by 22.3 % or EUR 43.9 million to minus EUR 153.2 million. Lower interest expenses resulting from the lower average level of Group debt and lower interest rate levels had a positive effect here. The other financial result improved by EUR 37.3 million to minus EUR 1.5 million (previous year: minus EUR 38.8 million). The previous year's figure includes one-off expenses in connection with the maturity extension and the early repayment of loans as well as the related unwinding of interest rate hedges.

Glossary, page 262.

In 2012, the ProSiebenSat.1 Group increased its **earnings before taxes** significantly by 31.2 % or EUR 108.7 million to EUR 456.5 million. In addition to the revenue growth, the improvement of the financial result had a major positive effect on the pre-tax result. After income taxes of EUR 127.4 million (previous year: EUR 76.7 million), the Group generated **net income** from continuing operations of EUR 329.1 million (previous year: EUR 271.1 million). The tax rate was 27.9 % (previous year: 22.1 %). The **net profit after taxes and non-controlling interests from continuing operations** rose to EUR 324.7 million and thus exceeded the previous year figure by 22.9 % or EUR 60.5 million. **Underlying net income from continuing operations** increased by 30.5 % or EUR 83.1 million year-on-year to EUR 355.5 million. Underlying net income is adjusted for non-cash special items as well as expenses of EUR 27.7 million from the concluded antitrust proceedings. Underlying net income results in basic earnings per preference share for continuing operations of EUR 1.69 (previous year: EUR 1.29); the adjusted basic earnings per common share for continuing operations amount to EUR 1.67 (previous year: EUR 1.28).

RECONCILIATION OF UNDERLYING NET INCOME FROM CONTINUING OPERATIONS (Fig. 35)

EUR m	2012	2011
Consolidated net profit (after non-controlling interests)	324.7	264.2
Amortization from purchase price allocations (after tax)[1]	3.1	3.5
Impairment in connection with original purchase price allocations (after tax)[2]	-/-	13.9
Valuation effects from the first time consolidation of maxdome	-/-	-18.2
Impairment of ZeniMax	-/-	9.0
Expenses from the concluded antitrust proceedings	27.7	-/-
Underlying net income	**355.5**	**272.4**

1 Amortization of purchase price allocations before tax: EUR 4.4 million (previous year: EUR 4.5 million).
2 Impairment before tax: EUR 0.0 million (previous year: EUR 18.4 million).

Revenue and Earnings Performance Including Discontinued Operations

Consolidated revenues including discontinued operations in Northern and Eastern Europe at EUR 2.969 billion remained at the previous year's level of EUR 2.975 billion. The corresponding **recurring EBITDA** fell by 3.3 % to EUR 871.7 million (previous year: EUR 901.1 million). The previous year's figures include earnings contributions, deconsolidation effects and profit from the sale of the subsidiaries in Belgium and the Netherlands amounting to EUR 375.0 million. The Belgian and the Dutch activities were deconsolidated in June and July 2011.

Including discontinued operations, **EBITDA** was EUR 793.4 million. The previous year figure of EUR 1,139 billion is determined by the proceeds from the disposal of the Belgian and Dutch activities in the amount of EUR 335.8 million. The EBITDA including discontinued operations in the year of 2012 contains non-recurring items of minus EUR 78.3 million (previous year: EUR 238.2 million). Non-recurring expenses primarily arose from the antitrust proceedings concluded in the fourth quarter of 2012 and provisions for additional payments to bestseller authors. Other non-recurring items resulted from the process of disposing of the Northern and Eastern European TV and radio activities.

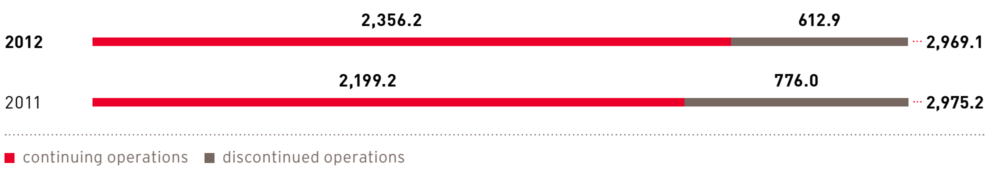
For further information, refer to the Risk Report, page 118, and Notes, page 193 and 223.

Earnings from discontinued operations before taxes decreased by EUR 412.2 million to minus EUR 6.2 million. This takes into account the earnings contributions from the activities in Northern and Eastern Europe for 2012.

Overall, **net profit after taxes and non-controlling interests including discontinued operations** decreased to EUR 295.0 million. This equates to a decline of 53.7 % or EUR 342.5 million. The previous-year figure includes the high tax-free profit of EUR 335.8 million from the sale of the Dutch and Belgian operations. Adjusted for the impairment on goodwill of the Eastern European activities of EUR 57.4 million, other non-cash items such as amortization from purchase price allocations (PPA) after tax of EUR 35.0 million, and additional expenses of EUR 27.7 million from the concluded antitrust proceedings, **underlying net income including discontinued operations** reached EUR 415.1 million (previous year: EUR 685.3 million).

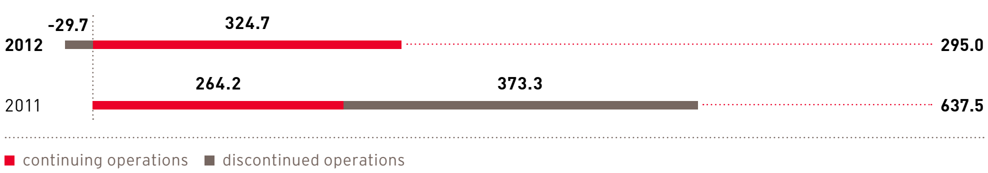
RECONCILIATION OF REVENUES INCLUDING DISCONTINUED OPERATIONS (Fig. 36)

EUR m



RECONCILIATION OF CONSOLIDATED NET PROFIT AFTER MINORITY INTERESTS INCLUDING DISCONTINUED OPERATIONS (Fig. 37)

EUR m



Group Financial Position and Performance

Principles and Objectives of Financial Management

Risk control and the centralized management are key principles of 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,
- to manage its financial risks by using derivative financial instruments.

Glossary, page 262.

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.

- 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 particular priority.

Glossary, page 262.

- As part of its **cash and liquidity management**, the Group optimizes and centralizes cash flows and secures liquidity across the Group. Cash pooling is an important tool here. 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 centrally managed interest rate and currency management. The objective is 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 exclusively for hedging purposes.

Financial risks, page 129.

- 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 purpose, the Group draws on external ratings supplied by international agencies. The Group's risk with respect to financial institutions primarily arises from its investment of cash and cash equivalents and from its use of derivatives as part of its interest-rate and currency management activities.

Borrowings

Changes in the Scope of Consolidation, page 73, Explanatory Notes on Reporting Principles, page 70.

Glossary, page 262.

In December 2012, the ProSiebenSat.1 Group sold its television and radio activities in Northern Europe. The Group intends to use part of the sales proceeds totaling EUR 500 million to repay term loans under the syndicated facilities agreement of the ProSiebenSat.1 Group ahead of maturity. In 2011, as a result of the disposal of the TV and print activities in Belgium and the Netherlands, the ProSiebenSat.1 Group already prepaid a third of its term loans totaling EUR 1.2 billion, at the same time extending a significant portion of its remaining loans to July 2016. The Group thus improved its capital structure on a sustained basis.

Financing Structure

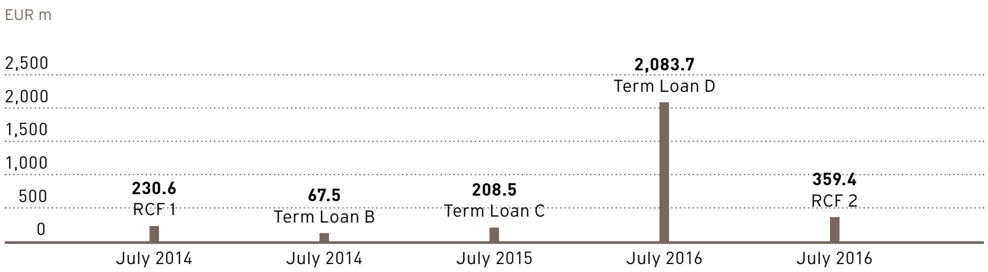
As of December 31, 2012, the financial debt of the ProSiebenSat.1 Group comprised 59.9 % non-current loans and borrowings (December 31, 2011: 65.0 %) and 5.9 % current loans and borrowings (December 31, 2011: 0.0 %).

Glossary, page 262.

An essential part of the Group's funding comprises secured term loans (Term Loan B, C and 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), which has been divided into two tranches with differing maturities since May 2012.

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.

DEBT FINANCING AND MATURITIES AS OF DECEMBER 31, 2012 (Fig. 38)



- As of December 31, 2012, the nominal value of the **term loans** was unchanged at EUR 2.360 billion.

- The available amount of the **revolving credit facility** has been reduced from its original amount of EUR 600.0 million to the current level of EUR 590.0 million (December 31, 2011: EUR 568.4 million). This is due to the default of certain lenders as a result of the financial crisis. At the end of May 2012, the ProSiebenSat.1 Group extended the maturity of the major portion of this credit facility to July 2016, and issued as the new RCF 2. The remaining facility amount (RCF 1) continues to mature in July 2014. To the end of the year, further portions of the RCF 1 were extended. In this context, as of the reporting date, the RCF 2 amounted to EUR 359.4 million and RCF 1 was EUR 230.6 million.

  As of December 31, 2012, the cash drawing on the revolving credit facilities was EUR 230.6 million. As of the reporting date, the Group had total available facilities of EUR 359.4 million (December 31, 2011: EUR 548.4 million). The Group can draw down these facilities on a revolving basis for general corporate purposes.

Further information on leasing arrangements, Notes, page 178.

  Furthermore, the ProSiebenSat.1 Group has concluded lease contracts for property 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. The real estate leases end in 2019 at the earliest. There are also smaller-scale leases for technical equipment. The ProSiebenSat.1 Group reported liabilities under finance leases totaling EUR 98.8 million as of December 31, 2012 (previous year: EUR 101.0 million). There were no other significant off-balance sheet financing instruments.

The interest rates payable on 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.

› At the reporting date, the **credit margin** was 2.5 % per annum for Term Loan D and 1.875 % per annum for Term Loan C. The credit margin for Term Loan B and the revolving credit facility (RCF 1 and RCF 2) depend on the leverage factor. For Term Loan B and the RCF 1, it amounted to 1.0 % per annum as of December 31, 2012 (previous year: 1.0 % per annum) and 2.0 % per annum for the new RCF 2.

Glossary, page 262.

Financial Result, page 80.

› Risks from the change of variable interest rates are hedged with various hedging instruments in the form of interest rate swaps. As of December 31, 2012, the hedge ratio for all non-current loans and borrowings was almost 68 % (December 31, 2011: almost 100 %). On December 31, 2012, the average fixed-interest swap rate was around 3.9 % per year (previous year: Around 4.6 % per year). In 2012 financial year, Group interest expenses declined by a total of EUR 49.2 million to EUR 156.2 million. This is due to the lower average level of Group debt as well as lower **Euribor money market rates** compared to the previous year.

GROUP-WIDE CORPORATE FINANCING (Fig. 39)

Glossary, page 262.

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 prepayment 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 provide the ProSiebenSat.1 Group with more flexibility for future financing. In 2012, the ProSiebenSat.1 Group extended the maturity of the major portion of the EUR 359.4 million credit facility until July 2016 (new RCF 2).

The syndicated facilities agreement for Term Loans B, C and D and the revolving credit facility (RCF 1 and RCF 2) requires the ProSiebenSat.1 Group to comply with certain 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.

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.

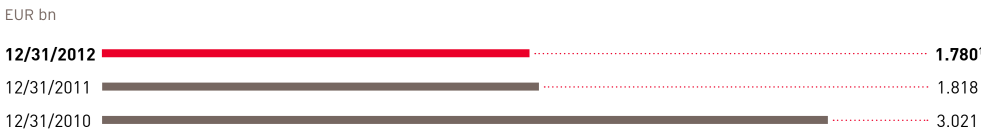
In the event that ownership control of the ProSiebenSat.1 Media AG changes (change of control), the lenders may demand a termination of the facilities agreement and repayment of all outstanding amounts within a certain period after the change of control takes place. In addition, the facilities agreement includes a number of standard market obligations which, subject to extensive exceptions and among other elements, limit ProSiebenSat.1 Group's ability to provide 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 provide 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

Explanatory Notes on Reporting Principles, page 70.
Cash and Cash Equivalents, page 87.
Glossary, page 262.

In 2012, before reclassification of cash and cash equivalents from the Northern and Eastern European business, **net financial debt** decreased by 2.1% or EUR 37.4 million to EUR 1.780 billion. In view of the reclassification of cash and cash equivalents from the Northern and Eastern European business totaling EUR 90.4 million, net financial debt increased by 2.9 % or EUR 53.0 million to EUR 1.871 billion.

GROUP NET FINANCIAL DEBT (Fig. 40)



1 Before reclassification of cash and cash equivalents from the Northern and Eastern European business.

Glossary, page 262.

The **leverage factor** is within the defined target range of 1.5 to 2.5 times, with the value having again improved on the previous year. Thus the ratio of net financial debt before reclassification of cash and cash equivalents from the Northern and Eastern European business to recurring EBITDA of the last twelve months (LTM recurring EBITDA) was 2.0 times on the reporting date (December 31, 2011: 2.1 times). This is the result of improved earnings.

RATIO NET FINANCIAL DEBT BEFORE RECLASSIFICATION TO LTM RECURRING EBITDA (Fig. 41)

Leasing commitments are not included when calculating the leverage factor.
1 Before reclassification of cash and cash equivalents from the Northern and Eastern European business.

Analysis of Liquidity and Capital Spending

Glossary, page 262.

The ProSiebenSat.1 Group's cash flow statement shows the generation and use of cash flows. 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 in the statement of financial position as of December 31, 2012 and December 31, 2011 respectively.

Unless otherwise stated, the following textual analysis of liquidity and capital spending relates to cash flow from continuing operations of the ProSiebenSat.1 Group. The reconciliation below provides an overview of selected key ratios in the cash flow statement, taking account of the discontinued television and radio activities in Northern and Eastern Europe.

CASH FLOW STATEMENT (Fig. 42)

EUR m	Q4 2012	Q4 2011	2012	2011
Result from continuing operations	**177.8**	**166.1**	**329.1**	**271.1**
Result from discontinued operations	**-78.7**	**-36.2**	**-30.2**	**373.2**
Cash flow	593.9	594.9	1,863.2	1,916.3
Change in working capital	51.0	15.8	-32.8	-17.7
Dividends received	-/-	-/-	5.5	3.3
Income tax paid	-38.5	-8.0	-129.1	-102.1
Interest paid	-34.5	-44.5	-160.0	-204.4
Interest received	0.5	2.2	1.6	7.1
Cash flow from operating activities of continuing operations	**470.3**	**460.3**	**1,202.1**	**1,174.5**
Cash flow from operating activities of discontinued operations	**124.1**	**96.3**	**363.1**	**182.4**
Cash flow from investing activities of continuing operations	**-207.5**	**-222.8**	**-945.8**	**-973.4**
Cash flow from investing activities of discontinued operations	**-100.6**	**-74.4**	**-317.9**	**1,122.1**
Free cash flow from continuing operations	**262.8**	**237.5**	**256.3**	**201.2**
Free cash flow from discontinued operations	**23.5**	**21.9**	**45.2**	**1,304.5**
Free cash flow	**286.3**	**259.4**	**301.5**	**1,505.7**
Cash flow from financing activities of continuing operations	**1.2**	**-0.6**	**-30.9**	**-1,724.2**
Cash flow from financing activities of discontinued operations	**-0.4**	**-/-**	**-0.8**	**-0.4**
Effect of foreign exchange rate changes of continuing operations on cash and cash equivalents	-0.7	1.6	2.5	-1.4
Effect of foreign exchange rate changes of discontinued operations on cash and cash equivalents	0.1	0.1	2.4	-2.4
Change in cash and cash equivalents total	286.4	260.6	274.8	-222.8
Cash and cash equivalents at beginning of reporting period	506.3	257.3	517.9	740.7
Minus held-for-sale cash and cash equivalents at end of reporting period	-90.4	-/-	-90.4	-/-
Cash and cash equivalents at end of reporting period	**702.3**	**517.9**	**702.3**	**517.9**

Glossary, page 262.

Group Earnings, page 76.

Cash flow from operating activities: In 2012, operating cash flow from continuing operations was EUR 1.202 billion. This equals a year-on-year increase of 2.3 % or EUR 27.6 million. Higher consolidated net profit positively impacted cash flow from operating activities. Increased cash flow was driven not only by improved business performance, but also by lower interest payments in comparison to the previous year and lower other financing costs. On the other hand, tax payments increased to EUR 129.1 million (previous year: EUR 102.1 million). Furthermore, changes in working capital and thus capital tied up partially compensated the rise in operating cash flow. The change in working capital amounted to minus EUR 32.8 million (previous year: minus EUR 17.7 million).

Cash flow from investing activities: Investing activities resulted in outflows of EUR 945.8 million, a slight year-on-year decline of 2.8 % or EUR 27.5 million compared to 2011. The core area of investing activities within the ProSiebenSat.1 Group is the acquisition of programming rights.

In 2012, cash outflow from acquiring programming rights was EUR 843.3 million, down 10.2 % or EUR 95.5 million year-on-year. The decline resulted from lower investments in acquiring licensed formats. Parallel to acquiring licenses, the Group secures its attractive supply of programming with commissioned productions and own productions. Investments in commissioned productions increased in 2012. Own formats are based on the development and implementation of inhouse ideas and are primarily produced with a view to being broadcast in the near future. For this reason, they are recognized immediately as an expense in the cost of sales and do not constitute investments. Commissioned and own productions sharpen the station profile and contribute to improving cost efficiency and creating Group-wide synergies. For this reason, the expansion of the Red Arrow Entertainment Group, which has broadened its program production portfolio considerably in the last few months, is an important step.

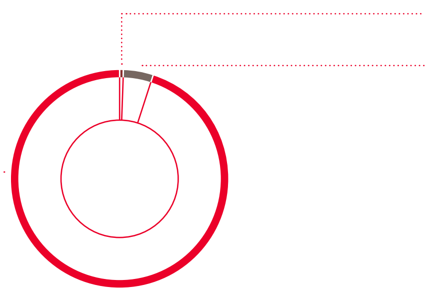
In the 2012 financial year, the majority of programming investments were made in the Broadcasting German-speaking segment, with EUR 842.0 million or 99.8 % (previous year: EUR 933.7 million or 99.5 %). In addition, in the 2012 financial year, ProSiebenSat.1 made investments of EUR 59.9 million in intangible assets (+68.0 % year-on-year) and EUR 28.5 million in property, plant and equipment (+42.2 % year-on-year). The focus of investing activities in respect to intangible assets was the Digital & Adjacent growth segment, which received approximately two thirds of investments. They mainly went into the acquisition of licenses in the Online Games business. For example, in 2012, ProSiebenSat.1 Games secured exclusive licenses for the European distribution of online games from the US games developer Sony Online Entertainment. The games business is the fastest growing entertainment sector in the world and is therefore one of the ProSiebenSat.1 Group's most important growth drivers in the digital business. Almost all investments made in property, plant and equipment (91.1 %) were in the Broadcasting German-speaking segment. They mainly relate to technical facilities and advance payments.

For information on the consumption of programming assets, refer to the "Group Earnings" chapter, page 76.

The stated cash flows from investing activities had the following breakdown by segment: 95.0% (previous year: 97.1%) of investments in programming assets, intangible assets and property, plant and equipment were made in the Broadcasting German-speaking segment, the most important segment of the Group in terms of revenues. The Digital & Adjacent and Content Production & Global Sales segments received 4.6% (previous year: 2.6%) and 0.4% (previous year: 0.2%) of investments respectively.

INVESTMENTS BY SEGMENT FROM CONTINUING OPERATIONS (Fig. 43)

In percent, 2011 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.

Changes in the Scope of Consolidation, page 73.

Cash outflow from additions to the scope of consolidation in 2012 increased by a total of 65.1% or EUR 10.7 million to EUR 27.1 million (previous year: EUR 16.4 million). In the 2012 financial year, the ProSiebenSat.1 Group primarily strengthened its program production unit and its digital business strategically.

With its acquisition of majority interests in the American production company Left/Right and in the British production firms CPL Productions, Endor Productions and NERD TV, Red Arrow Entertainment Group expanded its portfolio, thus strengthening its presence in the key markets of USA and Great Britain. With a majority holding in the production company July August Productions, Red Arrow also entered the Israeli TV market, one of the world's most creative TV markets. The Group also used the growth opportunities in the Digital & Adjacent segment. The Group thus extended its Ventures business, acquiring majority interests in the search engine marketing company Booming, the price comparison platform preis24.de and the travel agency Tropo. Through participations in the form of media-for-equity deals, ProSiebenSat.1 secures access to new markets, without having to make any larger cash investments.

Assets resulting from initial consolidations are not reported as segment-specific investments. The liquid funds used for the acquisition of the initially consolidated companies are shown as cash outflow from additions to the scope of consolidation.

There were no noteworthy disinvestments in the financial year. In the previous year, cash flows were generated from the disposal of radio stations in Greece and Bulgaria.

Glossary, page 262.

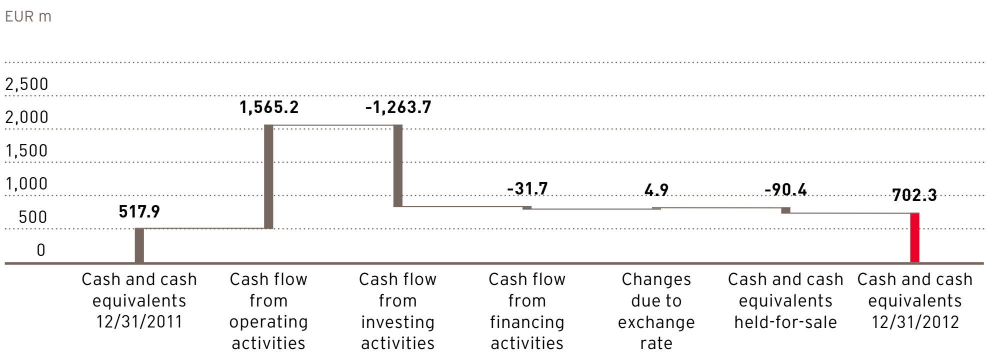
Free cash flow: Free cash flow as the surplus cash generated is a key ratio for assessing the financial strength of the ProSiebenSat.1 Group. In 2012, on the basis of continuing operations this figure increased by EUR 27.4 % to EUR 256.3 million (previous year: EUR 201.2 million). This was equally supported by improved operating cash flow and lower investment volume. Including discontinued operations, free cash flow was EUR 301.5 million after EUR 1.506 billion in the previous year. The comparably high previous-year figure includes cash flow from the sale of the Dutch TV and printing activities (EUR 1.459 billion).

Cash flow from financing activities: In respect to financing activities in the 2012 financial year, the Group's cash inflows were principally due to draw-downs of EUR 230.6 million of the revolving credit facility (previous year: EUR 0.0 million). An effect in the opposite direction was an outflow due to the dividend payment of EUR 245.7 million (previous year: EUR 241.2 million). This resulted in cash flow from financing activities from continuing operations of EUR 30.9 million. In 2011, cash flow from financing activities was minus EUR 1.724 billion. The high outflows in the previous year were largely the result of the partial term loan repayment of EUR 1.2 billion, the full repayment of the revolving credit facility amounting to EUR 230.0 million and the dividend payment of EUR 241.2 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 pages 83f.

Cash and cash equivalents: The overall cash flows described resulted in a considerable increase of cash and cash equivalents compared to the previous year reporting date. Cash and cash equivalents thus increased year-on-year by 35.6 % or EUR 184.4 million to EUR 702.3 million (previous year: EUR 517.9 million). In the fourth quarter – the reporting period with the highest revenues and cash flow – the Group generated cash and cash equivalents totaling EUR 286.4 million (previous year: EUR 260.6 million). Thus, the ProSiebenSat.1 Group has a comfortable level of liquidity.

CHANGE IN CASH AND CASH EQUIVALENTS (Fig. 44)



Changes in the Scope of Consolidation, page 73.

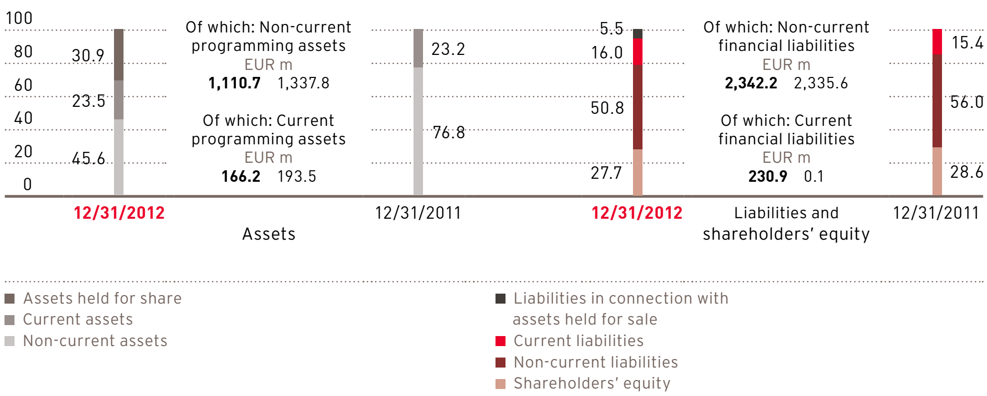
Explanatory Notes on Reporting Principles, page 70.

Analysis of Assets and Capital Structure

The held-for-sale activities in Northern and Eastern Europe led to structural changes of the Group balance sheet compared to December 31, 2011. Thus the asset and liability items of the Northern and Eastern European subsidiaries were reported in the relevant current balance sheet items as of the reporting date, with the assets and liabilities of these business activities being reclassified to the respective "Assets held for sale" and "Liabilities in connection with assets held for sale" items. The previous-year figures are not adjusted.

BALANCE SHEET STRUCTURE (Fig. 45)

in percent



As of December 31, 2012, total assets amounted to EUR 5.413 billion (December 31, 2011: EUR 5.034 billion). This corresponds to an increase of 7.5 % compared to the previous-year reporting date. The rise in total assets is mainly due to higher cash and cash equivalents. Adjusted for the mentioned reclassification effect, higher intangible assets and an increase in programming assets resulted in total assets increasing. Significant value changes to balance sheet items compared to December 31, 2011 are outlined below. To achieve a better comparison, the effects from the reclassification of the Northern and Eastern European subsidiaries are described as "Assets held for sale" and "Liabilities in connection with assets held for sale" in addition to the change to the reported balance sheet items.

Non-current and current assets: Compared to December 31, 2011, intangible assets decreased by 51% to EUR 1.063 billion (previous year: EUR 2.169 billion). The share of intangible assets in total assets declined to 19.6 % (December 31, 2011: 43.1%). Without the reclassification effect, there would have been an increase of EUR 38.2 million, equivalent to 1.8 %. Key factors were first-time consolidations in the course of expanding the international program production portfolio. In the context of first-time consolidations, goodwill totaling EUR 56.1 million was recognized.

Glossary, page 262.

Alongside intangible assets, programming assets are the most important assets of the ProSiebenSat.1 Group with a 23.6 % share of total assets (December 31, 2011: 30.4 %). Reclassification also resulted in a decline of non-current and current assets which now total EUR 1.277 billion (December 31, 2011: EUR 1.531 billion). Without reclassification, there would have been a slight increase in programming assets, primarily due to the acquisition of licensed programming, particularly for series in the Broadcasting German-speaking segment.

Cash and cash equivalents, page 87.
RCF, page 84.

Cash and cash equivalents increased to EUR 702.3 million. Higher liquidity of EUR 184.4 million or by 35.6 % was driven by draw-downs of EUR 230.6 million on the revolving credit facility (RCF) as well as higher cash flow from operating activities.

Trade accounts receivable: As a result of the reclassification, trade accounts receivable were slightly lower than the previous year. At EUR 268.7 million, they were down 3.8 % from EUR 279.4 million. However, without the reclassification and thus on a like-for-like basis, there was an increase of EUR 69.6 million or 24.9 %. The increase was mainly due to the Digital & Adjacent and Content Production & Global Sales growth areas.

Shareholders' equity: Compared to December 31, 2011, shareholders' equity increased by EUR 59.5 million or 4.1 % to EUR 1.501 billion. Consolidated net profit, as well as currency translation effects reported in other comprehensive income contributed to this increase. An opposite effect arose from the EUR 245.7 million dividend paid out in the 2012 financial year. Due to higher total assets on the reporting date, the equity ratio decreased to 27.7 % (December 31, 2011: 28.6 %). The Group thus maintains a solid financial position.

Non-current and current liabilities and provisions: As a result of draw-downs on the revolving credit facility, current loans and borrowings rose from EUR 0.1 million to EUR 230.9 million as of December 31, 2011. As of December 31, 2012, EUR 230.6 million had been drawn from the revolving credit facility. As a result, non-current and current financial liabilities increased by EUR 237.4 million to EUR 2.573 billion.

Glossary, page 262.

Other non-current and current financial liabilities also increased. Contractually agreed purchase price payments for acquisitions and valuation effects from hedge accounting resulted in other non-current and current financial liabilities increasing by EUR 26.6 million to EUR 353.1 million (+8.1 %).

Notes, page 180.

For further information, refer to the Risk Report, page 118, and Notes, page 223.

For further information, refer to the Risk Report, page 118, and Notes, page 193.

On the other hand, due to the consumption of programming provisions as well as the reclassification, **provisions** as of December 31, 2012 decreased. The largest provisions item in the balance sheet remains the EUR 52.2 million for other current provisions (December 31, 2011: EUR 78.7 million). This includes a provision of EUR 5.8 million in connection with additional payments to bestseller authors recognized as of the reporting date.

The provision recognized during the year relating to the antitrust proceedings is posted as other current liabilities in the balance sheet as of December 31, 2012. The now concluded antitrust proceedings resulted in obligations amounting to a total of EUR 27.7 million. As a result other current liabilities increased by EUR 14.1 million to EUR 202.6 million (December 31, 2012: EUR 188.5 million).

Non-current and current trade accounts payable declined considerably, totaling EUR 322.2 million on the reporting date (December 31, 2011: EUR 456.8 million). Without the effect resulting from the reclassification of the Northern and Eastern European subsidiaries, trade accounts payable would have been at the level of the previous year. Due to the reclassification, deferred tax liabilities were also lower. As of December 31, 2012, they totaled EUR 66.7 million (December 31, 2011: EUR 138.7 million).

ACCOUNTING ASSUMPTIONS AND ESTIMATES (Fig. 46)

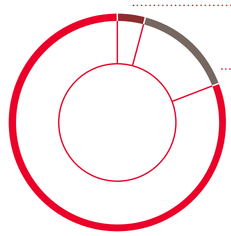
Preparers of financial statements need to make assumptions and estimates to a certain extent when applying accounting policies and when recognizing income, expenses, assets, and liabilities. Detailed information on the effect of using assumptions and estimates is disclosed under No. 6 of the Notes to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

Segment Reporting

In the 2012 financial year, the ProSiebenSat.1 Group changed its segment reporting. For detailed information on the segment structure, refer to the chapters "Explanatory Notes on Reporting Principles", page 70, and "Changes in the Scope of Consolidation", page 73.

REVENUE SHARE BY SEGMENT FROM CONTINUING OPERATIONS IN THE 2012 FINANCIAL YEAR (Fig. 47)

In percent, 2011 figures in parentheses



1 Previous year figure includes 9Live.

Broadcasting German-speaking Segment

Business and Industry Environment, page 60.

Impact of General Conditions on the Business Performance, page 72.

In a competitive market environment, the Broadcasting German-speaking segment's **external revenues** amounted to EUR 1,910 billion, remaining at the previous year's level (EUR 1,903 billion). Especially in the important fourth quarter, the station group generated higher revenues from TV advertising, increasing TV advertising revenues over the year as a whole both in its core market of Germany and in Austria and Switzerland.

Media Policy Environment, page 58.

Distribution revenues are increasingly becoming an additional source of income for the ProSiebenSat.1 Group, and posted considerable growth in the reporting year. The dynamic growth rate is primarily attributable to the rising number of households receiving HD. In 2012, the ProSiebenSat.1 Group concluded further agreements on the distribution of its HD stations and is represented with its four HD stations in the packages of all major cable, satellite and IPTV operators. Since 2011, the German stations have been broadcast not only in standard definition but also in HD quality. ProSiebenSat.1 takes a share in the technical activation fees which end customers pay to the cable, satellite and IPTV providers.

Risk Report, page 118, and Notes, page 133.

The segment closed the 2012 financial year in line with the revenues performance with a **recurring EBITDA** of EUR 660.3 million after EUR 657.7 million in the previous year. At 33.2 %, the **recurring EBITDA margin** is slightly above the previous year's level (32.9 %). EBITDA decreased by 2.5 % or EUR 15.3 million to EUR 609.1 million due to non-recurring effects. The non-recurring costs largely comprise expenses in the course of the antitrust proceedings concluded in the fourth quarter of EUR 27.7 million.

KEY FIGURES BROADCASTING GERMAN-SPEAKING SEGMENT[1] (Fig. 48)

EUR m	**2012**	2011
External revenues	**1,909.5**	1,903.0
Recurring EBITDA	**660.3**	657.7
Recurring EBITDA margin[2] (in percent)	**33.2**	32.9

1 Reporting for the 2012 financial year is based on a different segment structure. To ensure comparability of the current annual figures with those of the previous year, the figures for the previous year were adjusted to the existing segment structure. There is no multi-year comparison.
2 Based on segment total revenues; see Notes, No. 35.

Digital & Adjacent Segment

The Digital & Adjacent segment posted high growth rates for both revenues and earnings in the past financial year. **External revenues** amounted to EUR 351.2 million, thus surpassing the previous year's figure by 38.1% or EUR 96.9 million. The most important growth driver was the Ventures unit with the media-for-revenue-share business model. At the same time, revenues from the music business and the video-on-demand platform maxdome developed very positively. The Games unit, which benefited from the successful licensing of new online games, also contributed to revenue growth with a double-digit growth rate. In addition to organic growth, the search engine marketing agency Booming and the online travel portal Tropo were fully consolidated for the first time, which led to growth in revenues year-on-year.

Overview of portfolio measures, page 74.

The segment's previous-year figures partially include revenue contributions from the call TV station 9Live, which was discontinued on August 9, 2011. Adjusted for the contribution of 9Live in the previous year, revenues in the Digital & Adjacent segment would have shown a growth rate of 47.7 % or EUR 113.5 million in 2012.

The dynamic increase in revenues led to a considerable increase by 34.1% in **recurring EBITDA** to EUR 89.7 million (previous year: EUR 66.9 million). The **recurring EBITDA margin** was 25.4 % (previous year: 26.2 %). EBITDA climbed to EUR 80.8 million (previous year: EUR 39.4 million). The previous year's EBITDA includes comparatively high non-recurring expenses of EUR 27.4 million, which primarily resulted from the discontinuation of the transmission of 9Live.

KEY FIGURES DIGITAL & ADJACENT SEGMENT[1] (Fig. 49)

EUR m	2012	2011
External revenues	**351.2**	254.4
Recurring EBITDA	**89.7**	66.9
Recurring EBITDA margin[2] (in percent)	**25.4**	26.2

1 Reporting for the 2012 financial year is based on a different segment structure. To ensure comparability of the current annual figures with those of the previous year, the figures for the previous year were adjusted to the existing segment structure. There is no multi-year comparison; previous-year figures include 9Live.
2 Based on segment total revenues; see Notes, No. 35.

Content Production & Global Sales Segment

The **external revenues** of the Content Production & Global Sales segment posted a three-digit growth rate in the 2012 financial year. The revenue increase to EUR 95.4 million (previous year: EUR 37.7 million) primarily resulted from acquisitions to expand Red Arrow's international portfolio. In 2012, the Red Arrow Entertainment Group strengthened its presence in the important markets of Great Britain and the USA in particular.

Overview of portfolio measures, page 74.

The earnings performance was mainly determined by start-up costs resulting from the portfolio expansion. **Recurring EBITDA** decreased by EUR 5.3 million to EUR 4.3 million (previous year: EUR 9.6 million). The **recurring EBITDA margin** was 3.1% after 8.8 % in the previous year. EBITDA fell to EUR 1.5 million (previous year: EUR 8.5 million).

KEY FIGURES CONTENT PRODUCTION & GLOBAL SALES SEGMENT[1] (Fig. 50)

EUR m	2012	2011
External revenues	**95.4**	37.7
Recurring EBITDA	**4.3**	9.6
Recurring EBITDA margin[2] (in percent)	**3.1**	8.8

1 Reporting for the 2012 financial year is based on a different segment structure. To ensure comparability of the current annual figures with those of the previous year, the figures for the previous year were adjusted to the existing segment structure. There is no multi-year comparison.
2 Based on segment total revenues; see Notes, No. 35.

Employees

As of December 31, 2012, the ProSiebenSat.1 Group had 3,026 employees calculated on the basis of full-time equivalents (previous year: 2,605). The average number of full-time equivalents in the year under review was 2,849 (previous year: 2,631). Of that number, 2,533 employees worked for the Group in Germany, Austria and Switzerland (previous year: 2,456). That is equivalent to 88.9 % (previous year: 91.0 %) of the Group's total employees. The increased number of employees in the German-speaking region resulted primarily from the strategic expansion of the online games business (+57 full-time equivalents), the expansion of other digital business and ventures business, the acquisition of the Booming agency and growth in TV. At the international level, the new participations of the Red Arrow Entertainment Group in the USA and Great Britain resulted in 79 new full-time equivalents. All information is based on continuing operations.

EMPLOYEES BY REGION (Fig. 51)

Average full-time equivalents, 2011 figures in parentheses

With 1,900 employees (previous year: 1,805), the Group employed the most staff in the Broadcasting German-speaking segment. The number of personnel in the Digital & Adjacent segment increased by 36.2 % to 464 employees after 341 full-time equivalents in the previous year. In the Content Production & Global Sales segment, the number of employees was at the same level as the previous year.

EMPLOYEES BY SEGMENT (Fig. 52)

Average full-time equivalents, 2011 figures in parentheses

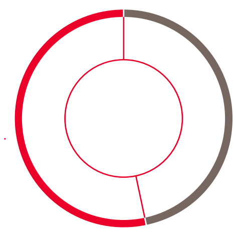
Due to the personnel expansion in the Digital & Adjacent and Broadcasting German-speaking segments, the personnel expenses of the ProSiebenSat.1 Group increased to EUR 266.8 million (previous year: EUR 246.7 million) in 2012.

At Group level, the employee turnover rate fell to 11.4 % in 2012 (previous year: 13.1%). In the core market of Germany, the rate sank to 11.3 % (previous year: 12.1 %).

Diversity management at ProSiebenSat.1. We value the diversity that our employees bring to the company 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 is thereby the proportion of men and women within the company and in management positions. There is already a very balanced ratio of men and women in the ProSiebenSat.1 Group. In 2012, 46.8 % of ProSiebenSat.1 employees were female (previous year: 49.1 %) and 53.2 % were male (previous year: 50.9 %). The slight decline in the proportion of women is mainly attributable to the growth in the digital area, because here the Group primarily hires employees with a background in IT and skilled staff from the field of technology.

PROPORTION OF WOMEN AND MEN IN THE WHOLE GROUP (Fig. 53)

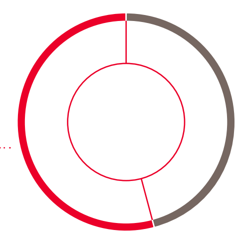
In percent, 2011 figures in parentheses



In the core market of Germany, the proportion of women was 46.0 % (previous year: 48.2 %). This matches the average proportion of women in German commercial enterprises, which was 46.3 % in 2012.

PROPORTION OF WOMEN AND MEN IN THE GERMAN CORE MARKET (Fig. 54)

In percent, 2011 figures in parentheses



The proportion of women at the management level of the ProSiebenSat.1 Group was 28.4 % (previous year: 27.1 %). In the core market of Germany, the proportion of women at management level was 26.9 % in 2012 (previous year: 27.3 %). In German companies, the proportion of women in management positions averages 30.3 %.

Oportunity Report, page 135.

The Year 2012 At a Glance, page 40.

The ProSiebenSat.1 Group has expanded its core business in recent years and invested heavily in new growth areas. Digitalization and the accompanying transformation of the industry offer the Company numerous opportunities for growth. The objective is to develop the Group from a traditional TV provider into a digital entertainment & e-commerce powerhouse. The Group supports this process with targeted HR measures derived from the Group's strategy that strengthen the Company's innovative power. Against this backdrop, strategic human resources work has become increasingly relevant for ProSiebenSat.1 in recent years. In 2012, the Group therefore created a separate Executive Board division for Human Resources. At the same time, as a media company, the ProSiebenSat.1 Group is a classic "people business": Every day, our employees help ensure that the Group remains one of Europe's largest media companies with their talent, creativity and dedication. For the successful development of the ProSiebenSat.1 Group, it is of central importance to retain qualified employees in the Group and gain new talented individuals. Therefore, we have continually expanded our employer branding measures in recent years. Moreover, we offer our employees attractive career opportunities, numerous possibilities for development, performance-based remuneration models, great working conditions for families, a comprehensive work-life package and a wide range of social benefits.

Personnel Development in the ProSiebenSat.1 Group

In 2012, the ProSiebenSat.1 Group continued to expand its specialist training portfolio for employees. With an investment of EUR 2.85 million, the company spent over EUR 0.47 million more on professional and specialist training than in the previous year (EUR 2.38 million). Approximately half of the higher investments went to the ProSiebenSat.1 Academy whose extensive program is available to all staff. In 2012, the training program in German-speaking countries covered 495 events (previous year: 441), with 4,992 participants taking up the offer of training (previous year: 3,525).

- **ProSiebenSat.1 Academy:** Qualified, high-performing and motivated employees are the ProSiebenSat.1 Group's most important asset. At the ProSiebenSat.1 Academy, the Group offers an extensive specialist training portfolio under the motto of "Unfold Your Potential". This includes seminars and lectures on specialist and personal development, which are derived mostly from the corporate strategy and aligned specifically to the qualification requirements of ProSiebenSat.1 employees. The central platform provides events such as "Lunch & Learn" or "Guest Speaker", which regularly offer employees analyses of trends and developments in the media and entertainment industry. In addition, ProSiebenSat.1 employees pass on their media-specific expertise to colleagues in the form of "Media Training". In the interests of proactive health management, the ProSiebenSat.1 Group also incorporated the topics "Reconciling Family and Career", "Stress Management" and "Health" into the Academy's 2012 lecture program.

- **Executive Development:** The ProSiebenSat.1 Group wants to offer its employees a motivating working environment. For this reason, all managers at the ProSiebenSat.1 Group go through a development program with the modules "New Leader", "Performance", "Team", "Change" and "Self Management". The modules are attuned to the ProSiebenSat.1 Group's corporate culture and the management tools used in the Group and enhance the employees' management skills. In 2012, 433 managers took part in the "TOP 5" manager development program.

- **Cross-Mentoring:** In 2012, the ProSiebenSat.1 Group started a new mentoring program. Throughout the Group, it promotes the professional development of employees with high potential, who are supported from within the Group by experienced employee mentors over a period of twelve months. The focus is on open exchange across hierarchical and departmental boundaries. The cross-mentoring program not only supports the participants in their professional and personal development. The mentor/mentee partners generally come from different business areas. In this way, the ProSiebenSat.1 Group is encouraging the development of a cross-divisional network in the Group and promoting understanding between the various business units. In 2012, 27 mentoring pairs took part in the cross-mentoring program.

- **Learning Expeditions:** In October 2011, the ProSiebenSat.1 Group organized a "learning expedition" to Asia for the first time. During a one-week trip, 24 ProSiebenSat.1 employees met with representatives of large business enterprises, researchers and academics to discuss trends and future issues in the media and entertainment industry. Two learning expeditions in 2011 resulted in several specific business projects that were implemented in 2012, including the development of the internet platform MyVideo into an online TV station, the opening of a permanent program sales office in Hong Kong and an array of new formats. Due to the success the year before, the Group organized two more trips in 2012: Under the motto

Opportunity Report, page 135.

"Strengthening Innovation Capacity", a learning expedition was made to the USA in October 2012. Another trip to Tokyo and Shanghai followed in November with the thematic focus of "The Future of Entertainment". After the participants returned, a structured process ensured that learnings were transferred into the Group. The first projects were implemented by the end of the year. Overall, 101 employees have taken part in a ProSiebenSat.1 Group learning expedition so far. ProSiebenSat.1 considers the learning expeditions an efficient tool for sustainably strengthening the Group's power of innovation.

In 2013, the ProSiebenSat.1 Group will continue developing its human resources work and focus in particular on the Group's ability to innovate. For this purpose, the Group will set up an "Innovation Lab", which will encourage employees' cross-divisional communication and support the transformation of ideas into commercially viable products.

Training in the ProSiebenSat.1 Group

The ProSiebenSat.1 Group also systematically employs a cross-media approach to training, providing its interns with interdisciplinary training in TV, online and PR. At the same time, ProSiebenSat.1 gains qualified junior staff for the Company with training courses for various career groups. In total, the ProSiebenSat.1 Group employed 168 apprentices on average in 2012 (previous year: 140). This includes trainees, management trainees and apprentices in the career groups of audiovisual media, events, office management, video and sound media design, digital and print media design and dual students specializing in business administration/media and communications business. After their training, ProSiebenSat.1 Group takes into full employment the majority of apprentices, trainees and management trainees, as shown in the chart below:

RETENTION RATE OF APPRENTICES AND TRAINEES IN GERMANY IN 2012 (Fig. 55)

In percent, 2011 figures in parentheses

ProSiebenSat.1 as an Attractive Employer

Positive evaluations in the major surveys of the trendence and Universum institutes on employer appeal regularly show that the ProSiebenSat.1 Group is one of the most popular employers in the media industry. ProSiebenSat.1 took second place in the "trendence Schülerbarometer 2012". In the "Universum Ranking", the ProSiebenSat.1 Group was ranked 14th among the most popular media companies. In 2012, the ProSiebenSat.1 Group received around 21,500 applications in Germany, around 25 % more than in the previous year (around 17,300). The increase is attributable in part to the strategic increase of staff in the Digital & Adjacent segment. It is of particular importance to the Group to find talented employees and to position itself as an attractive employer to relevant target groups. In 2012, the ProSiebenSat.1 Group strengthened its appeal as an employer by expanding the work-life package and stepping up its employer branding measures.

Family-friendly environment. A family-friendly environment is a crucial criterion for many employees and applicants. The ProSiebenSat.1 Group has offered its employees attractive conditions for over ten years, and it improved its offer once again in 2012. Many ProSiebenSat.1 Group employees have families. As early as 2002, the company founded an inhouse day-care center in Germany which currently has 74 places. In 2012, the Group spent EUR 713,000 on childcare (previous year: EUR 630,000). EUR 207,000 went to the company nursery, EUR 506,000 to care subsidies, which are paid to all employees whose pre-school age children receive care outside the home. Teleworking jobs as well as flexitime models and part-time work simplify balancing family and career. In 2012, the proportion of part-time employees in Germany was 17.6 % (previous year: 14.8 %). In German companies, the proportion of part-time workers was 26.6 %.

- **Work-life package extended:** In 2012, the ProSiebenSat.1 Group considerably extended its work-life package in the areas of family, sport, health and service. To do so, the Group is cooperating with an external service partner which brokers concierge services and provides childcare, coaching in difficult life circumstances and support in caring for family members. In addition, the group has worked with the Technische Universität München since 2012 on the issues of health and sport. The package here ranges from individual sports consulting and endurance tests to various sports courses. Moreover, the ProSiebenSat.1 Group offers its employees an attractive benefits package with offers of private pensions and extra leave for special personal reasons.

- **Sabbatical models introduced:** In 2012, the ProSiebenSat.1 Group concluded a working agreement concerning various sabbatical models. Since January 1, 2013, this has given employees the opportunity to exchange a portion of their salary for additional vacation days in order to take a short sabbatical of three months or a longer sabbatical over a period of 12 to 24 months.

- **Employer branding measures extended:** In order to put across its position as an attractive employer effectively with its public image, the ProSiebenSat.1 Group has extended its employer branding measures in the 2012 financial year. The content and structure of the careers section of the Company website www.ProSiebenSat1.com were fundamentally reworked. This allows applicants to get a much quicker idea of the range of jobs the ProSiebenSat.1 Group offers and the diversity of career opportunities for employees. In addition, the Group intensified its cooperation with universities. In 2012, the Group entered into three new university partnerships, including with the Universities of Mannheim and Münster. ProSiebenSat.1 has partnerships with seven universities in total, establishing contact with future specialists and managers at an early stage. Moreover, the Group was represented at ten higher education, human resources and trade fairs in 2012.

Careers at the ProSiebenSat.1 Group

- **Performance Development:** For managers, the Company introduced the "Performance Development" program back 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 first initiated at the ProSiebenSat.1 Group in 2005 – a stock option plan (Long Term Incentive Plan) in which selected managers participate. The stock option plan was replaced in 2012 by a new share-based compensation plan (Group Share Plan).

Compensation Report, page 52.

- **Long-term development and career plans:** In the "Organization & Talent Review" program (OTR), the ProSiebenSat.1 Group formulates long-term development and career plans with managers and high-potential employees without management responsibility. In this way the ProSiebenSat.1 Group gives talented employees clear development perspectives, at the same time having an efficient instrument for successor planning. The process was introduced in 2010 and is carried out for employees of upper, middle and lower management in a staggered two-year cycle. In 2012, 134 employees on manager level 4 took part in the OTR (previous year: 280 participants from manager levels 1 to 3). 31.3 % of participants were female (previous year: 26.4 %).

- **Management by Objectives:** 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 100 % in 2012 (previous year: 110 %).

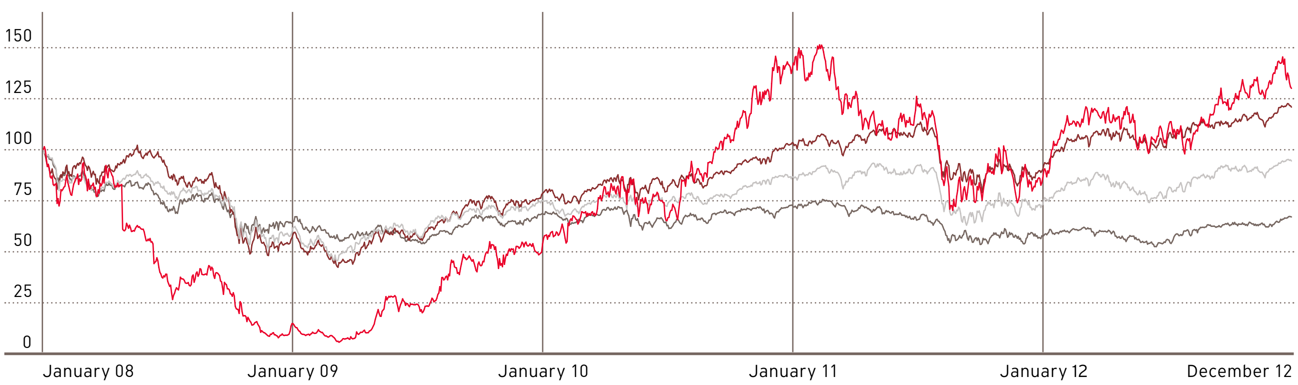
High participation rate and good results in employee survey. In June 2012, the ProSiebenSat.1 Group carried out an employee survey, the results of which were presented at the company in September. With a share of 70 %, the participation rate rose again compared to the survey in 2010 (66 %). The results showed that the level of satisfaction among employees of the ProSiebenSat.1 Group has risen significantly since the last survey. 54 of a total of 56 questions received better ratings than in 2010. The company performed particularly well in the categories "Personal fulfillment in the job" and "Attractiveness of work task." The employees of the ProSiebenSat.1 Group also assessed the corporate culture very positively ("Relationship to direct superior," "Association to colleagues"). Every two years, the ProSiebenSat.1 Group carries out an employee survey to gain a detailed impression of the employee morale and to identify possible potential for improvement.

The ProSiebenSat.1 Share

The ProSiebenSat.1 share on the capital market. In 2012, prices on the stock markets rose substantially, even while fluctuating considerably at times. The first half of the year was characterized by mixed signals. While policymaker's measures to contain the European debt crisis, good economic data from the USA and growing corporate profits in Germany initially provided positive stimuli, the increasingly tightening budgetary situation of some euro zone countries put stock markets under pressure in the second quarter. Over the remainder of the year, stock market sentiment improved again. The main driver of the general share price performance was the global expansionary monetary policy of the central banks. The stock markets viewed the announcement of the European Central Bank that it would buy bonds of financially weak EU states on an unlimited basis as a particularly positive signal. At the end of the year, modest economic data, renewed uncertainty in the euro zone and the US budget debate only briefly curbed price performance – the overall upward trend remained intact.

In this trading environment, the DAX, the leading German index, significantly increased by 29.1% compared to the end of 2011 and closed at 7,612 points on the last trading day of 2012. The MDAX also posted considerable growth in 2012 and closed at 11,914 points (+33.9%). The relevant sector index for European media stocks, the Euro Stoxx Media, closed 2012 at 152 points, up 12.6% compared to the end of 2011.

PROSIEBENSAT.1 SHARE: PRICE PERFORMANCE (Fig. 56)



■ ProSiebenSat.1 ■ Euro Stoxx Media ■ MDAX ■ DAX Basis: Xetra closing quotes, an index of 100 = January 2008; Source: Reuters.

PROSIEBENSAT.1 SHARE: KEY DATA (Fig. 57)

		2012	2011	2010	2009	2008
Share capital	Units	218,797,200	218,797,200	218,797,200	218,797,200	218,797,200
Number of preference 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	4,660	3,089	4,923	1,764	525
Close at end of financial year (XETRA)	EUR	21.30	14.12	22.50	8.06	2.40
High (XETRA)	EUR	23.83	24.80	23.88	8.98	16.62
Low (XETRA)	EUR	14.19	11.49	8.13	0.90	1.26
Dividend per dividend entitled preference share	EUR	- / - [2]	1.17	1.14	0.02	0.02
Total dividend	EUR m	- / - [2]	245.7	241.2	2.07	2.08
Underlying earnings per preference share	EUR	1.97	3.23	1.69	0.88	0.79
Dividend yield on basis of closing price	Percent	- / - [2]	8.3	5.1	0.25	0.83
Total XETRA trading volume	Units m	134.1	233.4	196.5	278.7	313.8
XETRA trading volume (average daily trading volume)	Units	527,835	908,214	767,439	1,097,195	1,235,341

Only preference shares are listed on the stock exchange.
1 Incl. treasury shares.
2 Dividend proposal, see page 150.

Overall the ProSiebenSat.1 preference share in 2012 performed considerably better than the relevant indices. The share closed the first half of 2012 up almost 25 % at EUR 17.62. Besides positive stock market sentiment in the early weeks of 2012, the share also benefited from the company's good performance, the positive outlook for 2012 and good analyst recommendations. In the second half of 2012, the ProSiebenSat.1 share's price performance was temporarily influenced by rising uncertainty about the economic environment and the advertising market. By contrast, positive stimulus was provided at the Capital Markets Day in October 2012 as well as indications of a possible sale of the ProSiebenSat.1 Group's Northern European TV and radio activities. From July to December 2012, the share posted an increase of almost 21%. In the year as a whole, the share climbed almost 51% compared to the end of 2011 and closed at EUR 21.30 on the last trading day of 2012. It achieved its highest closing price of the reporting period on December 12, 2012 at EUR 23.83. The lowest closing price was at EUR 14.19 on January 5, 2012.

A total of 134.1 million shares (previous year: 223.4 million shares) were traded over the XETRA trading system in the reporting period. This corresponds to an average daily trading volume of 527,835 shares (previous year: 908,214).

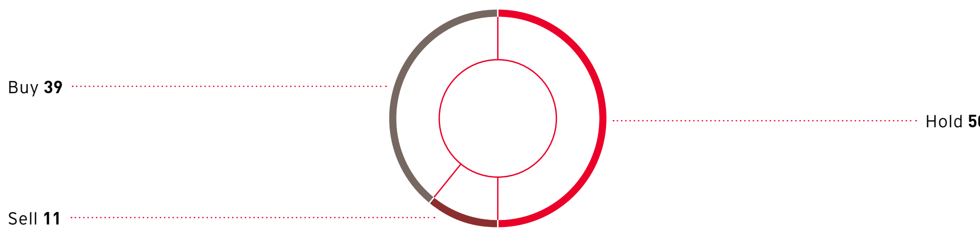
PROSIEBENSAT.1 SHARE: BASIC DATA (Fig. 58)

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 23.25; 39 % of analysts recommended the ProSiebenSat.1 share as a buy in 2012. In the year under review, a total of 28 brokerage firms and financial institutions published reports on ProSiebenSat.1 Media AG. For investors, recommendations by financial analysts are an important basis for decision making.

ANALYSTS' RECOMMENDATIONS (Fig. 59)

in percent



As of: 12/31/2012.

The majority shareholder is Lavena Holding 1 GmbH. The share capital of ProSiebenSat.1 Media AG amounts to EUR 218,797,200 and is made up of 109,398,600 voting non-listed common shares and 109,398,600 non-voting listed preference shares.

There were no changes to the shareholder structure in the 2012 financial year. The majority shareholder of ProSiebenSat.1 Media AG is Lavena Holding 1 GmbH. It is controlled by funds advised by Kohlberg Kravis Roberts & Co. L.P. (KKR) and Permira Beteiligungsberatung GmbH (Permira). As of December 31, 2012, Lavena Holding 1 GmbH held 88.0 % of the voting common shares and 18.0 % of the non-voting preference shares. This is a 53.0 % stake of the share capital of ProSiebenSat.1 Media AG.

The Dutch media corporation Telegraaf Media Groep N.V. (TMG) 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 around 41.0 % of the share capital, are included in the free float or are held as treasury shares (December 31, 2012: 6,505,750 preference shares held in treasury). Large parts of the listed preference shares are held by institutional investors, most notably from the USA, Germany and the UK.

SHAREHOLDER STRUCTURE OF PROSIEBENSAT.1 MEDIA AG OF DECEMBER 31, 2012 (Fig. 60)

Funds advised by KKR — **50.0 %**

Funds advised by Permira — **50.0 %**

Lavena Holding 1 GmbH — **100 %**
88.0 % Common stock
18.0 % Preference shares
53.0 % Capital stock

Telegraaf Media Groep
12.0 % Common stock
6.0 % Capital stock

Free float[1]
82.0 % Preference shares
41.0 % Capital stock

ProSiebenSat.1 Media AG

1 Including 6,505,750 preference shares held in treasury as of December 31, 2012 (previous year: 7,640,000 treasury shares). This corresponds to 5.9 % of the preference shares or 3.0 % 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 preferred treasury stock; shares that the Company holds either directly or indirectly are not entitled to receive dividends.

After the end of the year under review on February 13, 2013, Lavena Holding 1 GmbH sold 19.7 million non-voting preference shares, i.e. its entire holding of non-voting preference shares. Its share of voting common stock is unchanged. Lavena Holding 1 GmbH therefore holds 44.0 % of the share capital and 88.0 % of the voting common shares.

Annual General Meeting for the 2011 financial year. On May 15, 2012, the Annual General Meeting of shareholders of ProSiebenSat.1 Media AG for the 2011 financial year was held at the Event Arena in the Munich Olympiapark. Around 300 shareholders, shareholder representatives and guests attended the meeting. Attendance was equivalent to approximately 60 % of the total share capital. All resolutions proposed by management requiring the approval of shareholders of common stock were adopted unanimously.

Among other things, the Annual General Meeting elected Drs. Fred Th. J. Arp, CFO of Telegraaf Media Groep N.V., and Stefan Dziarski, investment adviser at Permira Beteiligungsberatung GmbH, to the Supervisory Board. They succeed former Supervisory Board members Herman M.P. van Campenhout, CEO of Telegraaf Media Groep N.V., and Robin Bell-Jones, Partner at Permira Advisers LLP. Moreover, the proposed allocation of profits for the 2011 financial year was accepted and a resolution for a dividend payout of EUR 1.17 (previous year: EUR 1.14) per bearer preference share entitled to dividend as well as EUR 1.15 (previous year: EUR 1.12) per registered common share entitled to dividend was passed. The total dividend payment amounted to around EUR 245.7 million (previous year: EUR 241.2 million). The dividend was paid out on May 16, 2012.

Intensive dialogue with the capital market. We provide all interested parties and capital market participants with timely and regular information about all important events and developments at the company. The objective is transparent communication of the corporate and finance strategy. In 2012, the Executive Board and the Investor Relations team held more than 400 one-on-one and group meetings or conference calls with analysts, investors and bank representatives. Along with numerous roadshows, ProSiebenSat.1 presented at twelve investor conferences.

In addition, on October 10, 2012, ProSiebenSat.1 Media AG held a Capital Markets Day at its headquarters in Unterföhring, near Munich. The Executive Board and business unit heads provided analysts and investors detailed insight into the current business environment, provided information about the Group's future prospects, and confirmed the objectives of the growth strategy set out until 2015. Approximately 60 analysts, investors, and bank representatives attended the event.

Awards for financial reporting and Investor Relations. In 2012, the ProSiebenSat.1 Group was again rewarded for the quality of its capital market communication. The Group won first place among the MDAX companies in the annual competition "The Best Annual Report" (2011: 4th place). In the overall ranking of all stock market indices, the Group achieved the second place out of around 160 companies (2011: 15th place). The panel evaluated the annual reports based on the criteria of content and design. In the content category, ProSiebenSat.1 emerged as the overall winner of all stock market indices. Each year, the competition "The Best Annual Report" is held by "manager magazine" under the academic leadership of Prof. Dr. Dr. h.c. Jörg Baetge of the University of Münster.

In terms of the "German Investor Relations Award 2012", the ProSiebenSat.1 Group won the 3rd place in the MDAX (2011: 1st place). The prize is awarded by Thomson Reuters Extel, WirtschaftsWoche and the German Investor Relations Association (DIRK). Capital market experts from more than 11,000 buy-side and 2,500 sell-side firms in over 60 countries participated in the survey.

Non-Financial Performance Indicators

Organizational advantages, own brands, stable customer relations and creativity are important success factors. These and further so-called non-financial performance indicators of the ProSiebenSat.1 Group are explained below. For the most part, they are not assessed financially. Human resources potential is another important intangible criterion that is not recognized in the statement of financial position. On the other hand, we capitalize certain internally generated intangible assets at a low level. For further information on internally generated intangible assets, see Note 18 "Intangible Assets" in the Notes to the consolidated financial statements.

Employees, page 96.

Competitive Advantages through Integrated Organization with Established Brands

The ProSiebenSat.1 Group manages the majority of its companies as 100 % subsidiaries, including its complementary coordinated station portfolios. This distinguishes the Group from its competitors and opens up advantages in selling advertising time or licensing programming rights. At the same time, the Group creates synergies through its integrated organizational form and raises its efficiency. Moreover, the German TV stations are organized in a matrix structure. Thus, the TV pillar has shorter communication channels and avoids the build-up of fixed costs.

In a media market that is becoming steadily more fragmented, the popularity of brands is an important success factor. ProSiebenSat.1 is excellently positioned in this regard. Various studies attest to the popularity of the station family. With a quantitative analysis conducted in 2012, ProSiebenSat.1 TV Deutschland GmbH again investigated the correlation between the range of stations and utilization on the German media market. At the same time, it was examined how many and which TV stations German viewers used. The results show that German households mostly use established brands, despite an extremely extensive range averaging 82 receivable TV stations. Occupying the second and third positions in the so-called "relevant set," SAT.1 and ProSieben are among the most viewed TV stations in Germany. kabel eins was ranked No. 8. The biggest winner is sixx. The women's channel moved up 16 places within one year. In 15th place, sixx finds itself in a very good position two-and-a-half years after its launch and achieved the greatest improvement of all the analyzed stations.

RELEVANT SET, INCLUDING MARKET SHARE OF THE TOP 10 STATIONS (Fig. 61)

	2012	2008	2004
Average range of free TV stations	82	63	41
Average number of stations in the relevant set	6	6	5
Combined market share of the top 10 stations	78.9 %	81.3 %	86.0 %

The ProSiebenSat.1 Group regularly examines image, popularity and relevance of the free TV stations in Germany. In the current studies which are representative for the general population, the ProSiebenSat.1 stations achieved the following results for 2012:

- **ProSieben** is the most popular and appealing free TV station among the target group relevant for advertising of 14 to 49 year olds. 52 % of those surveyed like to watch ProSieben (very) much. The TV channel is thus ahead of market leader RTL (48 %). In the so-called "desert island question", the participants were asked which station they would select if only one was possible. ProSieben performed best, at 23 %, and was thus ahead of ARD and RTL (both 15 %). In addition, viewers attested to ProSieben the highest competence in the genres movies, evening series, mystery series, American and British comedy series, entertainment as well as science magazines.

- **SAT.1** is rated as an entertaining family station and a station with emotion. The viewers' emotional connection to the station grew strongly year on year. SAT.1 is leading in the genres breakfast television and investigative documentaries. The station is ranked second for comedy shows, just behind RTL. In addition, the station achieved strong figures for inhouse German TV films and American crime series.

- **kabel eins**, among the second-generation stations, is viewed as the most entertaining, most exciting, and most reliable TV channel. In response to the question as to the extent the range of programming had developed in comparison to the previous six months, kabel eins was the only station which achieved a significant positive change. The station's popularity also rose strongly, with an increase of six percentage points to 29 %. The majority of those surveyed described kabel eins as an entertainment station for the whole family with the best movie classics.

- **sixx** increased its popularity considerably again in 2012. Its level of aided awareness rose by 17.6 percentage points compared to fall 2011. The station thus reached an overall figure of 81.4 % among the 14 to 49 year old viewers. In comparison, when the women's channel went on air in 2010 only 43.1 % of those surveyed knew the channel. sixx scored particularly well in its target group. For cult series for women, sixx is in first place, ahead of the heavy-weights ProSieben and RTL. Along with series and movies, viewers value formats that generally deal with women's topics.

As well as the results of regular studies, another indicator of the popularity and quality of our formats is numerous awards. In 2012, ProSiebenSat.1 TV Deutschland again won numerous awards for its programs and artists. The winners included the music show "The Voice of Germany" (SAT.1 and ProSieben) and the comedy format "Knallerfrauen" (SAT.1).

PROSIEBENSAT.1 PORTFOLIO (Fig. 62)

	ProSieben
German Television Award	"The Voice of Germany" (Best Entertainment Show)
Golden Camera	"The Voice of Germany" (Best Entertainment)
kress Award	"The Voice of Germany" (Best TV Programming)
Bavarian Television Award	Rüdiger Heinze and Stefan Sporbert for "Schreie der Vergessenen" (Young Talent Award of LfA Förderbank Bayern)
SignsAward	Green Seven in the category "Sustainability"
German Comedy Award	"Elton vs. Simon – Die Live Show" (Best Comedy Event)
German Comedy Award	Thomas Hermanns: "Special Award" for 20 years of "Quatsch Comedy Club"
UNCA Award (Foundation Award of United Nations)	"Galileo Spezial: Die unsichtbare Mauer – Flüchtlinge auf dem Weg nach Europa" ("Coverage, in any medium, of the humanitarian and development aspects of the UN")

	SAT.1
German Television Award	"The Voice of Germany" (Best Entertainment Show)
Golden Camera	"The Voice of Germany" (Best Entertainment)
kress Award	"The Voice of Germany" (Best TV Programming)
German Television Award	"Knallerfrauen" (Best Comedy)
German Comedy Award	Martina Hill (Best Actress)
German Comedy Award	"Knallerfrauen"
Bambi	Martina Hill (Comedy)
Bavarian Television Award	Anja Kling for "Hannah Mangold & Lucy Palm" (Serials and Sequels)
Bavarian Television Award	Andreas Bareiss and Sven Burgemeister for "Die Rache der Wanderhure" (Serials and Sequels)
German Television Award	"Der letzte Bulle" (Best Serial)

In comparison to the previous year, ProSiebenSat.1 TV Deutschland received a higher number of awards in the most important television competitions.

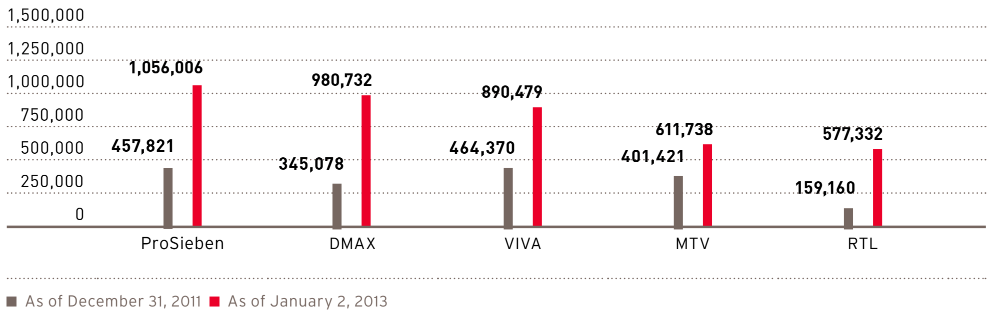
The ProSiebenSat.1 Group also has a portfolio of well-known brands in the digital sphere. These include the video-on-demand portal maxdome, the internet platform MyVideo, and the social TV application "ProSieben Connect". Here the close integration of TV and digital activities plays an important role. For alongside TV ratings and click rates, response in social networks is an increasingly important non-financial performance indicator.

Combined, the ProSiebenSat.1 Facebook pages have more than nine million fans and are thus well ahead of its private competitors. The most successful pages are those of the station ProSieben and the science program "Galileo" as well as "TV total". In 2012, those three sites each surpassed the one million fans threshold. In 2011, ProSiebenSat.1 developed the interactive online application "The Voice Connect" for the hit show "The Voice of Germany." Alongside a live stream of the TV show, the application integrates the social networks Twitter and Facebook. Thus, users can exchange with other viewers live during the program without leaving the ProSiebenSat.1 applications. They receive exclusive backstage information and can participate in voting. Users with a high level of interactivity receive virtual or real rewards. In 2012, ProSiebenSat.1 expanded the "Connect" application to include big shows such as "Germany's Next Topmodel – by Heidi Klum". For the ProSiebenSat.1 Group, social TV applications are an important instrument for increasing the connection between the audience and the show and station brands. For this reason, three years ago the Group set up a permanent, cross-divisional project group that developed a social media strategy for the Group and continues to ensure the cross-media interaction of TV, online and social media.

Opportunity Report, page 135.

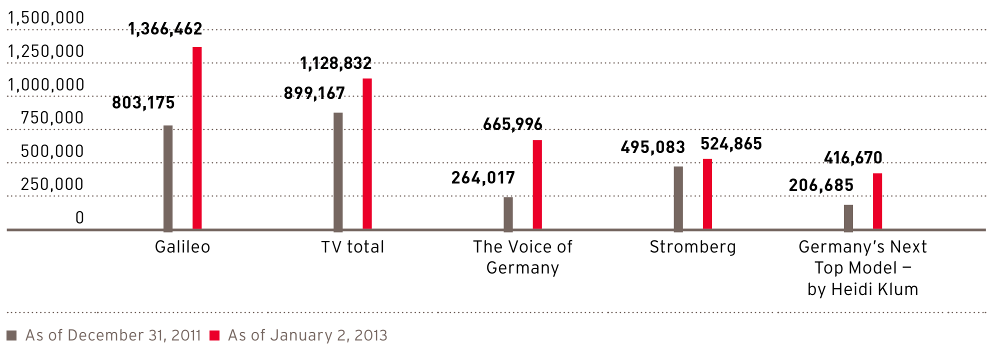
TOP 5 STATION WEBSITES IN GERMANY ON FACEBOOK (Fig. 63)

number of fans



TOP 5 FORMATS OF THE PROSIEBENSAT.1 GROUP ON FACEBOOK (Fig. 64)

number of fans



Thanks to its strategic brand leadership, ProSiebenSat.1 is one of Europe's most successful media corporations. Strong brands constitute an important value creation factor for the ProSiebenSat.1 Group. The Group makes selective use of the popularity and reach of its TV stations in order to expand in related areas and develop new brands. In 2012, the marketing expenses of the Group for continuing operations amounted to EUR 44.8 million (previous year: EUR 33.5 million). These include all expenses in relation to program and image communication of the ProSiebenSat.1 Group with the exception of market research and PR activities. Key investment areas were online marketing measures, print advertisements as well as events and fairs. The ProSiebenSat.1 Group expanded the marketing budget for diversification activities in 2012. The company works continuously on increasing the reach and success of its media offerings further. For this reason, it will also invest in sustainable marketing campaigns.

Long-Standing Supplier Relationships

Attractive programming is one of the most important requirements for the ProSiebenSat.1 stations' success with viewers. For this reason the Group maintains close dialogue with domestic and international film studios, as well as film and TV producers, which ensures a long-term supply of programming for the Group. The Group has agreements with virtually every major Hollywood studio. In 2012, the contracts with Warner Bros. International Television Distribution, CBS Studios, and Paramount Pictures were extended for several years. Due to its good supplier relationships, in the last few years the ProSiebenSat.1 Group has also concluded comprehensive contracts with US licensors for the video-on-demand portal maxdome and has acquired attractive series and blockbuster rights – e.g. from Twentieth Century Fox, NBC Universal, and Disney / ABC Studios in 2012. With more than 50,000 titles, maxdome is now Germany's largest video-on-demand platform. Moreover, the Group cooperates with local TV producers and creative partners. For example, Dutch format developer and partner John de Mol has developed programs including the hit show "The Voice of Germany."

Solid Customer Relationships

Advertising budgets are often granted on a very short-term basis. For that reason, the Group sets great store on retaining customer loyalty. In the core German market, the regional sales offices of the sales subsidiary SevenOne Media have principal responsibility for this. Here, intensive and tailored consultation and various marketing and research services are the essential pillars.

Development of the Advertising Market, page 61.

As well as maintaining the existing customer base, the new customer business is vital for the sustainable financial success of the ProSiebenSat.1 Group. Alongside SevenOne Media, the ProSiebenSat.1 subsidiary SevenOne AdFactory also made another significant contribution to this business in 2012. The company develops individual, cross-media marketing concepts for advertising customers, in which all of the Group's advertising forms and media platforms are integrated – from traditional sponsorship to product placement and online, mobile, and applications such as HbbTV and social TV. In addition, in 2012 ProSiebenSat.1 established the creative agency Sugar Ray. The Group thus extends its value chain and now offers the implementation of audiovisual communication solutions. Thus, advertising customers have access to the complete range of services of a full-service provider, from idea conception to implementation. Using these measures, ProSiebenSat.1 increased revenues from new customers to a gross figure exceeding EUR 100 million in 2012.

To strengthen audience loyalty, the ProSiebenSat.1 Group offers an extensive information service. The viewer service departments take viewers' questions and suggestions. In Germany, the centralized viewer services for the ProSiebenSat.1 Group's free stations logged almost 110,000 contacts in 2012 (previous year: 120,000). Each contact was dealt with individually. Viewers most often had questions about the program. A factor impacting the lower numbers of enquires was the sports year which directed audience interest to public broadcasters. In addition, social media platforms are becoming more important as an additional feedback channel. Our editors also answer questions about TV and online programs on Facebook and provide additional information on the content. In 2012, this made up 11.6 % of written contacts. In comparison, letter contacts were down (by 3.6 %) as were e-mail enquiries (by 9.5 %). Comments and suggestions from our viewers are very important to us, since they contribute to the optimization of our programming. Those responsible for programming receive regular reports on viewer feedback. Furthermore, the departments request special analyses of specific topics.

Research and Development

The ProSiebenSat.1 Group conducts intensive market research in every area relevant to its business activities 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 more detailed 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. In 2012, expenses for Group-wide market research activities in continuing operations totaled EUR 6.0 million (previous year: EUR 7.7 million).

At ProSiebenSat.1, 38 employees work in various research units. They prepare investigations and analyses on advertising impact, on trends in the advertising market and media use and also assess economic and advertising market projections. For instance, in 2012 SevenOne Media used the analysis tool "ROI Analyzer" to demonstrate that investments in TV advertising pay off in the long term. With such analyses, the company provides advertisers with valuable knowledge for marketing and advertising planning, which constitute an important basis for their investment decisions.

Opportunity Report, page 135.

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 studies and analyses of the ProSiebenSat.1 stations' programming. Furthermore, the unit tests new formats with the aid of surveys and audience screenings and relays the results back to the editorial teams. With the market research results, we can adjust formats in the development phase and thus increase the number of successful programs.

Risk Report, page 118.

Sustainability as a Factor for Success

Responsible use of resources. As a company from the TV industry, ProSiebenSat.1 is not part of the traditional manufacturing industry that consumes a large amount of fossil fuels and requires complex international supply chains. Nevertheless, the ProSiebenSat.1 Group also operates in a market environment where resources are growing scarcer and cost pressure is continually rising. For this reason, doing business on a sustainable basis, as well as using resources sparingly, is an important guarantor of future corporate success.

ProSiebenSat.1 consumes the biggest energy resources to produce TV content and transmit its stations. Therefore, as of January 1, 2012, the company converted its power supply at the Munich/Unterföhring location to use renewable energy sources and accepts additional costs of approximately EUR 40,000 per year. However, the TV group thus reduces its carbon footprint considerably. Due to its use of power from renewable energy sources, the Group reduced its CO_2 emissions against 2011 by 8,100 tons per year. Moreover, the Group produces 11 kilograms less radioactive waste each year. ProSiebenSat.1 thus makes a key contribution to protecting the environment. Under the motto "Green World", the Group also regularly informs its employees via the intranet about ways in which they can protect the environment in the office, by being aware of their use of energy and paper, for example.

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Media company with a high social responsibility. Every day, the ProSiebenSat.1 Group reaches many millions of people with its media offerings and the distributed content has a direct impact on the opinion-forming of viewers and users. The company fulfills the responsibility that comes with this in its reporting and in its commitment to society. The ProSiebenSat.1 Group sees the high reach and popularity of its media as an opportunity to get young people in particular excited about important topics like tolerance and environmental protection, and to impart values to them. For many years, the company has made an important social contribution with numerous initiatives, and its programming includes regular reports on ecological, social, and political issues.

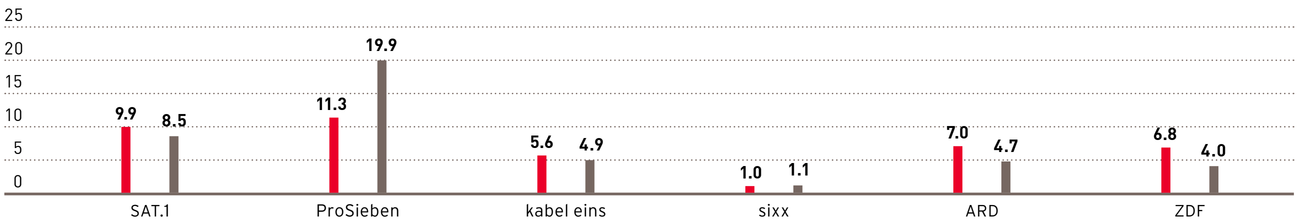
In the past few years, commitment to society has grown continuously in relevance for the ProSiebenSat.1 Group. The Group launched various projects, for example the initiative "start-social — Hilfe für Helfer" in 2001 and the fund-raising campaign "RED NOSE DAY" in 2003. Since sustainable action and commitment to society also have an increasing impact on the success of the ProSiebenSat.1 Group, in 2011 the Group embedded its corporate social responsibility activities in a larger social context and established an Advisory Board. An interdisciplinary body chaired by Dr. Edmund Stoiber supports the media group in the implementation of relevant socio-political projects. The Advisory Board also provides 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 Advisory Board is made up of the following members:

- 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

In 2012, the Advisory Board met a total of four times. The members of the Executive Board of the ProSiebenSat.1 Group participated in these events. In 2011, the Board had already recommended to the ProSiebenSat.1 Group that it use its media reach to commit itself particularly to communicating politics to young people. In 2012, in cooperation with the Advisory Board the ProSiebenSat.1 Group invited four TV production companies to develop suitable concepts. In 2013, the ProSiebenSat.1 Group will use them to develop one TV format which it will broadcast. After all, private stations such as SAT.1 and ProSieben have a special role in presenting politics and mediating values such as tolerance. For many years, they have generally been reaching more young people than the public channels from ARD and ZDF.

MARKET SHARES OF TV STATIONS IN 2012 (Fig. 65)

In percent

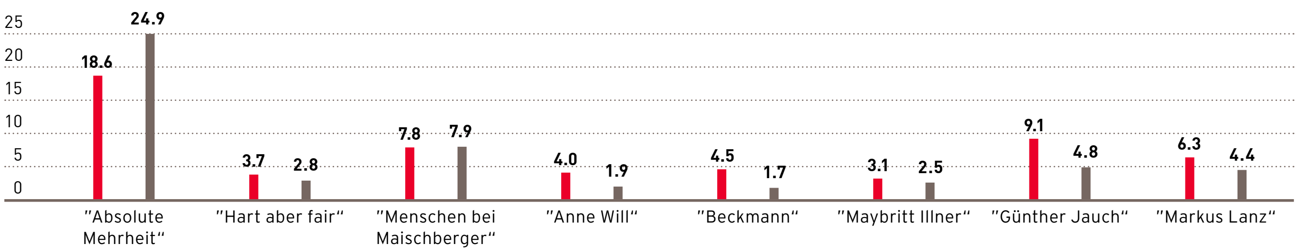


■ 14 to 49 years-old ■ 14-29 years-old
Basis: all German TV households (D+EU), Mo.–So., 03:00–03:00.
Source: AGF in cooperation with GfK / TV Scope / ProSiebenSat.1 TV Deutschland Audience Research.

In the last few years, the ProSiebenSat.1 Group has already regularly managed to introduce young people in particular to politics in a manner geared to the target group and to awaken their interest in political topics with formats such as "TV total Bundestagswahl" and "Ahnungslos." At the end of 2012, ProSieben launched a political talk show called "Absolute Mehrheit – Meinung muss sich wieder lohnen." In the first edition of the show, which lasted approximately 90 minutes, four professional politicians and a businesswoman discussed the topics of the energy transition, tax fairness, and social networks with host Stefan Raab. Among 14 to 49 year olds, the ProSieben political talk show achieved a market share of 18.6 %, while the program's market share among 14 to 29 year old viewers was as high as 24.9 %. The program thus stands out clearly from the political talk show formats of the public stations, especially among young viewers, as the following chart shows:

MARKET SHARES OF SELECTED POLITICAL TALK SHOWS ON GERMAN TELEVISION (Fig. 66)

In percent



■ 14 to 49 years-old ■ 14-29 years-old
Basis: All German TV households (D+EU), market share in the period: November 5, 2012 to November 11, 2012.
Source: AGF in cooperation with GfK / TV Scope / ProSiebenSat.1 TV Deutschland Audience Research.

Study demonstrates sustainability of ProSiebenSat.1's commitment. As early as 2011, the ProSiebenSat.1 Group conducted a survey that showed a clear link between the Group's commitment to society and its image enhancement among viewers. A survey about "Tolerance Day" (ProSieben) confirmed that especially young people appreciate programs with socio-political content and want to see more projects of this kind. This shows 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. In 2012, the ProSiebenSat.1 Group commissioned a further, far more extensive study so that it could review and further advance the awareness and success of its most important initiatives. The research institute mindline media GmbH conducted a telephone survey of 1,002 people in Germany of 14 years of age and older on the initiatives "RED NOSE DAY", "Tolerance Day", "Green Seven", and "Seven Moves".

In the survey period, 15.9 % of those surveyed remembered "RED NOSE DAY" (unaided awareness). The campaign thus reaches the highest figure among the fund-raising campaigns of all German stations. As the second most remembered fund-raising campaign, those surveyed spontaneously remembered the RTL telethon, which achieved 11.2 %. Nearly a third of ProSieben's core viewers remembered "RED NOSE DAY". In addition, 63.6 % of those surveyed clearly attributed the campaign to the station ProSieben. Among 14 to 29 year old viewers, this figure is as high as 84.8 %. A majority of 53.7 % evaluated "RED NOSE DAY" as good or very good. One in six people who are familiar with "RED NOSE DAY" has already donated to the campaign, corresponding to 8.6 % of the German population. In this respect, there are hardly any differences between the various age groups.

This survey demonstrates that "RED NOSE DAY" has a firm place among the big social TV campaigns, even though in the aided question, where it scored 54.1 %, it understandably did not yet reach the level of awareness of initiatives such as "Aktion Mensch" (90.0 %) and "Ein Herz für Kinder" (89.9 %), which have been established for decades. However, ProSiebenSat.1 would mainly like to reach young people with its campaigns. And it is successful in this respect as the survey figures show: 14 to 29 year olds describe "Red Nose Day" as particularly appropriate, appealing, and understandable. They also find ProSieben's commitment to society highly credible (51.1 %), with the station only slightly behind ARD (57.3 %) here. The other ProSieben initiatives such as "Tolerance Day" (49.3 %, aided awareness), "Green Seven" (37.8 %) and "Seven Moves" (10.2 %) are also popular among young viewers, even though some of them have been part of the programming for only one year or at most just a few years. As a result of the survey, the ProSiebenSat.1 Group feels vindicated in its commitment and will continue to work on expanding the awareness and effectiveness of its initiatives in the next few years.

Independence and Transparency

Transparency and independence are important values for our management and particularly 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 corporate 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. Professionally independent youth protection officers make sure that the ProSiebenSat.1 Group offers programming geared to development in the legally prescribed broadcasting slots. Youth protection workers are involved early on in the production and purchase of programs at ProSiebenSat.1. At an early stage, they assess screenplays, accompany productions and formats and compile reports at various stages of the development process, as well as preparing colleagues in workshops for the responsible task in design programs.

Like TV, internet services must also meet various requirements for the protection of young people. The ProSiebenSat.1 Group is continously expanding its portfolio of digital services and — as in TV — fulfills its responsibility with regard to the protection of minors online. For example, we are represented on the Board of the Voluntary Self-Monitoring of Multimedia Service Providers Association (FSM e.V.). In addition, in early 2013, ProSiebenSat.1 Games was one of the first major providers of online games in Europe to join the German Entertainment Software Self-Regulation Body (USK).

Our company's commitment pursues four goals: We want to offer people opportunities, promote culture, disseminate values and create knowledge.

PUBLIC VALUE

TOLERANCE DAY (PROSIEBEN)…..(a) On February 19, 2012, the second "Tolerance Day" took place on ProSieben. In a TV and social media campaign, stars like Joko and Klaas again promoted respectful cooperation. Amongst others, they called for a virtual chain of lights, in which people from all around the world participated. In magazine shows such as "taff" and "Galileo", ProSieben considered the topic of tolerance from different angles. The station also showed the movies "Invictus" and "Gran Torino", which tackle the issue of racism. At prime time, with an audience share of 17.4 %, "Gran Torino" reached nearly 2.6 million viewers. A survey also showed that 44.3 % of viewers aged between 14 and 49 and 52.9 % of 14 to 29 year olds rated the campaign day as "good" or "very good".

…..a

RED NOSE DAY 2012…..(b) In December 2012, the tenth RED NOSE DAY took place on ProSieben. Viewers were again asked to donate for needy children. RED NOSE DAY is the most well-known charity brand in Germany – and also one of the most successful. The company has raised over EUR 10 million in donations since ProSieben imported the idea from England in 2003. ProSiebenSat.1 Group employees also supported RED NOSE DAY again this year with almost EUR 30,000 in total. Since RED NOSE DAY was founded, over 30 aid projects for children have benefited from the donations. In 2012, all proceeds again went to organizations that care for children in need, including "Die Arche e.V.", Kindernothilfe and the St. Nikolaus children's hospice.

…..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, the staff support more than 2,000 children and young people in ten German cities with a program for promoting social skills, education and sports facilities, healthy eating and individual counseling. In 2012, RED NOSE DAY supported the project again. The ProSiebenSat.1 Group's employees also got involved. They made sure that 85 children between the ages of 13 and 18 had a present under the Christmas tree this year. Heidi Stopper, the ProSiebenSat.1 Group's HR Executive, gave the children their presents at the "Arche" Christmas party. She was supported by "Galileo" host Funda Vanroy.

…..c

....d

GREEN SEVEN....(d) Environmental protection is very important and is given a lot of space in the ProSiebenSat.1 Group's program. The company pushes environmental issues further into the public consciousness with initiatives such as "Green Seven". In the week from May 14 to 20, 2012, the ProSieben campaign went on air for the fourth time. The station explained in various shows such as "taff" and "Galileo" how everyone can contribute a bit to protect the environment. The "Green Seven" campaign week was accompanied by highlights such as the first showing of the nature film "Unsere Ozeane" ("Our Oceans") and of the documentary "Population Zero" at prime time.

....e

RAN HELPS HAITI....(e) In May 2012, the time had come to formally open the ran football school "Camp Nous" in Port-au-Prince. 120 boys and girls have found a new home there. Under the motto "study in the morning, kick in the afternoon", not only is football-playing talent supported but the children also receive a well-founded education. In the afternoons and on weekends, the school also opens its gates to children from the surrounding area to offer them schooling. The school thereby provides new prospects for children who lost everything in the devastating earthquake. After the catastrophe in 2010, the SAT.1 sport editorial team organized the "ran hilft Haiti" campaign as part of RED NOSE DAY, raising 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 football school.

....f

ACCESSIBLE TELEVISION....(f) 80,000 people in Germany are deaf. Another 13 million are hearing impaired. For these people, the ProSiebenSat.1 Group has broadcast more than 250 feature films with subtitles every year since 2000 – on ProSieben, kabel eins and since September 4, 2012 on SAT.1 as well. There, all self-produced German feature films and series now also have an audio play version. Now audiences can experience event-movies like "Die Tore der Welt" ("World Without End") not only with subtitles, but with their complete soundscape. The sound of hammer on metal will now appear just like the indication of romantic music. Thanks to this enhancement, the station group has further improved its status in German private TV as a frontrunner in accessible television.

....g

CHALLENGE....(g) Each episode of the monthly show "Challenge" on kabel eins is a portrait of a different person with a disability. Since 2010, these reports make clear that the challenges, cares and dreams of disabled people are often as varied as those of people without mental or physical disabilities. "Challenge" thus promotes better mutual understanding, shows a nuanced picture of the everyday lives of people with disabilities and encourages them to take active part in social life.

HELP FOR HELPERS....(h) Many people have good ideas, but fail at putting them into practice. This is where the "startsocial" competition comes in. For three months, business experts lend their support to founders of selected social projects. Finally, an expert jury chooses the 25 best initiatives, which are awarded the Federal Prize by Chancellor Merkel as patron. Since 2001, the ProSiebenSat.1 Group has supported the "startsocial" initiative as a co-founder. The ProSiebenSat.1 Group's stations support interchange between business and social engagement with TV advertising worth millions of euro every year.

....h

PROSIEBENSAT.1 PROMOTES YOUNG TALENT....(i) It is often hard for students and graduates of film schools to make the leap into practice. For years, ProSiebenSat.1 has supported various projects to promote this potential. In Germany as a whole, ProSiebenSat.1 works with seven institutions, including the Bayerische Akademie für Fernsehen and the Hamburg Media School. As well as financial sponsoring, the students are taught by SAT.1 television professionals, which builds a bridge between theory and practice. The best films by students graduating from German film schools every year receive the FIRST STEPS Award. With its prize money of EUR 72,000, this award is the most prestigious of its kind in Germany. The graduates can also make contacts in the film industry. SAT.1 initiated the competition in 2001 as a co-founder. Since 2009 it has been supported by all stations of the ProSiebenSat.1 Group.

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Events after the Reporting Period

No reportable events materially impacting the earnings, financial position and performance of the ProSiebenSat.1 Group or ProSiebenSat.1 Media AG respectively have occurred between December 31, 2012 and February 27, 2013, the date of authorization of this report for publication and forwarding to the Supervisory Board. The report for the 2012 financial year will be published on March 28, 2013.

Risk Report

Overall assessment of the risk situation – management view.

The business approach of ProSiebenSat.1 focuses on detecting and actively managing risks. There has been no fundamental change in the overall risk situation compared to December 31, 2011. The overall risk assessment is determined by assessing the individual risks across all risk categories in the different business areas and segments (external risks, sales risks, content risks, technological risks, organizational risks, financial risks, compliance risks). 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.

External Risks, page 122.

Company Outlook, page 146.

Over the course of the year, the potential risks from the advertising market environment increased slightly compared to December 31, 2011. However, in contrast to the declining economic performance in the euro zone, the German economy – the most important revenues market for ProSiebenSat.1 – is stable. With our 2015 growth strategy, we paved the way for future revenues growth. Driven by systematic diversification in related areas, we will further reduce the dependency of our business on the cyclical fluctuations of the advertising market. With the sale of the Northern European TV and radio portfolio, we are adapting ourselves to the increasing digitalization of the media landscape and its opportunities for growth. At the same time, the disposal widens our financial scope for investments in business operations. The ProSiebenSat.1 Group has a solid basis financially and in terms of its balance sheet. 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.

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 135.
Intragroup Information Management System, page 47.

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:

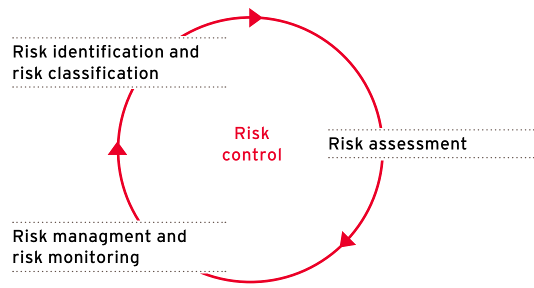
- **Decentralized risk managers** are responsible for detecting and reporting risks from the various corporate units. For each risk a risk manager is defined who monitors and regularly assesses the probability of occurrence and the impact on the company's success. Risk is defined as a potential deviation 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** unit 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 itself consists of the following complementary steps:

RISK MANAGEMENT PROCESS (Fig. 67)



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, and compliance risks. The following diagram presents an overview of the material individual risks in comparison to December 31, 2011:

DEVELOPMENT OF THE INDIVIDUAL RISKS AS OF DECEMBER 31, 2012 (Fig. 68)

Change 2012 vs. 2011

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

↗ slight increase → unchanged ↘ slight decrease

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

Operating Risks

OPERATING RISKS (Fig. 69)

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 inhouse 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-revenues-share. This aim is also pursued by the expansion of our digital business and the international expansion of our program production business.

External risks

Economic Environment, page 60.

Macroeconomic risks. After a short economic revival at the start of the year, global economic growth weakened over the course of 2012. The global economy was negatively affected in particular by the sovereign debt crisis in Europe, the declining growth momentum in China and important emerging economies, as well as uncertainty in US financial policy. In the euro zone, the recessive trend intensified over the course of the year. As a result, the climate cooled somewhat in the German economy as well, since companies invested with increasing restraint. In comparison to the declining economic performance in the euro zone, the German economy showed moderate growth. Various economic indicators also show that the German economy remains robust. The employment market is developing in stable fashion, while for private consumption the outlook is positive. However, the German economy's growth prospects depend on further easing of the European debt crisis as well as positive stimulus for growth from the USA and China.

Future Business and Industry Environment, page 142.

Due to their close link to the economic environment, TV advertising markets often react in a procyclical manner to macroeconomic developments. When the economic outlook is positive, companies are more willing to invest and advertising expenditure increases. In 2011, the comparatively dynamic German economic growth (+3.0 %) was accompanied by solid growth in advertising investments (ZAW: +1.0 % net). Conversely, in a period when the economy slows, companies react at relatively short notice by reducing their advertising budget. For this reason, any considerable cooling down of the economy represents a considerable risk for the ProSiebenSat.1 Group. In 2012, gross domestic product grew further by 0.7 %, even though this growth was considerably weaker than that of the previous year. Therefore, in 2012, the potential risks from the advertising market environment increased slightly. In view of the current economic uncertainties, 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 not perceiving any material impact on our business. By developing new business models beyond TV advertising, the Group has optimized its risk profile and will continue to pursue its diversification strategy rigorously in the future.

Glossary, page 264.

Risks from changed media usage behavior. With the emergence of new media at the end of the 1990s, the assumption spread that traditional media such as television could experience a significant loss of importance. While print media are indeed exposed to heavy pressure of being replaced, television remains the most important form of mass media, with a use time of 205 minutes per day in Germany. The use of digital media is now at 107 minutes, thus claiming approximately half the time devoted to television. In addition, the internet is frequently used as a functional medium for working, shopping, and online banking. Hence, television is not negatively affected by the range of new media. For this reason, the ProSiebenSat.1 Group views the risk of a structural change in TV use as low.

Due to the diversification of screens, video content can be downloaded on an increasing number of devices, such as laptops, smartphones, and tablet PCs. However, there is currently no sign of migration to competing media. Instead, what can be observed is an additive use of such media as TV and the Internet. This is also shown by the current "Navigator Mediennutzung" study by ProSiebenSat.1 advertising sales company SevenOne Media. Over the past 10 years, media use in Germany has increased by one sixth to 9.75 hours per day. TV and the internet complement each other intensively. Approximately 70 % of content accessed online is related to TV. Television provides the initial stimulus to browse additional content, advertising messages, products, and services online. ProSiebenSat.1 is very well positioned to utilize the change in media use as an opportunity for growth for the traditional TV business and the digital activities. We thus react to new viewing habits such as the desire for interaction and media use independent of time with cross-media television offerings utilizing online, mobile, and video-on-demand. The success of

Opportunity Report, page 135.

Opportunity Report, page 135.

show-accompanying social TV offerings such as The Voice of Germany Connect and Germany's Next Topmodel – by Heidi Klum Connect demonstrate the variety of opportunities opened up by the cross-media linking of media content and advertising messages. Owing to technological innovations such as HD and 3D, we anticipate that television will be the main form of screen-based media in future as well. Television is the No. 1 medium, with an extension into the internet providing a deepening of content. TV is also the most effective medium with regard to advertising impact. TV campaigns have been proved to have the highest impact on revenues and earnings. At the same time, TV had the highest share on the German advertising market among all media types in 2012, with 43.3 %.

On the internet, a trend towards the professionalization of content can be observed that the ProSiebenSat.1 Group, as a TV company, can handle very well. In 2012, the Group expanded its internet platform MyVideo into an online station, also opening several studios for the production of exclusive web shows. In addition, MyVideo showed various US series as "online first" premieres, before the TV broadcast. With measures such as these, the Group strengthens its market position, securing its competitive advantage also against new suppliers such as Google, which increasingly offer video content on the internet. In recent years, ProSiebenSat.1 has developed maxdome as Germany's leading online video library and thus has another attractive offering in the area of on-demand services independent of time. maxdome is funded by subscriptions and pay-per-view downloads and is not only an additional way to distribute program content, but also offers new methods of generating revenues beyond selling advertising space. We also have an attractive portfolio in the area of pay TV, which we expanded in 2012 with the station ProSieben FUN.

Non-Financial Performance Indicators, page 106.

To meet the competitive challenges in the future, ProSiebenSat.1 maintains ongoing market research and promotes a strategic brand positioning. Along with the quality of content, strong brands are an important unique selling point. Therefore, we consider potential risks from changed media use behavior to be low – both with a view to their probability of occurrence and with regard to the potential impact.

Sales risks

The ProSiebenSat.1 Group generates the biggest share of its revenues from the sale of advertising space, especially of TV advertising time. Due to the fact that they have a potentially huge impact on financial success, the active control of possible risks from the sale of TV advertising time is the focus of the management of operating risks. As part of risk control, actual and forecast values of advertising revenues and advertising market share are regularly compared against the previous-year figures and analyzed. This allows deviations from budget to be recognized at an early stage and countermeasures to be implemented at short notice. This could include cost adjustments or changes in program planning and price policy.

Glossary, page 264.

Audience share reflects how the programming offer meets the taste of the audience and the reach of the TV programs and advertising spots. To minimize sales risks, audience shares are analyzed with data of the Working Group of Television Research (AGF) on a daily basis. In this way, we are able to monitor the success of our TV stations extremely closely and if necessary to take countermeasures at short notice. Daily audience shares are an important performance indicator for our advertising customers. However, short-term fluctuations of market share ratings do not influence recognition. Besides quantitative analyses, qualitative studies are also an important control instrument. In 2012, program research at ProSiebenSat.1 again cooperated closely with various institutes on this. In Germany ProSiebenSat.1 commissioned them 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.

As well as ratings success, a high-quality environment in which to place their advertising spots is of crucial importance to advertising customers. The ProSiebenSat.1 Group has numerous flagship programs, such as "The Voice of Germany" and "Schlag den Raab". The Group receives licenses to show blockbusters and series from almost all major Hollywood studios and also commissions the production of successful programs itself. Thus, the ProSiebenSat.1 Group offers customers a high-quality advertising environment. Numerous program awards in 2012 and in the years before testify to this.

Non-Financial Performance Indicators, page 106.

In order to minimize risks, the Group has also developed a complementary, coordinated station portfolio in Germany, Austria, and Switzerland. This allows possible market share weaknesses on the part of an individual station to be compensated for. In addition, the TV channels focus on various core target groups and are demarcated systematically from each in terms of content. In this way, the ProSiebenSat.1 Group offers advertising customers a wide range of target groups covering all commercially relevant social groups. In addition, the Group has established four new free TV stations in Germany, Austria, and Switzerland in the last six years. For example, the women's channel sixx was launched successfully in Germany in 2010 and doubled its market share in 2012. In June 2012, sixx also went on air in Austria, while the channel was launched on the Swiss TV market at the start of 2013. In this way, the ProSiebenSat.1 Group increases its audience shares and opens the way to new target groups for its advertising customers. Before designing a station, the company conducts comprehensive analyses of demand and potential in the audience and advertising market. It was thus established that purchase decisions are made mainly by women and that In Germany approximately 90 % of those managing the household are female. In view of this, sixx is particularly attractive for the advertising market because of the female core target group. In January 2013, a further channel, SAT.1 Gold, was added to the ProSiebenSat.1 portfolio, a station aimed mainly at the older female target group between the ages of 49 and 64.

Opportunity Report, page 135.

Due to the measures taken to limit risk and the strengthening of our leading market position in 2012, we consider the probability of occurrence of the sales risks to be limited overall. In the last few months, the Group has implemented moderate price increases in Germany. Thus, SevenOne Media, the advertising sales house of the ProSiebenSat.1 Group, expanded its leading position further in 2012, with its gross market share rising to 42.8 % for the full year (previous year: 42.3 %). We also succeeded in marketing free advertising time according to the media-for-revenues-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. 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 inventory is the decisive criterion for the ProSiebenSat.1 Group in the competition for audiences, internet users, and advertising customers. For this reason, ensuring a continuous and long-term supply of high-quality content is the basis of our company's success. While the financial impact of inadequate program supply is potentially high, due to our comprehensive measures aimed at limiting risk we assess the probability of our competitive position being adversely impacted by content risk as low.

ProSiebenSat.1 secures attractive programs through three different procurement channels — by purchasing licensed formats, through commissioned productions and through inhouse formats that are based on the development and implementation of own ideas.

License purchases. The Group acquires many of its feature films, TV films, and series as licensed content from third parties. ProSiebenSat.1 has long-term contracts with virtually every major Hollywood studio, including Twentieth Century Fox Television, Sony Pictures International, Paramount, CBS, Disney, Warner, and Dreamworks. These contracts secure the Group's long-term programming supply. In addition, the Group maintains close ties with domestic and international film studios, as well as film and TV producers.

Notes, page 192.

Generally, ProSiebenSat.1 secures programming rights through multi-year license agreements, so-called output deals. Here, the Group acquires the broadcasting rights for all future productions of a film producer or studio that are produced in a certain period. Hence, programming contracts are often signed on a script basis and thus several years ahead of the broadcast date. Programming rights are capitalized at the amount of their contractual acquisition cost including acquisition-related costs. Since neither the quality nor the success of programming produced in the future can be predicted with absolute certainty, signing programming contracts early harbors the potential risk of low visibility. We counteract this risk by signing programming contracts exclusively with renowned film studios and production companies which have a corresponding track record of success. We minimize programming inventory risks by reviewing contractually secured broadcasting rights systematically and on a regular basis for potential risks which could result in reduced revenues potential.

Currency Risks, page 130.

Since a considerable amount of the programming rights are acquired from production studios in the USA, the Group is exposed to exchange rate fluctuations between the euro and the US dollar, but also between other "non-reporting currencies" and the US dollar. In addition, the Group is also generally confronted with the risk of potential price increases. In 2012, pressure was exerted on prices for licenses, particularly in Germany. In addition to competition from private stations, this is mainly due to the negotiating position of the public stations, which have higher budgets than in any other European market due to their being funded though license fees. The ProSiebenSat.1 Group's new, smaller stations are increasingly finding themselves in competition with the digital offshoots of the public stations, such as ZDFneo, for the acquisition of programming rights. However, with our strong position as a licensee, we view the probability of occurrence of the risk from price increases as low. Our negotiating position is secured by our close business relationships with the licensors – which have been in place for many years – as well as our high purchasing volume.

As a result of the continuous 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, so-called "qualifiers" — i.e. contractually determined reference figures such as minimum requirements with regard to box office success – 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. ProSiebenSat.1's objective is to cover the chain of application as widely as possible with a comprehensive acquisition of rights and thus also to minimize risks in other areas of application, such as video-on-demand and pay TV.

Commissioned and own productions. With its stations, the ProSiebenSat.1 Group focuses on an individual and generally balanced mix of licensed programs as well as commissioned and own productions. Productions and formats produced locally are designed especially for individual stations. They 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 inhouse 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.

With the establishment of its own production unit for the development, production, and sale of TV content – the Red Arrow Entertainment Group – in 2010, an even wider basis was formed for the programming supply of the ProSiebenSat.1 Group. In addition to business advantages resulting from bundling content expertise across the Group in one central unit, the founding is an important strategic step to expand the Group's value chain. Red Arrow Entertainment develops and produces TV content not only for Group stations, but also offers its expertise to external customers. In 2012, the Red Arrow Entertainment Group expanded its portfolio further through acquisitions of TV production companies, considerably strengthening its presence particularly in Great Britain and the USA, the world's most important TV markets.

In order to assess the appeal of its inhouse productions as reliably as possible, ProSiebenSat.1 conducts intensive market research. 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 of different methods, in many cases as early as the concept or screenplay 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. Another measure to limit risk is "format management" for the German station family. This involves an improvement to the program approval process, which 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.

Technology risks

A fundamental requirement for the success of the ProSiebenSat.1 stations with their advertising customers is high viewer ratings. For these to be achieved, uninterrupted transmission is particularly crucial, as well as an attractive range of programming. ProSiebenSat.1 has a highly modern technical infrastructure that is consistent with the highest standards of security. To minimize risks that could result from a defective technological infrastructure, ProSiebenSat.1 implements systematic risk assessments. In addition, our systems are secured by comprehensive back-up solutions.

Broadcasting equipment and studio operations. Interference to studio and broadcasting equipment could result in program changes at short notice and could cause a failure of our stations. This could lead to 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 impact on our financial success. A high level of security for our systems is therefore just as important as their ongoing maintenance and improving infrastructure, if required. For this reason, back-up systems are installed for all relevant business processes, thus ensuring a broadcasting process without interruptions as well as a smooth process of 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 also further optimized in 2012.

With the commissioning of a new broadcasting center in 2009, the so-called Playout Center, 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. Since 2011, the work of the production units and the Playout Center has been completely file-based and focused on HD operations. We thus implement technical developments and reduce costs through the use of tapeless devices.

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 potential 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 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. The Group has multiple computer centers at separate locations, which assume each other's tasks in the event of a system failure. In 2012, ProSiebenSat.1 commissioned a new, modularly structured container computer center that fulfills both the current and the future technological requirements in an optimal fashion. The innovative container concept superseded a previous computer center and due to its observance of the highest standards of safety and its energy-efficient design it is already considered the most modern computer center in the German media industry.

Due to the aforementioned measures such as the establishment of back-up systems, we consider the probability of a defective technological infrastructure impacting on our financial success to be low. We assess the financial impact of a defective technological infrastructure as low to medium.

Organizational risks

Personnel risks. In the course of digitalization, the need for qualified employees in our growth areas has risen. To improve the appeal of ProSiebenSat.1 as an employer, the Group developed an employer brand. From the beginning of 2011, this was implemented with the launch of the new careers website at www.prosiebensat1.com. In 2012, the employer brand was expanded to include a target-group-specific employer branding campaign with which we present ourselves on the employment market as a digital entertainment & e-commerce powerhouse. With the campaign, ProSiebenSat.1 appeals specifically and mainly to employees in key functions such as IT, as well as to applicants for traditional positions. In addition, our close network of contacts within the digital sector and close cooperation with universities benefit us in recruiting highly qualified specialists and managers for our growth areas. Our measures in the area of recruiting pay off. Rankings of the trendence Institute and Universum demonstrate that ProSiebenSat.1 is seen as a preferred employer. In order to prevent a lack of specialist staff, the Group also trains young staff in commercial and technical careers as well as offering internships in almost all corporate areas. We offer trainees cross-media education in TV, online and PR, aligned specifically to the requirements of a modern media group.

As well as digitalization, new challenges are posed to the Group by the expansion of our production arm Red Arrow into new markets such as the USA. In order to cover our short and long-term personnel requirements here and at the same time to do business efficiently, the management of personnel resources is of great importance. The aim is to use resources efficiently and thus reduce fixed costs by utilizing existing Group company structures. At the same time, knowledge transfer is to be ensured and synergy potential optimally utilized through the development of close ties between the individual companies. The Group has laid the foundation for this by bundling the subsidiaries under the umbrella of the Red Arrow Entertainment Group GmbH.

Employees, page 96.

The second component of our successful personnel management is the targeted HR development of our staff. Our employees also benefit from the offers of the inhouse ProSiebenSat.1 Academy. ProSiebenSat.1 is continuously expanding the Academy's range of specialist training. In addition, in the last two years it has developed a performance and potential management system (OTR) for executives and potential managers. The objective is to generate loyalty among employees and managers on a long-term basis, at the same time implementing successor planning for key positions in due time. An attractive performance-based remuneration structure is another criterion in competing for qualified staff and managers. Alongside our "TOP Targets" bonus plan, Performance Development is a bonus program for managers in which not only specialist performance but also individual managerial competency is assessed and remunerated. In addition, ProSiebenSat.1 has been investing in work-life-balance offerings for many years, allowing staff flexibility in both their careers and personal lives.

A variety of opportunities for specialist training and development as well as attractive remuneration generate long-term loyalty on our employees' part and make us a preferred employer. Important HR figures for 2012 also show this is the case. For instance, the average rate of fluctuation decreased to 11.4 % in 2012 (2011: 13.1 %).

Highly qualified and committed employees form the basis for our success. For this reason, the loss of specialist and managerial staff in key positions as well as bottlenecks in recruiting staff also represent a potential risk for ProSiebenSat.1. As a result of our extensive measures, we further reduced the probability of occurrence of the risks in the HR department. We assess the financial impact of this risk category as medium.

Process risks from business operations. As an international media company, we must ensure smooth business operations at all times. Interruptions or threats to business operations can have serious consequences for business processes and in the worst case can have a direct financial impact for the Group. Particularly when an unforeseen event occurs (e.g. fire, water damage) that interrupts the continuity of normal business operations, it is of crucial importance that normal operations be restored as quickly as possible. In order to minimize risks from business operations, we have established an efficient crisis management organization for tackling emergencies. In 2012, ProSiebenSat.1 developed its crisis and emergency management further with the introduction of Group-wide safety guidelines. The comprehensive guidelines ensure that business processes can flow smoothly even in emergencies. They also ensure the quickest possible return to normal operations.

Financial Risks

In its operating business and due to its borrowings, the ProSiebenSat.1 Group is exposed to various financial risks. Overall, the probability of occurrence of these risks is assessed as low. 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. 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, page 224.

In December 2012, the ProSiebenSat.1 Group sold its TV and radio activities in Northern Europe. The Group intends to use part of the sale proceeds for prepayment of parts of term loan facilities under the syndicated facility agreement of the ProSiebenSat.1 Group. As a result the Group will further reduce its financing risk, which is potentially the highest financial risk for the Group. In 2011, the Group already prepaid a significant part of its term loans and extended the maturities of most of the remaining term loans. This improved the Group's capital structure 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.

Financing risk. A lack of available funding or impeded access to sufficient funding on an equity and debt capital basis on 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 2012 as well. On the basis of our current corporate planning, a violation of the financial covenants can be ruled out, also in the future. Against this background risks from financing are manageable. We consider the probability of occurence as low. 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 315 (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. 34, page 224.

Counterparty risks. The Group concludes finance and treasury transactions exclusively 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. In addition, the portfolios of receivables are monitored on a continuous basis.

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 190 and glossary on page 262.
The ProSiebenSat.1 Group does not deploy derivative financial instruments for trading purposes, but only to hedge existing risk positions.

Interest rate risks. Interest rate risks result from potential movements in market interest rates. As of the end of the year, the ProSiebenSat.1 Group had hedged approximately 68 % of the variable-interest term loans using interest rate swaps in order to limit risks. A partial volume of EUR 750 million expired in 2012. In addition to the unhedged portion of the term loan, there is a residual variable interest rate risk from cash drawings the Group takes on its revolving credit facility (RCF). As of December 31, 2012, the cash drawing of the RCF was EUR 230.6 million. This compares to cash and cash equivalents of EUR 702.3 million as of December 31, 2012.

Currency risks. As an international company, the operating business of the ProSiebenSat.1 Group is exposed to currency risks due to changes in exchange rates. Currency risks occur primarily if revenues are generated in a currency different from the related costs (transaction risk). Since the ProSiebenSat.1 Group concludes a substantial number of its license agreements with production studios in the United States and generally fulfills the financial obligations resulting from these in US dollars, it is particularly when purchasing licensed programs that there are risks from changes in exchange rates. The Group manages this risk by the targeted use of derivative financial instruments, primarily currency forwards. Due to the high hedging rate over the next few years, the impact of currency fluctuations is assessed as manageable. In 2012, changes in exchange rates did not have a material impact on the revenues 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. 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. Since the Group generates the majority of its revenues in the euro zone, the related risk from currency fluctuations (translation risk) to the revenues and earnings performance of the ProSiebenSat.1 Group is low.

Seasonality, page 72.
Cash and Cash Equivalents, page 87.

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

FINANCIAL RISKS (Fig. 70)

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 and our solid balance sheet structure, we assess the probability of occurance of the financing risk – the potentially biggest financial risk for the ProSiebenSat.1 Group – as low.

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. 71)

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 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. 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 222.

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 antitrust 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 employees of operating units. The task of the Compliance Board is to identify possible illegal actions at an early stage 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, 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 antitrust law, ProSiebenSat.1 was certified as "best in class."

Consensual agreement and conclusion of the antitrust proceedings. In the Annual Report 2011, the ProSiebenSat.1 Group declared a potential risk from an alleged infringement of antitrust law through agreements between the ProSiebenSat.1 Group and the RTL Group about their TV encryption practice. In July 2012, ProSiebenSat.1 Group and the Federal Cartel Office agreed in principle to a consensual termination of the proceedings related to this allegation. Taking into account the state of negotiations and using its best estimate, the ProSiebenSat.1 Group recognized a provision of EUR 27.5 million as of June 30, 2012. The amount provided corresponds to the notification of the Federal Cartel Office received at the end of December 2012 as was shown under other liabilities as of December 31, 2012. The settlement was approved by the Supervisory Board. The Federal Cartel Office's final administrative order imposing the fine was issued on December 28, 2012. The fine of EUR 27.7 million was paid on January 24, 2013.

Moreover, as part of the agreement with the Federal Cartel Office, the ProSiebenSat.1 Group committed to unencrypted broadcast of the stations SAT.1, ProSieben, and kabel eins in SD quality for a period of 10 years from January 1, 2013. The decision is currently being implemented. The transmission of broadcast signals in HD quality is not affected by this.

Requirements for disclosure and action for damages. Claims 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) are 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. On April 13, 2012, the Regional Court resolved to obtain an expert appraisal on the probability of loss. However, an expert has not yet been appointed. The outcome of the case cannot currently be predicted. As a consequence, no provision was recognized as of the reporting date.

Furthermore, TM-TV GmbH and MTV Networks Germany GmbH brought corresponding charges with the same objective. The Munich Regional Court dismissed both cases in their entirety on November 22, 2011 and May 8, 2012 respectively. The plaintiffs each appealed at the Munich Higher Regional Court. On February 21, 2013, the Munich Higher Regional Court dismissed the appeal of TM-TV GmbH in its entirety and confirmed the dismissal of action through the Regional Court. A date has not yet been decided for hearing the MTV case. The outcome of this appeal case cannot currently be predicted. For this reason, no provisions have been established as of the reporting date.

Tax risks from media-for-equity transactions. The ProSiebenSat.1 Group also provides advertising services in the context of barter deals or media-for-equity transactions. The tax treatment of these transactions has not yet been definitively clarified. For this reason, no final assessment can be made whether and to what extent they many result in an impact on future tax payments.

Notes, page 223.

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 ruling was appealed against and a court settlement for dealing with this was reached on December 12, 2012. On the basis of Section 32a of the German Copyright Act, other authors have made similar claims, in and out of court, against ProSiebenSat.1 Group companies. For this range of topics, a provision of EUR 6.1 million was recognized, which is based on a best estimate with regard to the status of the negotiations.

COMPLIANCE RISKS (Fig. 72)

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 **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. Overall, we consider the probability of occurance as low.

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 example, antitrust violations could entail severe financial consequences for the ProSiebenSat.1 Group. Overall, we consider the probability of occurence as low.

Outlook

General management statement on expected company performance.

The ProSiebenSat.1 Group successfully completed the 2012 financial year. We are optimistic for 2013 and 2014 and we anticipate a continuation of our profitable growth course. For that purpose, we will expand our core free TV business in the next few years and will advance the dynamic development in the Digital & Adjacent and Content Production & Global Sales segments. Moreover, we are constantly pursuing linking up our TV activities with the digital segment and are thus opening up new sources of revenues for our Group. On the basis of these strategic measures, we anticipate continued revenue and earnings growth. On the basis of continuing operations, we expect a revenue potential of more than EUR 600 million to 2015 in comparison to 2010. It is our aim to gain a double-digit revenue increase outside the traditional TV advertising business in the next few years.

Opportunity Report

The business approach is made up of two components: The conscious handling of risks and consistent use of opportunities for additional revenue and earnings potential. Early and ongoing identification, analysis, and controlling of future sources of revenues are a central task of management at ProSiebenSat.1.

At ProSiebenSat.1, the management of opportunities is centrally organized 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 units and their managers. The identified factors for success and possible synergy potential 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. Opportunity management is part of the Group's intragroup 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.

Intragroup Management System, page 47.

Opportunities for our Group primarily result from
- the development of general conditions,
- corporate strategy decisions and
- the Group's economic performance.

The most important opportunities are described below:

OVERVIEW OF OPPORTUNITIES (Fig. 73)

Opportunities from the development of general conditions	› New trends in the behavior of media usage › Expansion of the range of services through technological developments and innovations › Legislative changes and media policy decisions › Macroeconomic developments
Opportunities in corporate strategy	› Expansion of the station portfolio › Entry into new business models › International expansion of program production and distribution
Performance opportunities	› Expansion and capitalization of audience share › Use of new revenue models › Optimization of costs

Opportunities from the Development of General Conditions

https://www.sevenonemedia.de/research_mediennutzung_navigator-mediennutzung

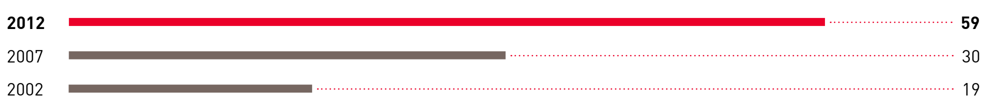
Media continue to represent an important element of society. According to the study "Navigator Mediennutzung 2012" (Media Usage Navigator 2012) from ProSiebenSat.1 advertising time marketer SevenOne Media, the daily media use of 14 to 49 year olds has increased by 16 % to almost 10 hours since 2002. The rise in media consumption is due both to TV – still the most important form of mass media – and to the high growth rates among new media.

- **Television:** TV continues to grow and is still the No. 1 medium, since it is considerably ahead of all other entertainment media in use. In the last 10 years, average daily TV use time has increased by 17 minutes to reach to 205 minutes in 2012. Almost all 14 to 49 year olds watch television, with 79 % doing so every day. TV is also seen as the most stable medium for the future, not least due to the many technological innovations such as HD, 3D and smart TV functions.

- **Internet and PC games/videogames:** The dynamic growth of the media types internet and games also contributed to the increased media use. In the last 10 years, time spent online every day has increased from 30 to 107 minutes. Since 2002, the average use time of PC and videogames has doubled to 39 minutes a day. In addition, the parallel use of online media and television is increasingly frequent: 59 % of 14 to 49 year olds use TV and the internet at the same time.

SIMULTANEOUS USE OF TV AND INTERNET (Fig. 74)

In percent (14 to 49 year olds)



- **Print:** While TV, the internet and games are benefiting from the transition in the media industry, print media have come under pressure of substitution in the last few years and have had to accept heavy losses in use time. Since 2002, the use time of newspapers, magazines, and books has declined by one third to 60 minutes per day.

Since television is benefiting more from digitalization than any other traditional media, the continuing strength and popularity of TV also offers the ProSiebenSat.1 Group numerous opportunities in the future. TV shows a considerably stronger online affinity than print, and as on TV, video is the key driver on the internet as well. Due to the content-related and technological convergence with the internet, TV is increasingly becoming an interactive medium and remains relevant for young target groups. Therefore, new forms of media use are opening up growth prospects to the ProSiebenSat.1 Group, both in the audience market and in the advertising market.

Growing need for media-compatible video content. Today, approximately 55 % of online users watch videos on the internet. Mobile devices such as smartphones and tablet PCs make it possible to be entertained and informed by videos in any place, at any time. The ProSiebenSat.1 Group anticipates a strong rise in the need for media-compatible video content in the next few years. In order to benefit from this development, the company has built up a media portfolio that serves both linear and non-linear forms of use with the aid of the close link-up of TV and the internet.

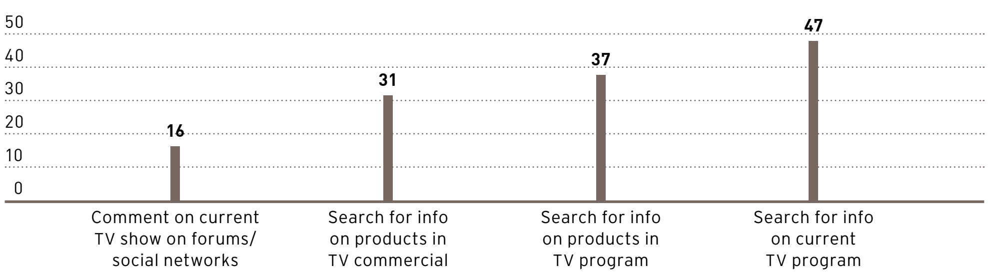
The successful TV stations are the centerpiece and are flanked by numerous digital offerings. For example, numerous TV programs are available for free online for seven days after being broadcast on television. With extensive additional offerings, like backstage information, web-only video clips, social TV services, episode guides and actor profiles, the Group is extending its TV content onto the internet, thus strengthening the connection between consumers, programs, and brands. In 2012, the ProSiebenSat.1 Group also extended the advertising-financed internet portal MyVideo into an online TV station. With so-called "online first" premieres, MyVideo shows licensed US series before they are broadcast on free German TV. Between March and June 2012, the US series "Spartacus" achieved more than 13 million views on MyVideo. Subsequently on ProSieben, the series achieved a market share of up to 18.0 % among 14 to 49 year old viewers. The Group conducted a survey to accompany the second series. It revealed that 32 % of users used MyVideo due to the online preview. 30 % of those surveyed also subsequently watched the series on television, and a further 13 % were made curious about the TV show by the preview. The service is free for users and is financed by means of online video advertising. This example shows that the cross-media link-up of its content is opening up new growth opportunities for the ProSiebenSat.1 Group. Moreover, the ProSiebenSat.1 Group operates Germany's biggest video-on-demand portal, maxdome. The online video library offers more than 50,000 feature films, series, sports and music highlights, as well as children's films.

As well as a multimedia distribution network, the ProSiebenSat.1 Group has a comprehensive stock of rights with fictional and non-fictional programs that it can use across all platforms, from TV to the internet and mobile. In this way, the Group can serve viewers' new preferences of use and utilize the program inventory efficiently. This is a strategic advantage over mere internet providers who own distribution channels but not their own content.

Parallel use: Television as an interactive and social medium. While 10 years ago 19 % of 14 to 49 year old viewers used TV and the internet at the same time, in 2012 the figure was already 59 %. The ProSiebenSat.1 Group anticipates a continuation of this trend in the next few years. The increasing parallel use opens up new growth opportunities not only for the internet, but also for television. In many cases, it is TV that sets the initial impetus for finding out more about certain topics online. 69 % use TV-related content on the internet while watching television. Viewers frequently look for products from TV programs or commercials online, as the following graph shows:

TV-RELATED INTERNET USE (Fig. 75)

In percent (14 to 49 year olds)

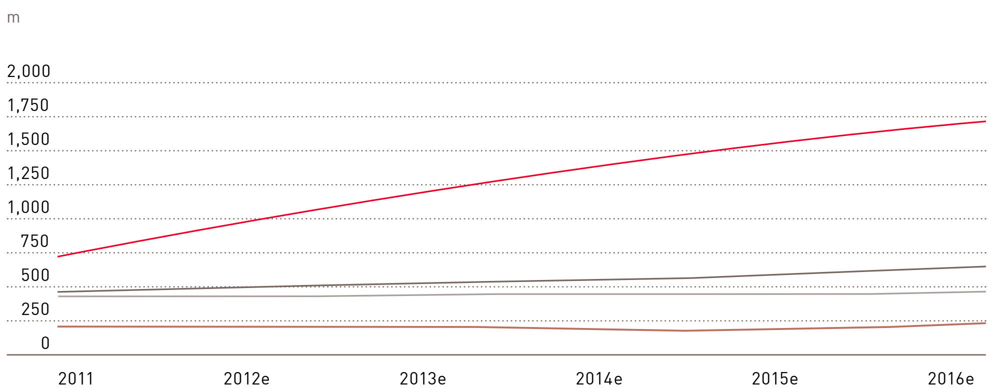


Non-Financial Performance Indicators, page 106.

Social networks are an established part of everyday life and have led to viewers commenting more and more often on TV programs online while they watch them. Television was already a community experience before the digitalization of media and this is now continuing in social networks and online forums. The ProSiebenSat.1 Group recognized the potential of this development at an early stage and introduced the social TV platform "Connect" for the first season of "The Voice of Germany" in 2011. The online portal brings together on one screen a live stream of the show, the social networks Twitter and Facebook, as well as various interactive tools. In this way, during the show viewers and users can exchange views with friends, comment on the program and participate in surveys, the results of which are displayed live. Thus, TV viewers become active commentators who deal intensively with program content. Representative surveys demonstrate that this considerably strengthens the connection between brands, program content, viewers, and users. 63 % say that they find television more exciting and more fun through the social TV platform. 62 % prefer to use the online portal than to flick through the channels during commercial breaks. At the same time, the social TV application is not only additive, but also causes users to want to switch on the program. The users of the "The Voice Connect" are simultaneously loyal viewers of the TV show, with 81 % revealing that they watch almost every episode on television. Social TV measures offer the ProSiebenSat.1 Group the opportunity to increase the TV ratings of a program, retain viewers, provide them with new platforms, and thus make the show more attractive for advertising customers as well.

Optimized sales opportunities. The dynamic development of digital media also offers the company attractive growth opportunities in the advertising market in the next few years. The rising number of second screens – the graph below shows the forecast spread of devices with screens – results not only in additional advertising space.

GLOBAL SALES OF SCREEN DEVICES (Fig. 76)



■ Smartphones ■ Tablets ■ Notebooks ■ Desktops; Source: IDC, Statista.

The link-up between TV and internet advertising also increases the advertising impact. The "Navigator Mediennutzung" study shows that among 14 to 49 year old internet users, 44 % have already become aware of products on television and have then looked for these on the internet. Experts forecast a strong rise in advertising on mobile devices in the next few years. For instance, the American market research institute eMarketer has calculated that the advertising volume with mobile advertising in the USA will quadruple by 2016. Additional mobile screens also open up to television companies the opportunity to make transactions such as online purchases directly via TV programming. Up until now, this has still been largely reserved for internet companies. The ProSiebenSat.1 Group will benefit from this both as a sales company and through its Ventures portfolio with investments in the sports, beauty, health, fashion, home & living, market places and travel industries. The Group makes use of its strong market position and can advertise the products via its own station and online network and trigger purchases. In Germany, the ProSiebenSat.1 Group is the leading seller of video content both on free TV and on the internet.

Furthermore, the Group can provide its advertising customers with a direct feedback channel for communication with consumers on the internet as well as with social TV applications such as "ProSieben Connect." This feedback channel includes survey modules, badges, cross-media campaigns, and sponsorship campaigns that are tailored to customers individually. Particularly effective are overarching concepts that combine traditional forms of advertising with the new opportunities. The sales subsidiary SevenOne AdFactory specializes in 360 degree concepts, as they are known, in which all of ProSiebenSat.1's platforms, from TV to online and mobile to games, are included in sales. The ProSiebenSat.1 Group will also develop tailored sales concepts in future to strengthen its position as trailblazer on the German market and to take a share in the growth of social TV.

Glossary, page 264.

TV advertising market grows at the expense of the print market. The growing relevance of TV and the internet is likely to lead to a further shift in the media market. The declining usage figures in the print industry have been reflected in the German advertising market for several years. Between 2000 and 2011, the net advertising market share of print products fell by 10 percentage points to 56 %. In contrast, TV increased its share from 24 % to 26 %. The ProSiebenSat.1 Group expects this development to continue and that the television category will increase its share in the net advertising market to between 27 % and 29 % by 2015. This could lead to growth in the German TV advertising market of EUR 100 million compared to 2010. The ProSiebenSat.1 Group's goal is to shift advertising market share from print media to TV and to increase its revenues in the German TV advertising market further.

The changes in media usage behavior are driven largely by technological developments. Due to innovations such as large flatscreens as well as HD-ready and internet-enabled television sets, the appeal of television has continued to grow in the last few years. In the first nine months of 2012, every second television set sold in Germany was internet-enabled; according to GfK, this equates to approximately 3.5 million sets. These technological innovations open up growth opportunities for the ProSiebenSat.1 Group, particularly in the distribution of its HD stations. The Group is represented in the HD packages of all major cable, satellite and IPTV operators with its German free TV stations SAT.1, ProSieben, kabel eins, and sixx, and since 2011 has been taking a share in the technical activation fees which customers pay to the providers. The company anticipates that the technical reach of HD televisions will double by 2015 and that the number of HD subscribers will rise to approximately seven million. This corresponds to an annual growth rate of 75 %. For this reason, the Group expects an increase in revenues of more than EUR 50 million from its HD distribution business by 2015 compared to 2010.

Glossary, page 264.

There are also growth prospects for the ProSiebenSat.1 Group in the video-on-demand area. As part of its digital video strategy, ProSiebenSat.1 has developed maxdome as Germany's leading video-on-demand platform. Today, maxdome is already directly available on more than 70 % of all hybrid TV sets. In the last few years, ProSiebenSat.1 has concluded contracts with all major manufacturers relating to the integration of the service on the respective devices. By the end of 2013, maxdome is likely to be receivable on more than 13 million hybrid devices, meaning the number of maxdome users is likely to grow considerably.

Glossary, page 264.

While the TV industry is going through a dynamic process of change, the German television market is, at the same time, heavily regulated. For this reason, liberalization in the regulatory environment as well as new media law conditions generally entails growth opportunities for our company. As of July 1, 2012, advertising for betting and lotteries was legalized. Thus, the ProSiebenSat.1 Group anticipates that the German TV advertising market could grow by approximately EUR 80 million by 2015. In addition, a sponsorship ban on public television came into

Media Policy Environment, page 58.

force on January 1, 2013 due to a change to the Interstate Broadcasting Treaty. The ban applies on workdays after 8 p.m. as well as on Sundays and public holidays. On the basis of a conservative estimate, the ProSiebenSat.1 Group numbers the potential revenues resulting from this for the private television market in Germany by 2015 at approximately EUR 25 million in comparison with 2010.

Future Economic Environment, page 142.

Since the ProSiebenSat.1 Group generates the majority of its revenues from TV services financed through advertising, the Group's position is also influenced by the economic environment. Macroeconomic factors such as the development of gross domestic product as well as private consumption impact on revenues in the TV advertising business. This also applies to revenues from the online advertising market. Thus, macroeconomic developments that turn out better than originally forecast and that increase the purchasing power of consumers as well as the bookings of the advertising industry can have a positive impact on the Group's revenues and earnings.

Opportunities in Corporate Strategy

The Group not only invests on a continuous basis in the expansion of its existing programs, but also sees opportunities for growth relating to the corporate strategy in the expansion of its complementary station portfolio. In the last six years, the ProSiebenSat.1 Group has successfully established five new stations in its German-speaking markets. The dynamic development of the women's channel sixx, which was launched in Germany in 2010, is an example showing that there will be attractive opportunities for the traditional TV business in the future as well. In 2012, the market share of sixx Deutschland doubled to 1.0 %, while in Austria the women's channel – which was launched only in July 2012 – achieved a market share of 1.1 % in the second half of the year. The ProSiebenSat.1 Group is increasing its audience and advertising market share through new TV stations, since it can offer its advertising customers a widely positioned and diversified target group portfolio. In 2012, ProSiebenSat.1 also designed a station for "Best Agers" with SAT.1 Gold. SAT.1 Gold went on air in mid-January 2013 and is aimed primarily at women between 49 and 64. In this way, the ProSiebenSat.1 Group is reacting to the demographic change through which the population group of older, high-income people in Germany is growing continuously.

The Year 2012 At a Glance, page 40.

The Group expects further growth potential from the development of new business models. We are at the forefront in the German advertising market in the adaption of new technologies and the implementation of innovative forms of advertising such as decentralized advertising in cable television. The station group plans to offer regional advertising spots to advertising customers in five areas. The Group has already successfully carried out technical pilot experiments for this with the network operators Kabel BW in Baden-Württemberg and Unitymedia in North-Rhine Westphalia. The media supervisory authority's approval process is not yet complete. Above all, the ProSiebenSat.1 Group considers decentralized advertising a great opportunity to win new customers who have not previously advertised on television. It is already established in many other EU member countries.

Media Policy Environment, page 58.

Moreover, the international expansion of the Red Arrow Entertainment Group, the ProSiebenSat.1 Group's program production and distribution company, provides opportunities for the Group. The TV group benefits from attractive program developments and productions from its own producer network. For example, in 2012 the German station group secured the broadcasting rights for several fictional programs from its own production pipeline. At the same time, revenues from the global sales business will grow in the next few years. Since 2010, the Red Arrow Entertainment Group has built up an attractive portfolio with 18 production companies worldwide, including in key markets such as the USA and Great Britain. In addition, the company has opened international sales offices, including a branch in China. The country is likely to be one of the fastest-growing TV markets in the next few years. More than 50% of all of the world's TV households are in Asia. Approximately three years after it was founded, the Red Arrow Entertainment Group has established itself in the industry and is already the world's eighth-largest independent production company.

Performance Opportunities

Performance opportunities for the ProSiebenSat.1 Group can arise from operating business as well as from cost management and the increase of efficiency and profitability. Opportunities from operating business result in particular from the possibility to capitalize on our ratings successes and to generate additional revenues on the basis of innovative sales concepts.

Development of the Advertising Market, page 61.

Development of the Audience Market, page 63.

The biggest opportunities for growth will result from the leading position in the TV advertising market if ProSiebenSat.1 further increases the audience market share of its TV stations and continues to achieve adequate purchase prices for its high-quality media services through a corresponding price policy. As demonstrated in the 2012 study "ROI Analyzer", carried out jointly by ProSiebenSat.1 advertising sales company SevenOne Media and GfK as well as the GfK Verein, TV advertising constitutes the most effective and powerful form of advertising in the long term. The correlation between advertising, customer loyalty, and buying was thus quantified and the long-term impact of TV advertising demonstrated for the first time. According to the results of the study, the average long-term return on investment (ROI) of the brands investigated so far is 1.9. The Group also benefits from the strength and effectiveness of television in the expansion of its own integrated media portfolio.

The ProSiebenSat.1 Group taps into related business areas such as online games, mobile and music by also selling its own products via its free TV stations, which have wide coverage. On the basis of this strategy, the company has built up an attractive Ventures portfolio with more than 50 partnerships and strategic investments since 2010. With its innovative media-for-revenue-share and media-for-equity revenue models, the ProSiebenSat.1 Group provides selected start-up companies with advertising time on its TV stations in return for a revenue share and/or equity. With this special sales concept, the Group can capitalize free advertising time and optimize the use of its media inventory. This provides ProSiebenSat.1 the opportunity to advance into new business areas and markets in the future as well, without weaknesses on the part of the investments having a direct financial impact on the Group.

Analysis of Liquidity and Capital Spending, page 87.

Further, the optimization of costs in the Group opens up additional opportunities for growth. The implementation of efficient processes and structures forms a crucial basis for sustainably increasing our profitability. As part of its cost management, the Group reviews the entire value chain on a continuous basis and proactively includes future events in its cost planning as far as possible.

Future Business and Industry Environment

A gradual recovery of the global economy is to be expected in 2013. The IMF is currently forecasting real growth of 3.5 % after growth of 3.2 % in 2012. Due to various measures to stimulate the economy in emerging countries, the economy is expected to pick up again in the course of 2013. At the same time, the fiscal conflicts in the USA have been settled for the time being. The continued expansionary monetary policy of the Federal Reserve is likely to have a positive impact on the European markets. However, high unemployment and falling purchasing power could mean the situation in some European countries will remain tense: In the euro zone, the IMF expects economic performance to decline again in 2013. However, the decrease is not expected to prove as great as in the previous year at 0.2 %.

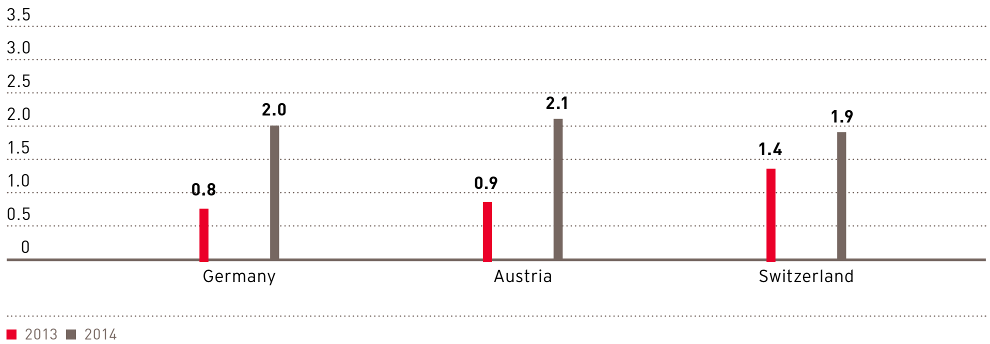
In the course of 2013, the domestic economy in Germany could grow more strongly again and revive investment activity, provided the euro crisis does not get worse. The ifo Business Climate Index has recently risen three times in a row after a long phase of weakness. In addition, the German export economy is likely to return to its course of growth due to rising demand from outside Europe. In contrast, signs for private consumption are mixed: While the employment market situation remains stable, the increase in the employment rate slowed down over the course of 2012. Therefore, available household incomes are still expected to rise again, but somewhat more moderately. The forecasts for private consumption in 2013 range between plus 0.2 % (RWI) and 1.1 % (DIW). The forecast range for the expected development of real GDP in Germany ranges from growth of 0.3 % (RWI) to 0.9 % (DIW). However, all the forecasts entail downside risks due to the current uncertainty in the euro zone.

Since advertising expenditure consists of investments by companies, the development of advertising markets is always closely tied to the current and expected future general economic situation. In 2012, gross domestic product grew only slightly by 0.7 %. The Association of German Advertisers (ZAW) estimates that the media's net advertising revenues sank by 3.0 %, primarily to the detriment of print media: The ZenithOptimedia agency group anticipates growth of 1.8 % for TV in 2012. The World Advertising Research Center (WARC) forecasts growth of 2.0 % in TV net advertising revenues. For 2013, estimates are positive (ZenithOptimedia: +1.9 %; WARC: +1.5 %).

The economic outlook for Austria and Switzerland — the relevant international TV markets for the ProSiebenSat.1 Group in future — are positive as well as the forecasts for TV advertising markets, as the following charts show:

FORECASTS FOR REAL GROSS DOMESTIC PRODUCT IN COUNTRIES IMPORTANT FOR PROSIEBENSAT.1 (Fig. 77)

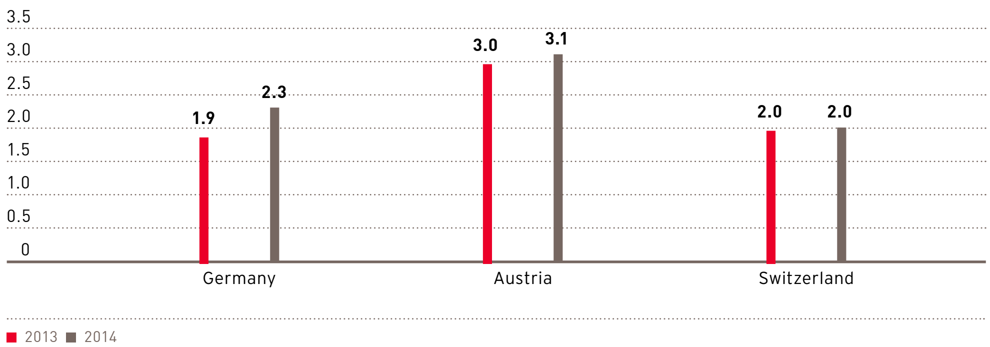
In percent, change vs. previous year



Source: Eurostat (as of January 9, 2013).

ANTICIPATED DEVELOPMENT OF THE TV ADVERTISING MARKET IN COUNTRIES IMPORTANT FOR PROSIEBENSAT.1 (Fig. 78)

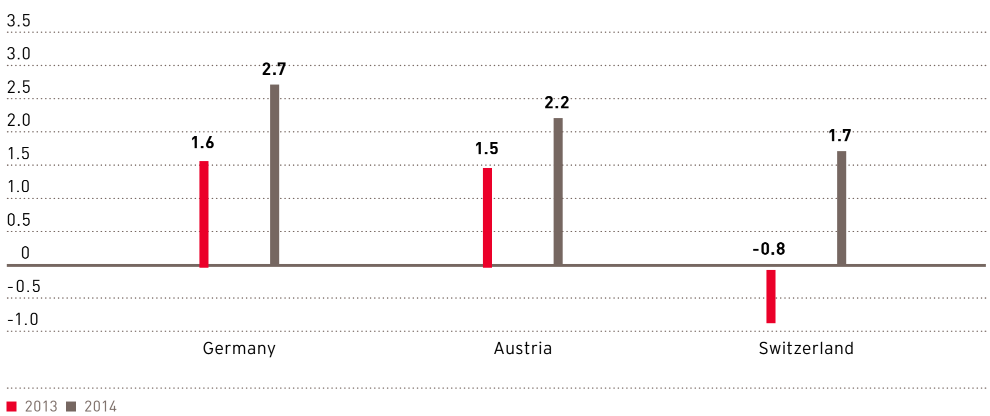
In percent, change vs. previous year



Source: ZenithOptimedia (12/2012), 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. 79)

In percent, change vs. previous year



Source: ZenithOptimedia (12/2012), figures extensively harmonized on a net basis, but methodological differences between different countries and sources.

In 2013, the stations of the ProSiebenSat.1 Group again provide their viewers exciting series, surprising shows and lots of film highlights.

PROGRAM OUTLOOK 2013

.....c

CIRCUS, CIRCUS.....(a) In 2013, it is all systems go again for Joko Winterscheidt and Klaas Heufer-Umlauf. This time exclusively on ProSieben. On February 25, their weekly show successfully went on air – **"Circus Halligalli"**. With "Joko und Klaas – Das Duell um die Welt" there is to be a rematch in 2013.

.....a

POLITICS FOR YOUNG PEOPLE .....(b) In November, the first political talk show went on air with Stefan Raab, reaching a market share of 24.9 % among young viewers. In 2013, a total of four broadcasts of **"Absolute Mehrheit – Meinung muss sich wieder lohnen"** are to be shown.

.....b

AWARDED.....(c) Having received some 20 prizes, including the Golden Globe and the Emmy for the best series, **"Homeland"** is currently the world's most successful series. SAT.1 has shown the story revolving around CIA agent Carrie Mathison every Sunday at 11.15 p.m. since February 3, 2013. With audience shares of up to 16.9 % among 14 to 49 year olds, the series is already living up to its reputation after the first few episodes.

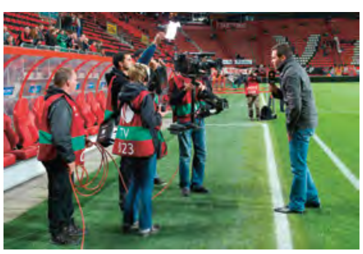
ONCE A LIE.....(d) All of Germany talked about this plagiarism affair. Now the satire **"The Minister"** is aired on TV. Stars including Kai Schumann and Alexandra Neldel play leading roles when it is broadcast on SAT.1 at 8.15 p.m. on March 12, 2013.

.....d

SEEK AND YOU WILL FIND.....(e) On February 8, 2013, **"The Finder"** on kabel eins started looking for missing people. The US crime series is about the detective Walter Sherman, an eccentric ex-soldier with pretty strange investigative methods. "The Finder", each Friday at 10.15 p.m. on kabel eins.

.....e

COMING TO STAY.....(f) The **UEFA Europa League** puts kabel eins in the mood, with dream ratings of up to 20.3 %. The station has secured the broadcasting rights for the next three seasons. People also watch football in Austria. Since February 12, PULS 4 broadcasts the new matches in the UEFA Champions League.



.....f

.....g

LIFE IS FULL OF SURPRISES.....(g) In **"Hart of Dixie"**, the New York physician Zoe Hart ends up in the small town of Bluebell, Alabama. Quite unexpectedly she inherits part of the practice in which she wanted to start her career as a doctor. sixx is broadcasting the US drama series from April 8, 2013 at 9.00 p.m.

I FEEL GOLD.....(h) January 17, 2013 was the successful premiere of SAT.1 Gold. The station mainly focuses on female viewers between 49 and 64. In addition to classic series such as "Edel & Starck", the station also airs German movies and entertainment. The TV program is supplemented by magazine shows such as **"Süddeutsche TV Thema"**.

.....h

.....i

MIRROR, MIRROR ON THE WALL.....(i) Switzerland chooses the fairest one of them all. And for the first time, it is a private channel, SAT.1 Schweiz, which is broadcasting the popular **"Miss Schweiz 2013"**. The first candidate will be presented at 7.00 p.m. on April 28. And in Austria as well, a search will be made in summer on PULS 4 for "Miss Austria".

.....j

THE LATE BIRD CATCHES THE WORM.....(j) The one-hour news live show **"Guten Abend Österreich"** catches people after work with the most important topics of the day. January 21, at 6.45 p.m., was the first day of the biggest, daily show of the Austrian channel PULS 4.

Company Outlook

Basis for our Forecast

Further information appears in the Notes on page 186. There, the assumptions of the annual impairment test, which is based on the Group's 5-year planning, are explained.

> **Planning assumptions:** In 2012, global economic growth was below the level of the previous year for the second time in a succession. Last year Germany closed with slight growth in the gross domestic product. Our forecast is based on the assumption that the sovereign debt crisis in Europe will not deteriorate further and in particular that the economy in the German core market will regain a degree of momentum. This should allow the price levels for the sale of TV advertising time to remain stable or be increased moderately. Our objective remains to strengthen the Group's earnings power primarily through revenue growth and cost efficiency. We see the most growth potential in the Digital & Adjacent segment, in the distribution business and in the production and global sales of TV programs.

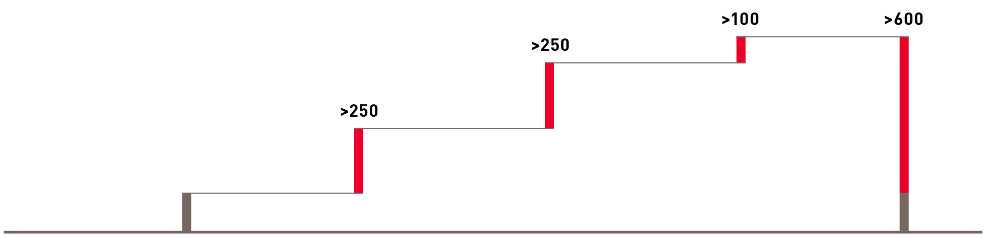
Advertising markets are sensitive to changes in the economy. Political conditions and regulatory environment also influence these markets, so that predictions are always subject to uncertainty. It is customary in this business that TV advertising is frequently booked at very short notice, which also 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. In addition, the price level is based on factors such as current audience share amongst others. On-top bookings are frequently granted only towards the end of the year. Hence, the ProSiebenSat.1 Group generates a particularly high proportion of its annual TV advertising revenues in the fourth quarter. For this reason, the forecast for the year at this point cannot yet be quantified to a greater degree. Therefore, this Company Outlook will give a qualitative forecast for all relevant key financial figures in 2013 and 2014. The qualitative indicators "stable development", "slight increase", "increase", "significant increase" and "reduction" are based on percentage deviations from the respective previous year.

Seasonality, page 72.

> **Strategic focus:** The ProSiebenSat.1 Group is one of Europe's largest and most profitable media corporations. Alongside our core business of free TV financed by advertising, in which we have a leading market position in the German-speaking area, we are consequently investing in new growth markets outside the traditional TV business. These primarily include the Digital & Adjacent segment and the program production business. We successfully expanded both areas in 2012. The increasing refinancing of programming through HD distribution revenues also produces new revenues models. With the diversification of our revenue base in adjacent areas, we are strengthening our independence from advertising markets, which are sensitive to the development of the general economy, at the same time taking a share in the dynamic development of trend and growth markets. The strategy centers on the combination of German-speaking TV and digital activities, the two areas with the biggest growth and synergy potential. The objective of the ProSiebenSat.1 Group is to develop from a traditional TV provider into a digital entertainment & e-commerce powerhouse. We measure the success of our strategy on the basis of 2010 on the way to our revenue targets for 2015. In 2012, we already generated 50.9 % of our revenue target for 2015 on the basis of the continuing operations.

GROWTH TARGETS 2015 AND DEGREE OF ACHIEVEMENT 2012 (Fig. 80)

Revenue growth in EUR m



	2010[1]	Broadcasting German-speaking	Digital & Adjacent[2]	Content Production & Global Sales	2015e
Degree of achievement 2012					
EUR m		**56.3**	**166.7**	**82.2**	**305.2**
in percent		**22.5**	**66.7**	**82.2**	**50.9**

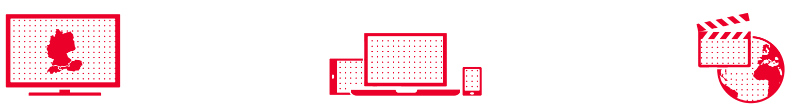
1 Growth rate fo external revenues vs. 2010 from continuing operations.
2 Revenues without 9Live. External revenues.

› **Segment structure:** After the sale of the TV and radio activities in Northern Europe in December 2012 and the proposed sale of the Eastern European business, we report in the three segments Broadcasting German-speaking, Digital & Adjacent and Content Production & Global Sales as shown in the following chart:

SEGMENTS OF THE PROSIEBENSAT.1 GROUP (Fig. 81)

SEGMENTS

Broadcasting German-speaking	Digital & Adjacent	Content Production & Global Sales



Expected Group and Segment Revenue and Earnings Performance

The ProSiebenSat.1 Group expects to continue its profitable growth for the 2013 and 2014 projection period.

FORECAST FOR GROUP KEY FIGURES – 2-YEAR VIEW[1] (Fig. 82)

EUR m	2012	Forecast[1]
Revenues	2,356.2	Increase
Operating costs	1,624.6	Increase
Recurring EBITDA	744.8	Increase
Underlying net income from continuing operations	355.5	Increase
Net financial debt[2]	1,870.8	Reduction

1 2013 and 2014; against previous year; continuing operations.
2 Excluding cash and cash equivalents of EUR 90.4 million from discontinued operations and before the receipt of proceeds from the sale of the Northern European activities.

The ProSiebenSat.1 Group started the first quarter of 2013 positively and is aiming for a revenue growth in the mid-single-digit percentage area for the 2013 and 2014 projection period. Especially our growth areas outside the traditional TV advertising business will make a significant contribution to this.

In 2013 and 2014, the ProSiebenSat.1 Group will further expand in the core TV business with the launch of new free TV stations. In the Digital & Adjacent segment, the Group will continue to grow both organically and through targeted acquisitions. Naturally, operating costs will rise as a result of these growth initiatives. For our core free TV business, we anticipate a moderate cost increase. Overall, we expect a further recurring EBITDA rise and are likely to achieve a considerably above-average margin in future as well. As a result, underlying net income in the projection period is likely to be higher than the figure for 2012.

FORECAST FOR SEGMENT KEY FIGURES – 2-YEAR VIEW[1] (Fig. 83)

	2012		Forecast[1]	
EUR m	External Revenues	Recurring EBITDA	Revenues	Recurring EBITDA
Broadcasting German-speaking	1,909.5	660.3	Slight increase	Stable development
Digital & Adjacent	351.2	89.7	Significant increase	Significant increase
Content Production & Global Sales	95.4	4.3	Significant increase	Significant increase

1 2013 and 2014; against previous year; continuing operations.

- **Broadcasting German-speaking segment:** In our German-speaking TV advertising markets, we anticipate a favorable business performance. In order to achieve this, a continuation of the positive economic climate in the German core market is required. Our own forecasts for the net growth of the German TV advertising market – we anticipate a stable to slightly positive development – are somewhat more conservative than the net forecasts of the agency group ZenithOptimedia and of the World Advertising Research Center (WARC). Provided that there is a stable to slightly rising price level for the sale of advertising time, our TV advertising revenues in Germany should be at market level or slightly above in 2013. In addition, HD distribution and new TV stations such as SAT.1 Gold and sixx Austria are likely to produce clear stimulus for growth in the next two years. In view of the expansion of new TV stations and further investments in the station portfolio, recurring EBITDA is likely to develop stable. By the end of 2015, we are planning to generate additional revenues of EUR 250 million compared to 2010 for the segment. At the end of 2012, the Group had already achieved 22.5 % or EUR 56.3 million. We expect most of the additional revenues to be generated from 2013 onwards.

Opportunity Report, page 135.

- **Digital & Adjacent segment:** By strengthening our Digital and Ventures portfolio, we will consequently widen our revenue base. We are expanding our market position through both organic growth and targeted acquisitions. With its four areas Online Video, Online Games, Ventures & Commerce and Music, the Digital & Adjacent segment was the strongest growth driver in 2012. Alongside the internationalization of our Online Games portfolio by way of further strategic partnerships and acquisitions as well as the development of our online TV station MyVideo, we will mainly concentrate on expanding our media-for-revenues-share and media-for-equity business models. In 2012, the two revenue models developed into a key growth driver, while the Ventures portfolio currently includes approximately 50 partnerships and strategic investments. In the selection of investments, our future focus will also be mainly on companies that complement our portfolio, have a high degree of correlation to the target group characteristics of the ProSiebenSat.1 station family and for whom we can provide a critical mass with media services from the Group.

The Group forecasts the revenues potential of the segment by 2015 to be more than EUR 250 million compared to 2010. Thereof, at the end of 2012, the Group had already achieved 66.7 % or EUR 166.7 million. In the 2013 and 2014 projection period, revenues are likely to rise further in the double-digit percentage area.

- **Content Production & Global Sales segment:** We are planning to generate more than EUR 100 million additionally by 2015 as compared to 2010. At the end of 2012, we had already achieved 82.2 % or EUR 82.2 million of this. In the last few months, we have become established in important TV markets such as the USA and Great Britain and have expanded our program production portfolio on an international scale. The Red Arrow Entertainment Group has thus achieved an important objective. Following on intensive phase of expansion, we will focus on integrating the investments in 2013. For 2013 and 2014, we are planning to continue our dynamic growth.

After the sale of the Northern European TV and radio activities, the total growth potential from continuing operations by 2015 is more than EUR 600 million compared to 2010. We are aiming to increase our revenue share outside traditional TV advertising on a continuous basis. ProSiebenSat.1 aims to achieve dynamic growth in these areas by 2015.

Future Financial Position and Performance

With an equity ratio of 27.7 % as of December 31, 2012, the Group is in a solid financial position. For 2013 and 2014 projection period, we anticipate maintaining solid capital funding, even though the equity ratio is likely to fall, in line with expectations, due to the planned dividend payment. With the intended repayment of further loans totaling EUR 500 million from the sale of the Northern European TV activities, the Group will reduce its borrowings further. After we already repaid a significant part of our term loans and extended the maturities of most of the remaining term loans in 2011, our financing is secured at attractive conditions on a long-term basis. 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 optimize our capital structure further.

Changes in the Scope of Consolidation, page 73.

As of the reporting date, the ProSiebenSat.1 Group recorded a high level of cash and cash equivalents. With the sale of the Northern European TV and radio portfolio, our financial scope for investments in business operations will widen. From the current perspective, there is thus sufficient liquidity and financing headroom for 2013 and 2014. Further earnings growth is likely to impact positively on liquidity and thus also net financial debt. We set a target range of 1.5 to 2.5 for our financial leverage, and we are adhering to it.

The capital expenditure volume in the 2013 and 2014 projection period is likely to be at least at the level of the 2012 financial year. In the future, the largest part of our investments – between EUR 800 and EUR 900 million – will continue to go into the programming assets of the Broadcasting German-speaking segment. Further investments will mainly be in the Digital & Adjacent segment and will primarily include intangible assets and acquisitions. This also includes media-for-equity deals, through which ProSiebenSat.1 secures access to new markets, without having to make any larger cash investments. A significant part of the investments will occur using the disposal proceeds from the sale of the Northern European activities.

Dividend Policy

Our dividend policy is based on underlying net income. Usually, the payout ratio is approximately 80 % to 90 % of the underlying net income from continuing operations adjusted for special items. The dividend proposal is newly set for each financial year. Here, ProSiebenSat.1 Group's corporate development and the required capital base for growth initiatives and the current business prospects are taken into account.

Changes in the Scope of Consolidation, page 73.

Notwithstanding the previously described general dividend policy, the Group intends to pay out a higher dividend for the 2012 financial year. If the sale of the Northern European TV and radio activities is successfully consummated, we plan to invest part of the proceeds from the sale in the Group's operating business. As a result, the operating cash flow is largely available for other purposes, such as the dividend payment. Therefore, the Executive Board intends to propose to the Annual General Meeting – in coordination with the majority shareholder of the Company, Lavena – a dividend expected to be EUR 5.65 Euro per preference share (previous year: EUR 1.17) and EUR 5.63 per share of common stock (previous year: EUR 1.15) for 2012 should the above-mentioned sale be consummated successfully. Thus, the Company would pay out a total of approximately EUR 1.2 billion (previous year: EUR 245.7 million). After the payment, the ProSiebenSat.1 Group's leverage factor will remain in the target range of 1.5 to 2.5 communicated previously, based on the Group's ratio of net financial debt to recurring EBITDA. The Company is again anticipating a payout ratio of approximately 80 % to 90 % of the underlying net income from continuing operations adjusted for special items in subsequent years.

In addition, the Company intends to propose to the Annual General Meeting for the 2012 financial year a conversion of the non-voting preference shares into voting common stock. As part of this conversion, which is to be carried out without requiring a premium on the part of the holders of preferred stock, all common stock would be listed for trading. The majority shareholder supports the conversion provided that the disposal of the Northern European activities is successfully consummated. Along with the approval of the Annual General Meeting – in which the majority shareholder has the required majority of votes – the conversion of preference shares into common stock also requires an approval resolution from the holders of preferred stock, which needs a qualified majority of 75 % of votes in order to be valid.

NOTE ON FORWARD-LOOKING STATEMENTS ON FUTURE EARNINGS, FINANCIAL POSITION AND PERFORMANCE (Fig. 84)

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 119 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

154 Income Statement
155 Statement of Comprehensive Income
156 Statement of Financial Position
158 Cash Flow Statement
160 Statement of Changes in Equity
161 Notes

DIGITAL & ADJACENT

This segment is ProSiebenSat.1's strongest **GROWTH DRIVER**. We take advantage of the strength of our TV stations and also develop large brands in adjacent business areas. We are thus becoming a digital entertainment & e-commerce powerhouse.

SELECTION

>50,000

... **film and TV titles** are offered by maxdome, Germany's largest portal for video-on-demand – which also can be accessed directly on one's television set.

USE

25 m

... **unique users** use our advertising-financed online network every month. Among marketers of video content, ProSiebenSat.1 is the clear No. 1!

SUCCESS

38.1 %

... **revenue growth** was achieved by our Digital & Adjacent segment in 2012. Each of the four areas – Online Video, Online Games, Ventures & Commerce and Music – contributed to this with double-digit growth rates.

DR. CHRISTIAN WEGNER (38) HAS BEEN THE EXECUTIVE BOARD MEMBER RESPONSIBLE FOR DIGITAL & ADJACENT AT PROSIEBENSAT.1 SINCE OCTOBER 2011. IN THIS ROLE, HE IS RESPONSIBLE FOR THE TV GROUP'S EXPANSION TO BECOMING A DIGITAL ENTERTAINMENT AND E-COMMERCE POWERHOUSE. HE AND HIS TEAM THUS ARE PREPARING THE WAY FOR THE FUTURE. THE BUSINESS ADMINISTRATION GRADUATE AND FAMILY MAN IS FASCINATED BY THE NEW POSSIBILITIES: "I CAN HARDLY WATCH TV WITHOUT MY IPAD ANYMORE!"

The core business of ProSiebenSat.1 is still television. You concentrate on the digital business. A contradiction?

DR. CHRISTIAN WEGNER: No, not at all. Television is the beating heart of our Company. That is where our strength lies. We utilize the reach – which goes into the millions – and advertising power of our TV stations in order to develop successful brands in adjacent business areas as well. Think of maxdome, the largest online video library in Germany with more than 50,000 titles. Or MyVideo, our first web TV station, which has long since offered everything that YouTube is arduously trying to develop. We thus make ourselves less dependent on the traditional TV advertising market, which is dependent on the general state of the economy. Always using television, mind you – and for its benefit.

What is involved, then, in the Digital and Adjacent segment?

DR. CHRISTIAN WEGNER: Here, we bring together all services that we can use to complement and expand our TV world in a sensible manner: Online Video, Online Games, Ventures & Commerce as well as Music. And we do our utmost to develop these areas on a continuous basis and forge new business areas.

You are headed in the right direction there – your unit is growing particularly quickly ...

DR. CHRISTIAN WEGNER: At an early stage, we began developing corporate units that have launched many innovative ideas and have thus created the basis for organic growth. Our early investments are now paying off. Even today, our digital business is highly profitable. In the last financial year, we raised the revenues of "Digital & Adjacent" by 38.1% to EUR 351.2 million. Thus, the segment is the ProSiebenSat.1 Group's strongest growth driver.

The market for online games is particularly important. Why?

DR. CHRISTIAN WEGNER: The games market is the fastest-growing segment in the entertainment industry. As a TV group, we know the blockbuster business and all finesses of the video business from the bottom up. Not making the most of this advantage would be almost criminal. With our Europe-wide exclusive rights to top hits such as "DC Universe Online" and "PlanetSide 2" and their marketing, we are becoming one of the leading publishers in Europe.

Income Statement

INCOME STATEMENT OF PROSIEBENSAT.1 GROUP (Fig. 85)

EUR m		2012	2011	Change	Change in %
CONTINUING OPERATIONS					
1. Revenues	[8]	2,356.2	2,199.2	+157.1	+7%
2. Cost of sales	[9]	−1,266.4	−1,185.4	−81.0	−7%
3. **Gross profit**		**1,089.8**	**1,013.8**	**+76.0**	**+7%**
4. Selling expenses	[10]	−229.9	−208.1	−21.7	−10%
5. Administrative expenses	[11]	−243.9	−212.1	−31.8	−15%
6. Other operating expenses	[12]	−28.6	−22.4	−6.2	−28%
7. Other operating income	[13]	13.4	9.3	+4.2	+45%
8. **Operating profit**		**600.9**	**580.5**	**+20.4**	**+4%**
9. Interest and similar income		3.0	8.4	−5.3	−64%
10. Interest and similar expenses		−156.2	−205.5	+49.2	+24%
11. Interest result	[14]	−153.2	−197.1	+43.9	+22%
12. Income from investments accounted for using the equity method	[15]	10.3	3.3	+7.0	>+100%
13. Other financial result	[15]	−1.5	−38.8	+37.3	+96%
14. **Financial result**		**−144.4**	**−232.7**	**+88.3**	**+38%**
15. **Profit before income taxes**		**456.5**	**347.8**	**+108.7**	**+31%**
16. Income taxes	[16]	−127.4	−76.7	−50.7	−66%
17. **Profit for the period from continuing operations**		**329.1**	**271.1**	**+58.0**	**+21%**
DISCONTINUED OPERATIONS					
18. Profit from discontinued operations (net of income taxes)	[3]	−30.2	373.2	−403.5	- / -
19. **Profit for the period**		**298.8**	**644.4**	**−345.6**	**−54%**
Attributable to shareholders of ProSiebenSat.1 Media AG		295.0	637.5	−342.5	−54%
Non-controlling interests		3.9	6.9	−3.0	−44%
EUR					
Earnings per share					
Basic earnings per share of common stock	[17]	1.38	2.99	−1.61	−54%
Basic earnings per share of preferred stock	[17]	1.40	3.01	−1.61	−53%
Diluted earnings per share of common stock	[17]	1.37	2.96	−1.59	−54%
Diluted earnings per share of preferred stock	[17]	1.39	2.98	−1.59	−53%
Earnings per share from continuing operations					
Basic earnings per share of common stock	[17]	1.52	1.24	+0.28	+23%
Basic earnings per share of preferred stock	[17]	1.54	1.25	+0.29	+23%
Diluted earnings per share of common stock	[17]	1.51	1.23	+0.28	+23%
Diluted earnings per share of preferred stock	[17]	1.53	1.23	+0.30	+24%
Earnings per share from discontinued operations					
Basic earnings per share of common stock	[17]	−0.14	1.75	−1.89	- / -
Basic earnings per share of preferred stock	[17]	−0.14	1.76	−1.90	- / -
Diluted earnings per share of common stock	[17]	−0.14	1.73	−1.87	- / -
Diluted earnings per share of preferred stock	[17]	−0.14	1.74	−1.88	- / -

Statement of Comprehensive Income

STATEMENT OF COMPREHENSIVE INCOME OF PROSIEBENSAT.1 GROUP (Fig. 86)

EUR m	2012	2011	Change	Change in %
Profit for the period	**298.8**	**644.4**	**−345.6**	**−54%**
Change in foreign currency translation adjustment[1]	45.1	−9.3	+54.4	- / -
Changes in fair value of cash flow hedges[2]	−27.2	77.3	−104.5	- / -
Deferred tax on other comprehensive income[3]	8.1	−20.5	+28.6	- / -
Other comprehensive income for the period	**26.0**	**47.5**	**−21.5**	**−45%**
Total comprehensive income for the period	**324.9**	**691.9**	**−367.1**	**−53%**
Attributable to shareholders of ProSiebenSat.1 Media AG	321.0	685.1	−364.1	−53%
Non-controlling interests	3.9	6.8	−2.9	−43%

1 Includes non-controlling interests from change in foreign currency translation adjustment in 2012 of 0.0 EUR m (2011: −0.1 EUR m) as well as amounts associated with assets and liabilities held for sale of 32.8 EUR m (2011: 0.0 EUR m).
2 Includes amounts associated with assets and liabilities held for sale of −1.4 EUR m (2011: 0.0 EUR m).
3 Includes amounts associated with assets and liabilities held for sale of 0.4 EUR m (2011: 0.0 EUR m).

Statement of Financial Position

STATEMENT OF FINANCIAL POSITION OF PROSIEBENSAT.1 GROUP (Fig. 87)

EUR m			12/31/2012	12/31/2011	Change
A.	**Non-current assets**				
I.	Intangible assets	[19]	1,062.6	2,169.3	−1,106.7
II.	Property, plant and equipment	[20]	198.7	221.3	−22.6
III.	Investments accounted for using the equity method	[21]	5.3	1.0	+4.3
IV.	Non-current financial assets	[21]	61.2	56.5	+4.7
V.	Programming assets	[22]	1,110.7	1,337.8	−227.1
VI.	Non-current tax assets		0.0	- / -	+0.0
VII.	Other receivables and non-current assets	[24]	2.9	2.6	+0.3
VIII.	Deferred tax assets	[16]	25.8	78.8	−53.0
			2,467.1	**3,867.3**	**−1,400.2**
B.	**Current assets**				
I.	Programming assets	[22]	166.2	193.5	−27.3
II.	Inventories	[23]	0.7	1.0	−0.3
III.	Trade receivables	[24]	268.7	279.4	−10.7
IV.	Current tax assets		37.8	39.2	−1.4
V.	Other receivables and current assets	[24]	98.4	135.3	−36.9
VI.	Cash and cash equivalents	[25]	702.3	517.9	+184.4
VII.	Assets held for sale		1,671.4	- / -	+1,671.4
			2,945.5	**1,166.3**	**+1,779.2**
	Total assets		**5,412.6**	**5,033.6**	**+379.0**

EUR m			12/31/2012	12/31/2011	Change
A.	**Equity**	[26]			
I.	Subscribed capital		218.8	218.8	- / -
II.	Capital reserves		581.6	575.5	+ 6.1
III.	Retained earnings		829.6	782.3	+ 47.3
IV.	Treasury shares		– 47.4	– 52.5	+ 5.1
V.	Accumulated other comprehensive income from continuing operations		– 98.2	– 92.3	– 5.9
VI.	Accumulated other comprehensive income associated with assets and liabilities held for sale		31.8	- / -	+31.8
VII.	Other equity		– 20.5	– 0.4	– 20.1
	Total equity attributable to shareholders of ProSiebenSat.1 Media AG		1,495.9	1,431.4	+ 64.5
VIII.	Non-controlling interests		5.0	10.0	– 5.0
			1,500.9	**1,441.4**	**+ 59.5**
B.	**Non-current liabilities**				
I.	Non-current loans and borrowings	[29]	2,342.2	2,335.6	+ 6.6
II.	Other non-current financial liabilities	[29]	317.0	279.0	+38.0
III.	Trade payables	[29]	- / -	46.8	– 46.8
IV.	Other non-current liabilities	[30]	4.4	1.3	+3.1
V.	Provisions for pensions	[27]	12.8	10.1	+2.7
VI.	Other non-current provisions	[28]	5.3	6.4	– 1.1
VII.	Deferred tax liabilities	[16]	66.7	138.7	– 72.0
			2,748.3	**2,817.9**	**– 69.6**
C.	**Current liabilities**				
I.	Current loans and borrowings	[29]	230.9	0.1	+230.8
II.	Other current financial liabilities	[29]	36.1	47.5	– 11.4
III.	Trade payables	[29]	322.2	410.0	– 87.8
IV.	Other current liabilities	[30]	202.6	188.5	+ 14.1
V.	Provisions for taxes		20.8	49.5	– 28.7
VI.	Other current provisions	[28]	52.2	78.7	– 26.5
VII.	Liabilities associated with assets held for sale		298.6	- / -	+298.6
			1,163.4	**774.3**	**+389.1**
	Total equity and liabilities		**5,412.6**	**5,033.6**	**+379.0**

Cash Flow Statement

CASH FLOW STATEMENT OF PROSIEBENSAT.1 GROUP (Fig. 88)

EUR m	2012	2011
Profit from continuing operations	329.1	271.1
Profit from discontinued operations (net of income taxes)	–30.2	373.2
of which gain on the sale of discontinued operations (net of tax)	- / -	335.8
Profit for the period	**298.8**	**644.4**
Income taxes	127.4	76.7
Financial result	144.4	232.7
Depreciation/amortization and impairment of intangible and tangible assets	79.5	72.0
Consumption/reversal of impairment of programming assets	835.9	849.2
Change in provisions for pensions and other provisions	12.1	5.5
Gain/loss on the sale of assets	–4.0	–0.6
Other non-cash income/expenses	–7.4	–18.3
Cash flow from continuing operations	1,517.0	1,488.3
Cash flow from discontinued operations	346.2	427.9
Cash flow total	**1,863.2**	**1,916.3**
Change in working capital	–32.8	–17.7
Dividends received	5.5	3.3
Income tax paid	–129.1	–102.1
Interest paid	–160.0	–204.4
Interest received	1.6	7.1
Cash flow from operating activities of continuing operations	1,202.1	1,174.5
Cash flow from operating activities of discontinued operations	363.1	182.4
Cash flow from operating activities total	**1,565.2**	**1,356.9**
Proceeds from disposal of non-current assets	0.2	0.3
Payments for the acquisition of intangible and tangible assets	–88.4	–55.7
Payments for the acquisition of financial assets	–2.0	–2.1
Proceeds from disposal of programming assets	19.9	36.8
Payments for the acquisition of programming assets	–843.3	–938.9
Cash flows from obtaining control of subsidiaries or other business	–27.1	–16.4
Cash flows from losing control of subsidiaries or other business	–5.2	2.6
Cash flow from investing activities of continuing operations	–945.8	–973.4
Cash flow from investing activities of discontinued operations	–317.9	1,122.1
of which proceeds from disposal of discontinued operation (net of cash disposed of)	9.2	1,459.4
Cash flow from investing activities total	**–1,263.7**	**148.7**
Free cash flow of continuing operations	256.3	201.2
Free cash flow of discontinued operations	45.2	1,304.5
Free cash flow	**301.5**	**1,505.7**

Cash Flow Statement continued

EUR m	2012	2011
Free cash flow (amount carried over from page 158)	**301.5**	**1,505.7**
Dividends paid	−245.7	−241.2
Repayment of interest-bearing liabilities	−0.5	−1,430.7
Proceeds from issuance of interest-bearing liabilities	230.8	- / -
Repayment of finance lease liabilities	−9.6	−9.4
Proceeds from the sale of treasury shares	5.1	5.6
Repurchase of treasury shares	- / -	−32.6
Payments for shares in other entities without change in control	0.1	−0.1
Proceeds from the issue of share capital from non-controlling interests	0.2	- / -
Payments in connection with refinancing measures	−2.3	−10.2
Dividend payments to non-controlling interests	−9.1	−5.6
Cash flow from financing activities of continuing operations	−30.9	−1,724.2
Cash flow from financing activities of discontinued operations	−0.8	−0.4
Cash flow from financing activities total	**−31.7**	**−1,724.6**
Effect of foreign exchange rate changes of continuing operations on cash and cash equivalents	2.5	−1.4
Effect of foreign exchange rate changes of discontinued operations on cash and cash equivalents	2.4	−2.4
Change in cash and cash equivalents total	**274.8**	**−222.8**
Cash and cash equivalents at beginning of reporting period	517.9	740.7
Cash and cash equivalents at end of reporting period	**792.6**	**517.9**
Cash and cash equivalents classified under assets held for sale at end of reporting period	−90.4	- / -
Cash and cash equivalents of continuing operations at end of reporting period	**702.3**	**517.9**

Statement of Changes in Equity

STATEMENT OF CHANGES IN EQUITY OF PROSIEBENSAT.1 GROUP FOR 2011 (Fig. 89)

EUR m

	Subscribed capital	Capital reserves	Retained earnings	Treasury shares	Accumulated other comprehensive income: Foreign currency translation adjustment	Accumulated other comprehensive income: Fair value changes of cash flow hedges	Accumulated other comprehensive income: 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**

STATEMENT OF CHANGES IN EQUITY OF PROSIEBENSAT.1 GROUP FOR 2012 (Fig. 90)

EUR m

	Subscribed capital	Capital reserves	Retained earnings	Treasury shares	Accumulated other comprehensive income: Foreign currency translation adjustment	Accumulated other comprehensive income: Fair value changes of cash flow hedges	Accumulated other comprehensive income: Deferred taxes	Other equity	Total equity attributable to shareholders of ProsiebenSat.1 Media AG	Non-controlling interests	Total equity
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
Profit for the period	- / -	- / -	295.0	- / -	- / -	- / -	- / -	- / -	295.0	3.9	298.8
Other comprehensive income[1]	- / -	- / -	- / -	- / -	45.0	–27.2	8.1	- / -	26.0	0.0	26.0
Total comprehensive income	**- / -**	**- / -**	**295.0**	**- / -**	**45.0**	**–27.2**	**8.1**	**- / -**	**321.0**	**3.9**	**324.9**
Dividends paid	- / -	- / -	–245.7	- / -	- / -	- / -	- / -	- / -	–245.7	–9.5	–255.2
Share-based payments	- / -	6.3	- / -	- / -	- / -	- / -	- / -	- / -	6.3	- / -	6.3
Other changes	- / -	–0.2	–2.0	5.1	- / -	- / -	- / -	–20.1	–17.1	0.6	–16.5
December 31, 2012	**218.8**	**581.6**	**829.6**	**–47.4**	**36.6**	**–142.9**	**39.9**	**–20.5**	**1,495.9**	**5.0**	**1,500.9**

1 Includes amounts associated with assets and liabilities held for sale from foreign currency translation (32.8 EUR m), valuation of cash flow hedges (-1.4 EUR m) and from deferred taxes (0.4 EUR m).

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). Its registered head office is in Unterföhring. Its address is: ProSiebenSat.1 Media AG, Medienallee 7, 85774 Unterföhring, Germany.

ProSiebenSat.1 Media AG and its subsidiaries (the "Company", the "Group" or "ProSiebenSat.1 Group") is one of Europe's leading media companies. Its core business consists of advertising-financed television. Additionally, the portfolio of ProSiebenSat.1 Media AG includes numerous websites, activities in adjacent business areas such as games, ventures, licensing and music as well as the development, production and worldwide distribution of programs.

The consolidated financial statements of the ProSiebenSat.1 Group for the financial year ending December 31, 2012 were prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) in force at the reporting date, 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 IFRS also includes the International Accounting Standards (IAS) that are still in effect. All binding interpretations of the International Financial Reporting Standards Interpretations Committee (IFRS IC) mandatory for the financial year 2012 were also applied. The additional requirements of Section 315a of the German Commercial Code (HGB) were also followed.

ProSiebenSat.1 Media AG prepares and publishes its consolidated financial statements in euro. Unless specifically indicated otherwise, all amounts are presented in millions of euro (EUR m). The figures for the financial year 2012 reflect the continued operations of the ProSiebenSat.1 Group unless otherwise stated. Where necessary, the previous-year figures were adjusted respectively. Due to rounding, it is possible that individual figures in these consolidated financial statements do not add exactly to the totals shown and that the percentage figures presented do not reflect exactly the absolute figures they relate to. Change rates are based on a business perspective. Improvements are shown with a plus (+), deterioration with a minus (–).

The consolidated income statement 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 2012, 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 Corporation 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 2012 were approved for submission to the Supervisory Board by decision of the Executive Board on February 27, 2013.

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 which 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 2012:

FULLY CONSOLIDATED SUBSIDIARIES (Fig. 91)

	Germany	Other countries	Total
Included at December 31, 2011	56	95	151
Additions	6	28	34
Disposals	-2	-5	-7
Included at December 31, 2012	**60**	**118**	**178**

In addition to the fully consolidated entities, six (previous-year: 7) associates and three (previous-year: 2) joint ventures were consolidated using the equity method. Associates are companies over which ProSiebenSat.1 Media AG has significant influence, but which are neither subsidiaries nor joint ventures. Joint ventures are companies that are jointly controlled 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 250 through 254. 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 2012

Acquisition of Left/Right Holdings, LLC

By contract of August 2, 2012 and effective as of August 3, 2012, ProSiebenSat.1 Media AG, via the Group company Red Arrow International Inc., Santa Monica, USA acquired a stake of 60% in and thus the control of Left/Right Holdings, LLC, New York, USA. The company produces factual entertainment formats (docu-soaps, docu-dramas or real life programs) and is allocated to the Segment Content Production & Global Sales (please refer to Note 35 "Segment Reporting"). The acquisition strengthens the Group's international market position in the area of TV production and development. The company was initially consolidated in August 2012. Of the purchase price, USD 29.8 million (EUR 24.2 million) was paid in cash. Furthermore, the Group agreed a put option with the non-controlling shareholders over the remaining shares. This was recognized as a financial liability at the fair value of USD 17.5 million (EUR 14.2 million) as of the acquisition date, as ProSiebenSat.1 Group has an unconditional obligation to meet the terms of the put option on exercise. At December 31, 2012, the fair value of this liability was EUR 13.6 million. Because of this assumed present ownership, non-controlling interests have not been recognized in the Group's financial statements. 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 statement of financial position items showing values at that date:

ACQUISITION LEFT/RIGHT (Fig. 92)

EUR m	Carrying amounts at acquisition	Step up	Fair value at acquisition
Intangible assets	-/-	8.9	8.9
Property, plant and equipment	0.4	-/-	0.4
Non-current assets	**0.4**	**8.9**	**9.3**
Trade receivables	3.1	-/-	3.1
Cash and cash equivalents	0.9	-/-	0.9
Current assets	**4.0**	**-/-**	**4.0**
Non-current liabilities	**-/-**	**-/-**	**-/-**
Trade payables	0.7	-/-	0.7
Other liabilities	3.4	-0.5	2.9
Current liabilities	**4.1**	**-0.5**	**3.6**
Total net assets	**0.3**	**9.4**	**9.7**
Purchase price per IFRS 3			38.4
Goodwill			**28.7**

The goodwill primarily represents strategic synergy potential in the area of international program production and is fully deductible for tax purposes. The amortization for tax purposes takes place over a period of 15 years. The identified other intangible assets comprise a non-competition agreement for the non-controlling shareholders remaining with the company as executives, customer and contract relationships as well as an existing order backlog. The carrying amount of receivables acquired equals their fair value.

The inclusion of the company in the consolidated financial statements from the beginning of the financial year would have had the following impact on the earnings, financial position and performance of the ProSiebenSat.1 Group: Revenues USD 28.9 million (EUR 22.5 million), profit USD 0.6 million (EUR 0.5 million). Since the acquisition date, the company has contributed revenues of USD 17.4 million (EUR 13.5 million) and a profit of USD 2.4 million (EUR 1.9 million) to the Group.

Other acquisitions in the financial year 2012

Individually the acquisitions shown below are not material for the presentation of earnings, financial position and performance of the Group. For this reason, the quantitative disclosures according to IFRS 3 are shown in summarized form. The other acquisitions are shown chronologically, i.e. based on the respective date of acquisition / initial consolidation.

On February 27, 2012, ProSiebenSat.1 Group acquired a stake of 53.98% in LHB Ltd., London, United Kingdom, whose main investment is CPL Productions Ltd., London, United Kingdom. The company was initially consolidated in March 2012. Moreover, on November 25, 2011, the Group had acquired a stake of 90% in Hard Hat AB, Stockholm, Sweden, which was recorded as an affiliated, not consolidated entity at year-end 2011 for materiality reasons. The company was initially consolidated in March 2012. Both entities are allocated to the Content Production & Global Sales segment.

By contract of and effective as of March 15, 2012, ProSiebenSat.1 Media AG, via the Group company Red Arrow Entertainment Ltd., London, United Kingdom, acquired a 51% stake in Endor Productions Ltd., London, United Kingdom. The company operates in the development, licensing and production of TV and feature film formats in the United Kingdom and is allocated to the Content Production & Global Sales segment. For materiality reasons, the company was initially consolidated in April 2012.

By contract of February 2, 2012 and effective as of March 28, 2012, ProSiebenSat.1 Media AG, via the Group company SevenOne Media Austria GmbH GmbH (now operating as ProSiebenSat.1 PULS 4 GmbH), Vienna, Austria, acquired a stake of 100% in Austria 9 TV GmbH, Vienna, Austria. The company contains an Austrian broadcasting license and is allocated to the Broadcasting German-speaking segment. For materiality reasons, the company was initially consolidated in April 2012.

By contract of and effective as of May 8, 2012, ProSiebenSat.1 Media AG, via the Group company Sultan Sushi B.V., Amsterdam, Netherlands, acquired a 51.02% stake in July August Communications and Productions Ltd., Ramat Gan, Israel. The company operates in the development and marketing of program formats as well as the development and production of TV shows, drama series and feature films and is allocated to the Content Production & Global Sales segment. The company was initially consolidated in June 2012.

By contract of and effective May 10, 2012, ProSiebenSat.1 Media AG via the Group company Red Arrow Entertainment Ltd., London, United Kingdom acquired a 51% stake in New Entertainment Research and Design Ltd., London, United Kingdom. The company's business is the development and production of factual entertainment and comedy formats for British and international TV-stations. It is allocated to the Content Production & Global Sales segment. The company was initially consolidated in June 2012.

By contract of April 2, 2012 and effective as of May 11, 2012, ProSiebenSat.1 Media AG via the Group company SevenVentures GmbH, Unterföhring acquired a 100% stake in Booming GmbH, Munich. The company operates in online search engine marketing and optimization, eMail marketing and affiliate marketing and is allocated to the Digital & Adjacent segment. The company was initially consolidated in May 2012.

Effective June 22, 2012, ProSiebenSat.1 Media AG via the Group company SBS Media A/S, Copenhagen, Denmark acquired a 100% stake in the radio stations Radioselskabet af 1/7 2007 ApS, Newradio ApS und Radio Klassisk ApS, all Copenhagen, Denmark. The companies are allocated to the Broadcasting International segment. For materiality reasons, the companies were initially consolidated in the third quarter of 2012.

Effective August 14, 2012, ProSiebenSat.1 Media AG, via the Group Company Seven Ventures GmbH, Unterföhring, acquired a 90% stake in Tropo Tours GmbH (now operating as Tropo GmbH), Hamburg. The company operates a web-based travel operations portal for package and last-minute holidays and is allocated to the Digital & Adjacent segment. The company was initially consolidated in September 2012.

Effective September 13, 2012, ProSiebenSat.1 Media AG, via the Group company SevenVentures GmbH, Unterföhring, acquired a 51% stake in Covus Ventures GmbH, Berlin. The company operates in the area of founding, developing and establishing on the market digital business models and is allocated to the Digital & Adjacent segment. For materiality reasons, the company was initially consolidated in October 2012.

Effective September 19, 2012, ProSiebenSat.1 Media AG, via the Group company SevenVentures GmbH, Unterföhring, acquired a 60% stake in preis24.de GmbH, Düsseldorf. The company operates a web-based portal for contracts of private households, especially in the areas of mobile communication and high-speed internet. It is allocated to the Digital & Adjacent segment. The company was initially consolidated in September 2012.

The following table illustrates the financial impact of the above individually immaterial business combinations on the consolidated financial statements of the ProSiebenSat.1 Group at the respective acquisition dates. It only contains those statement of financial position items showing values at that date:

OTHER ACQUISITIONS 2012 (Fig. 93)

EUR m	Carrying amounts at acquisition	Step up	Fair value at acquisition
Intangible assets	1.3	10.0	11.3
Property, plant and equipment	0.5	-/-	0.5
Deferred tax assets	-/-	0.9	0.9
Non-current assets	**1.8**	**10.9**	**12.7**
Current programming assets	2.0	-/-	2.0
Trade receivables	7.7	-/-	7.7
Other current assets	2.5	-/-	2.5
Cash and cash equivalents	8.1	-/-	8.1
Current assets	**20.3**	**-/-**	**20.3**
Loans and borrowings	1.1	-/-	1.1
Deferred tax liabilities	-/-	2.9	3.0
Non-current liabilities	**1.1**	**2.9**	**4.1**
Loans and borrowings	0.4	-/-	0.4
Other financial liabilities	0.1	-/-	0.1
Trade payables	13.7	-/-	13.7
Other provisions	0.4	-/-	0.4
Other liabilities	10.0	-/-	10.0
Current liabilities	**24.6**	**-/-**	**24.6**
Non-controlling interests	-/-	0.1	0.1
Total net assets			**4.1**
Purchase price per IFRS 3			31.4
Goodwill			**27.3**

The above acquisitions support the growth strategy of ProSiebenSat.1 Group in the areas of advertising-financed free TV and radio, development and sale of programming content as well as digital media. The goodwill capitalized in this connection primarily represents strategic synergy potential in the areas of film production, broadcasting and digital media as well as the acquired workforce and is not deductible for tax purposes. Goodwill is allocated to the companies acquired as follows:

- LHB Ltd.: EUR 6.2 million
- Hard Hat AB: EUR 1.6 million
- Austria 9 TV GmbH: EUR 1.8 million
- Endor Productions Ltd.: EUR 6.3 million
- July August Communications and Productions Ltd.: EUR 4.8 million
- New Entertainment Research and Design Ltd.: EUR 3.0 million
- Booming GmbH: EUR 1.7 million
- Covus Ventures GmbH: EUR 0.9 million
- Other companies acquired: EUR 1.0 million

The separately recognized intangible assets primarily contain distribution agreements of Austria 9 TV GmbH totaling EUR 4.6 million and other trademarks and radio licenses totaling EUR 4.4 million. The carrying amounts of the receivables acquired and other current assets equal their fair values.

Of the purchase prices per IFRS 3, EUR 15.5 million were paid in cash. Furthermore, in connection with the acquisitions of LHB Ltd., Hard Hat AB, Endor Productions Ltd., July August Communications and Productions Ltd. and New Entertainment Research and Design Ltd. put options were agreed with the non-controlling shareholders, whose fair values at the respective dates of initial consolidation totaling EUR 15.9 million were recognized as financial liabilities as the ProSiebenSat.1 Group has an unconditional obligation to meet the terms of the respective put options on exercise. Because of this assumed present ownership for the acquisitions, non-controlling interests have not been recognized in the Group's financial statements. The combined carrying amount of these put options was EUR 17.1 million at December 31, 2012.

The inclusion of the companies in the consolidated financial statements from the beginning of the financial year would have had the following impact on the earnings, financial position and performance of the ProSiebenSat.1 Group: Revenues EUR 22.2 million, profit EUR -2.7 million. Since the initial consolidation, the companies have contributed revenues of EUR 69.1 million and profit of EUR 1.1 million to the Group.

As the ProSiebenSat.1 Group controls the companies acquired in line with IAS 27, all companies acquired in 2012 are included in the consolidated financial statements as subsidiaries and fully consolidated.

Put option on outstanding shares in wetter.com AG

By contract of March 23, 2012, ProSiebenSat.1 Media AG, via its Group subsidiary ProSiebenSat.1 Digital GmbH, Unterföhring granted a put option over the remaining 27.03 % shares in its subsidiary wetter.com AG, Singen to the non-controlling shareholders. The option had a fair value of EUR 19.1 million as of the contract date and was recognized as a financial liability, as ProSiebenSat.1 Group has an unconditional obligation to meet the terms of the put option on exercise. In accordance with IAS 27, the difference between the purchase price and the non-controlling interests was recognized outside of profit or loss in other equity, as the option constitutes a transaction with existing owners. The carrying amount of the put option was EUR 19.7 million at December 31, 2012.

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 accounted for 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 was allocated to the Digital & Adjacent segment. The purchase price per IFRS 3 contains an agreement with the seller of the acquired interest on a media cooperation. At the acquisition date the fair value of this agreement amounted to EUR 5.4 million, at December 31, 2012 the agreement has a carrying amount of EUR 1.6 million.

In addition, the acquisition resulted in a gain of EUR 3.1 million in the 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 acquisition date. The carrying amount of the agreement was EUR 9.3 million at December 31, 2012. 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 statement of financial position items showing values at that date.

ACQUISITION MAXDOME (Fig. 94)

EUR 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
Current assets	**8.8**	**-/-**	**8.8**
Non-current liabilities	**-/-**	**-/-**	**-/-**
Loans and borrowings	16.5	-/-	16.5
Trade payables	14.8	-/-	14.8
Other current provisions	4.5	-/-	4.5
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 17.1 million is expected to be deductible for tax purposes as of December 31, 2012, 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 the fair value.

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. As of December 31, 2012, the carrying value of this agreement remained unchanged. 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 statement of financial position items showing values at that date.

ACQUISITION BURDA:IC (Fig. 95)

EUR 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
Current 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. The company is allocated to the Digital & Adjacent segment and was renamed 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, 2012, the carrying amount of the put option was EUR 7.5 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 was allocated to the Digital & Adjacent 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 Ltd., 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). The purchase agreement also included a put option with the minority shareholders with a fair value of GBP 6.7 million (EUR 7.4 million), which was recognized as a financial liability, as the ProSiebenSat.1 Group has an unconditional obligation to meet the conditions of the put option. At December 31, 2012, the carrying amount of the put option was EUR 3.2 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 Content Production & Global Sales 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. Both acquisitions support the growth strategy of ProSiebenSat.1 Group in new media as well as the development of cross-genre and cross-platform 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 statement of financial position items showing values at that date.

OTHER ACQUISITIONS 2011 (Fig. 96)

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
Current assets	**1.5**	**-/-**	**1.5**
Deferred tax liabilities	-/-	1.4	1.4
Non-current liabilities	**-/-**	**1.4**	**1.4**
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 million 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. The ProSiebenSat.1 Group has commissioned independent valuation reports. 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.

b) Discontinued operations and disposals of subsidiaries

Discontinued operations

Discontinued operations in Scandinavia/Central and Eastern Europe in the financial year 2012

By sale and purchase agreement of December 14, 2012, ProSiebenSat.1 Group sold its TV and radio operations in Denmark, Sweden, Norway and Finland to Discovery Networks International Holdings Ltd., London, Great Britain. The transaction reflects an aggregate enterprise value of EUR 1.325 billion. As of the reporting date of December 31, 2012, the closing date for the transaction is still subject to examination by the responsible cartel authorities. The ProSiebenSat.1 Group has also put up its TV and radio activities in Central and Eastern Europe for sale. The relevant subsidiaries were allocated to the Broadcasting International segment which was reported separately until the third quarter of 2012. The disposal serves to sharpen the strategic focus on German-speaking television and digital and adjacent business.

According to IFRS 5, assets held for sale of the disposed or held-for-sale subsidiaries totaling EUR 1,671.4 million and associated liabilities of EUR 298.6 million are presented separately in the statement of financial position as of the reporting date. In line with IFRS 5.40, the comparative previous-year figures have not been adjusted. The assets held for sale and associated liabilities comprise the following main items:

HELD-FOR-SALE-ASSETS AND ASSOCIATED LIABILITIES (Fig. 97)

EUR m	**12/31/2012**
Goodwill	894.9
Other intangible assets	250.1
Programming assets	277.7
Other assets (incl. deferred taxes)	158.3
Cash and cash equivalents	90.4
Total assets held for sale	**1,671.4**
Trade payables	141.4
Deferred tax liabilities	43.6
Other liabilities	113.6
Total liabilities associated with assets held for sale	**298.6**
	1,372.8

Due to their significance for the earnings, financial position and performance of the ProSiebenSat.1 Group, the subsidiaries disposed or held for sale constitute "discontinued operations" as defined by IFRS 5. As a consequence, the result from discontinued operations is combined and separately presented in the income statement. Previous-year figures have been adjusted in line with IFRS 5.34.

In the context of reporting under IFRS 5, impairments of goodwill of EUR 57.4 million were recognized. Furthermore, provisions for restructuring measures of EUR 8.0 million were recognized in this context. These matters are presented in the result from discontinued operations.

Discontinued operations in Belgium and the Netherlands in the financial year 2011

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 what then was the Free TV International segment, while the Print operations were allocated to what then was the Diversification segment. 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 in financial year 2011, amounted to EUR 335.8 million.

The following table contains the provisional result from discontinued operations. In the financial year 2012, this includes the operations held for sale in Scandinavia as well as Central and Eastern Europe. The previous-year figures have been adjusted for the income statement items of the entities sold / put up for sale in the current year, as required by IFRS 5 and also contain the figures of the operations in Belgium and the Netherlands sold in the financial year 2011.

INCOME STATEMENT DISCONTINUED OPERATIONS (Fig. 98)

EUR m		2012	2011
1.	Revenue	612.9	776.0
2.	Expenses	-620.0	-701.4
3.	**Result from operations before interest and tax**	**-7.2**	**74.6**
4.	Financial result	1.0	-4.5
5.	**Result from operations before tax**	**-6.2**	**70.2**
6.	Income tax	-24.0	-32.7
7.	**Result from operations, net of income tax**	**-30.2**	**37.4**
8.	Gain on sale of discontinued operations	-/-	335.8
9.	Income tax on gain on sale of discontinued operations	-/-	0.0
10.	**Profit after tax**	**-30.2**	**373.2**

EUR 29.7 million (previous-year: EUR 373.2 million) of the result from discontinued operations is attributable to the shareholders of ProSiebenSat.1 Media AG.

The sale of subsidiaries in Belgium and the Netherlands had the following impact on the financial position and performance of ProSiebenSat.1 Group in the financial year 2011:

IMPACT OF DECONSOLIDATION ON THE GROUP (Fig. 99)

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 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.

Other disposals of subsidiaries in financial year 2011

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 presented in other operating 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 presented in other operating 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.

c) Closure of business

There were no closures of business in the financial year 2012.

Closure of 9Live in the financial year 2011

As of May 31, 2011, ProSiebenSat.1 Group 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.

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 as 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. The difference between the fair value and the carrying amount determined using the equity method is recognized as a gain or loss.

Interests in companies on which the Group has significant influence, or on which the Group has a possibility of exercising 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 to the acquisition cost of the equity interest is recognized using the acquisition method. After initial 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 performed, 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 Foreign 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:

EXCHANGE RATES (Fig. 100)

	Spot rate		Average rate	
Exchange rate: EUR 1 equals	**12/31/2012**	12/31/2011	**2012**	2011
Swiss Franc	**1.21**	1.22	**1.21**	1.23
Swedish Krona	**8.58**	8.92	**8.70**	9.03
Norwegian Krone	**7.37**	7.78	**7.48**	7.79
Danish Krone	**7.46**	7.43	**7.44**	7.45
US Dollar	**1.32**	1.29	**1.28**	1.39
British Pound Sterling	**0.82**	0.84	**0.81**	0.87
Hungarian Forint	**292.82**	312.82	**289.25**	279.53
Romanian Leu	**4.44**	4.33	**4.46**	4.24
Bulgarian Lev	**1.96**	1.96	**1.96**	1.96
Israeli Shekel	**4.92**	-/-	**4.96**	-/-
Hong Kong Dollar	**10.22**	-/-	**9.97**	-/-

6 Accounting policies

The annual financial statements for all entities included in the consolidated financial statements are 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 presentation policies, as well as the explanations and information regarding the consolidated financial statements for the financial year 2012, are substantially applied consistently.

In the financial year 2012, the ProSiebenSat.1 Group sold its TV and radio operations in Denmark, Sweden, Norway and Finland and intends to sell its TV and radio operations in Hungary and Romania. In the financial year 2011, the Group sold its TV operations in Belgium as well as its TV and Print operations in the Netherlands. These transactions were accounted for under IFRS 5. As the subsidiaries disposed of and held for sale constitute "discontinued operations", their income statement items, including the gain on sale of the Belgian and Dutch subsidiaries reported in the previous-year were presented separately in the income statement, after tax, as "result from discontinued operations". Previous-period income statement figures were adjusted accordingly. The assets and liabilities and the related items in other comprehensive income of the subsidiaries disposed of in the financial year 2012 or held for sale are also reported separately in the statement of financial position. In line with IFRS 5, the previous periods were not adjusted. For further details, please refer to Note 3 "Acquisitions and disposals".

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 customer. Accordingly revenues are 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 broadcast. If advertising services are agreed in return for the acquisition of company stakes ("media for equity"), the obligation for broadcasting the agreed advertising spots is recognized as a credit entry (deferred revenue) to reflect the equity stake capitalized and realized as revenues when the agreed advertising spots are broadcast.

Revenues from pay TV activities 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 revenues-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. 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. Applied to the planned revenues of the respective contract, this results in revenues being recognized in the relevant period. In case total revenues cannot be estimated reliably, revenues are recognized only to the extent of costs incurred. In this case, contract costs are recognized 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 generally 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 capitalized solely 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 subsequent measurement 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 relate particularly to 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 measured at acquisition or production 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 produced 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:

USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT (Fig. 101)

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 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 leased 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 operating leases 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, intangible assets not yet ready for use and 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 not at the level of a single asset, but 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 are 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 Broadcasting German-speaking, Free TV International, Radio, Digital & Adjacent and Content Production & Global Sales.

The Company normally determines the recoverable amounts using measurement methods based on discounted cash flows. These discounted cash flows are based on five-year projections of 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 period 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 Note 19 "Intangible assets".

When disposing of cash-generating units or parts thereof or as part of internal reorganizations, goodwill at the time of disposal or transfer is to be allocated on the basis of relative values to the units being disposed of by the Group and those being retained.

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.

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 revenues generation and audience reach 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 it is not expected that the costs are recoverable from 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. The assessment of the recoverable amount of the remaining programming assets takes place at the level of genre-based program groups. To the extent that their carrying amounts exceed expected future revenues, an impairment is recognized.

Impairments of programming assets are reversed if there are indications that the reason for 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 and advance payments made on programming assets are normally recognized as current programming assets.

Provisions for onerous contracts are recognized when expected future revenues are lower than the necessary, unavoidable costs to fulfill contractual obligations.

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 and stakes in companies over which the Group exercises neither control, joint control nor significant influence. 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 material 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, interest rate caps and forward exchange transactions. 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 and interest rate caps is generally zero at the first-time recognition. Subsequently interest rate swaps and interest rate caps are recognized in the statement of financial position at market value, as "other assets" or "other liabilities." The fair value of forward exchange transactions is likewise generally zero at the first-time recognition. Subsequently currency forwards are recognized in the statement of financial position at market value, as "other assets" or "other liabilities." The valuation of derivative finance instruments includes specific counterparty credit risks.

Hedge accounting is possible if a clear hedging relationship can be formally designated and documented. Under 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 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 and stakes in companies over which the Group exercises neither control, joint control nor significant influence), this category also includes financial assets that were designated at fair value through profit or loss at the time of 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. Fair value is determined on the basis of the type and depending on the marketability of the instrument in line with a three-level fair value hierarchy. For this information, please refer to our comments in Note 34 "Further notes on financial risk management and financial instruments according to IFRS 7". 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 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 rather than continuing use, they are readily saleable and that sale is highly probable. They are measured at the lower of carrying amount and fair value less costs to sell, unless IFRS 5 does not apply for the measurement.

If a group of assets classified as held for sale constitutes discontinued operations as defined by IFRS 5, the related income statement items including any result on deconsolidation in case of a sale of these activities are separately presented together, after tax, as a single item, in the income statement as "result from discontinued operations". Previous-year income statement figures are adjusted accordingly. In line with IFRS 5, there is no adjustment to the figures in the previous-year statement of financial position.

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 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 amortized cost, applying the effective interest rate method. Term loans are recognized on the basis of their notional total, at 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.

Provisions 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 for high quality corporate bonds, 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. These may be recognized in profit and loss on a deferred basis over the expected average remaining working lives of the employees participating in the plan when they exceed 10 % of the higher of the defined benefit obligation and the fair value of any plan assets (the “corridor approach”). Alternatively a more rapid recognition through profit and loss right up to the immediate recognition of all actuarial gains and losses in the period in which they arise or an immediate complete recognition in other comprehensive income is possible. The ProSiebenSat.1 Group recognizes all 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. However, application of one of the alternative forms of presentation would have no material impact for the earnings, financial position and performance of the Group.

Past service cost is allocated on a straight-line basis across the average period to the point at which rights become vested.

Other 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 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 material.

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 minus any revenues expected from 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 represent consolidated profit divided by the weighted average number of common and preferred shares outstanding during the financial year. Account is taken of dilution effects both for earnings per preferred stock and per common stock. The latter could result from a reduction of the common stockholders' portion of earnings by the exercise of options on preferred stock. Diluted earnings per share are calculated on the assumption that all potentially diluting shares and share-based remuneration plans are exercised.

Share-based remuneration

Share-based remuneration (stock options and rights to shares settled by equity instruments) are measured at fair value at the time of grant. The fair value of the obligation is recorded as administrative expenses in personnel expenses over the vesting period.

SUMMARY OF CHOSEN MEASUREMENT METHODS (Fig. 102)

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 recognized directly in equity or amortized cost
Cash and cash equivalents	At cost
LIABILITIES AND PROVISIONS	
Loans and borrowings	At (amortized) cost
Provision for pensions	Projected unit credit method
Other 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 to 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 (particularly intangible assets and goodwill) and liabilities resulting from the purchase price allocation at the time of first consolidation, including the measurement 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 business combinations 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. In the financial year 2012, EUR 21.3 million was recognized as intangible assets in connection with purchase price allocations, EUR 56.1 million as goodwill and EUR 30.1 million as liabilities from contingent considerations (put options on non-controlling interests). For detailed information on the acquisitions in the financial year 2012, refer to Note 3 "Acquisitions and disposals". Due to changes in estimates, valuation gains on put option liabilities of EUR 7.0 million were recognized in other financial result in the financial year 2012 (please also refer to Note 15 "Result from investments accounted for using the equity method and other financial result").

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. In the financial year 2012, impairments on goodwill of EUR 57.4 million and on intangible assets from purchase price allocations of EUR 25.2 million were recognized. As of December 31, 2012, the ProSiebenSat.1 Group consolidated statement of financial position recognized goodwill of EUR 940.4 million (previous-year: EUR 1.807 billion) and other intangible assets and advance payments of EUR 122.2 million (previous-year: EUR 361.9 million). For detailed information on intangible assets and on the assumptions used for impairment testing, refer to Note 19 "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. As of the reporting date, ProSiebenSat.1 Media AG had capitalized non-current assets of EUR 1.261 billion (previous-year: EUR 2.391 billion). For more information, see Note 19 "Intangible assets" and Note 20 "Property, plant and equipment".

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 and viewer shares. These take into account the variable usability of programming assets, and duly reflect the required consumption of the programming assets as a function of the number of relevant broadcasts. As of the reporting date, ProSiebenSat.1 Media AG had programming assets of EUR 1.277 billion (previous-year: EUR 1.531 billion). For detailed information on programming assets, refer to Note 22 "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. As of December 31, 2012, the carrying value of other provisions totaled EUR 57.5 million (previous-year: EUR 85.1 million). In addition, ProSiebenSat.1 Media AG had pension provisions of EUR 12.8 million (previous-year: EUR 10.1 million). For more information, see Note 27 "Provisions for pensions", Note 28 "Other provisions" and Note 32 "Contingent assets and 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). As of the reporting date, ProSiebenSat.1 Media AG had deferred tax assets of EUR 25.8 million (previous-year: EUR 78.8 million). EUR 9.3 million of this related to tax loss carry-forwards (previous-year: EUR 41.8 million). For more information on deferred taxes, see Note 16 ("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 IFRS endorsed by the European Commission for use in the European Union. The following paragraphs describe the IFRS published by the IASB and endorsed for application in 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 or which are not relevant for the consolidated financial statements of the ProSiebenSat.1 Group.

a) Standards, interpretations and amendments to standards and interpretations initially applied in the reporting period with an impact on the amounts and disclosures reported

In the financial year 2012, the ProSiebenSat.1 Group did not apply any standards or interpretations for the first time which had an impact on the amounts and disclosures reported in the reporting period.

b) Standards, interpretations and amendment to standards and interpretations initially applied in the reporting period without impact on the amounts and disclosures reported

On October 7, 2010, the IASB issued amendments to **IFRS 7 "Financial Instruments: Disclosures"**. The amendments largely align the corresponding disclosure requirements under IFRS 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. On November 22, 2011, the European Commission endorsed the changes for use in the European Union. Their application is mandatory for financial years beginning on or after July 1, 2011. Early adoption is permitted. Comparative figures are not required in the first year of adoption. The first-time adoption of the changed IFRS 7 had no impact on the consolidated financial statements of the ProSiebenSat.1 Group.

c) Standards not adopted early

The following standards have been issued by the IASB and endorsed by the European Commission for use in the European Union, but were not adopted by the ProSiebenSat.1 Group as application is not yet mandatory.

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 ("recycling") have to be reported separately from items for which such reclassification is not allowed, taking into account related deferred tax effects. On June 5, 2012, the European Commission endorsed the changes of IAS 1 for use in the European Union. Their application is mandatory for the first time for financial years beginning on or after July 1, 2012. The ProSiebenSat.1 Group does not expect the initial application of these changes to have a significant impact 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. On December 29, 2012, the changes of IAS 12 were endorsed for use in the European Union by the European Commission. They are to be applied for the first time for financial years beginning on or after January 1, 2013. The ProSiebenSat.1 Group does not expect the amendment to significantly affect the consolidated financial statements as the Group does not have investment property accounted for at fair value.

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" and the deferred recognition of past service cost was eliminated. In 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. Remeasurements are recognized in other comprehensive income. There is no subsequent recognition of gains and losses through profit and loss. The revised standard contains extended disclosure requirements as well as a revised definition of termination benefits. On June 5, 2012, the European Commission endorsed the changed IAS 19 for use inside the European Union. Application of the amendments is mandatory for financial years beginning on or after January 1, 2013. Early adoption is permitted. The ProSiebenSat.1 Group has not applied the changed IAS 19 and does not expect the initial application to have a significant impact on the consolidated financial statements.

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". According to 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 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.

IFRS 12 "Disclosures about Investments in Other Entities" contains disclosure requirements related to holding investments in subsidiaries, joint arrangements, associates and/or non-consolidated so-called "structured entities" and to the resulting risks. Disclosures prescribed in IFRS 12 are more extensive than under current standards, in some cases significantly.

As part of the release of IFRS 10- 12, **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. On June 28, 2012, the IASB published changed transitional guidance for IFRS 10-12 and on October 31, 2012, limited amendments to IFRS 10, IFRS 12 and IAS 27 for investment companies.

In the standard **IFRS 13 "Fair Value Measurement"**, also published in May 2011, the requirements for the determination of fair value as well as the related disclosure requirements, currently contained in various standards, are combined. A common definition of the term "fair value" is given for all IFRS, without the application of fair value accounting being extended. In addition, IFRS 13 contains enhanced disclosure requirements in relation to the current standards.

On December 29, 2012, the European Commission endorsed IFRS 10-12 including the changed transitional guidance and the changed IAS 10 and IAS 28 for use in the European Union. Their application is mandatory for the first time for financial years beginning on or after January 1, 2014. At the same time, IFRS 13 was endorsed. Its application will be mandatory for the first time for financial years beginning on or after January 1, 2013. At present, the ProSiebenSat.1 Group is in the process of analyzing IFRS 10, IFRS 11, IFRS 12 and IFRS 13. However, quantitative statements on possible impacts cannot be made at this stage.

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, also for interim reporting. On December 29, 2012, the changes were endorsed for use in the European Union by the European Commission. Their application is mandatory for the first time for financial years beginning on or after January 1, 2014. 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 mandatory for the first time for financial years beginning on or after January 1, 2013 and was endorsed for use in the European Union by the European Commission on December 29, 2012. The interpretation is not relevant for the accounting 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.

On November 12, 2009, the IASB 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. Thus at the time of their first recognition, financial assets are classified in assets to be measured "at fair value" and "at amortized cost" depending on the business model and the contractual cash flows of the relevant financial instruments. Regulations for financial liabilities have been taken predominantly from IAS 39, with the material exception that when accounting at fair value, the effects of changes to fair value due to credit risk are recognized in other comprehensive income and not in profit or loss.

On October 28, 2010, the IASB 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 was also restructured. IFRS 9 (2009) was withdrawn and replaced by IFRS 9 (2010). On December 16, 2011, the IASB agreed to postpone the mandatory application date from January 1, 2013 to January 1, 2015, with early adoption being permitted. As of the reporting date, IFRS 9 had not yet been endorsed by the European Commission for use in the European Union. In due course, the ProSiebenSat.1 Group will analyze the developments relating to IFRS 9. Currently, it is not possible to state the quantitative effects of the application of IFRS 9 on the consolidated financial statements.

In May 2012, as part of its **"Annual Improvement Project 2009-2011"**, the IASB published limited editorial changes to various standards ,including **IAS 1 "Presentation of Financial Statements"**, **IAS 16 "Property Plant and Equipment"**, **IAS 32 "Financial Instruments: Presentation"** and **IAS 34 "Interim Reporting"**. These changes are to be applied for the first time for financial years beginning on or after January 1, 2013. However, as of the reporting date, they were not endorsed for use in the European Union by the European Commission. The ProSiebenSat.1 Group does not expect the initial application to have a significant impact on the consolidated financial statements.

Notes to the Income Statement

8 Revenues

REVENUES (Fig. 103)

EUR m	2012	2011
Advertising revenues	1,968.9	1,926.4
Barter transactions	23.9	20.8
Other revenues	363.4	252.0
Total	**2,356.2**	**2,199.2**

Advertising revenues and barter transactions comprise revenues generated by the Broadcasting German-speaking and Digital & Adjacent segments. The first item also includes revenues from sale of advertising time under the "media for revenues share" and "media for equity" models.

Other revenues particularly include revenues from

- the distribution of rights and other merchandising services,
- distribution agreements,
- sales of programming rights and ancillary rights and
- the online business.

Additionally, revenues determined by the percentage-of-completion method are reported in the Content Production & Global Sales segment. Those revenues relate to projects for the production and distribution of programming content. The revenue contribution is immaterial for the consolidated financial statements of ProSiebenSat.1 Group for the financial year 2012.

9 Cost of sales

Cost of sales primarily comprises the consumption of programming assets (including impairment). In 2012, these amounted to EUR 838.7 million (previous-year: EUR 864.3 million). This position also includes production costs of EUR 169.3 million (previous-year: EUR 104.8 million), personnel expenses of EUR 116.5 million (previous-year: EUR 118.5 million), expenses from the disposal of programming assets of EUR 21.0 million (previous-year: EUR 22.7 million) as well as depreciation of property, plant and equipment and amortization of intangible assets (including impairments) of EUR 37.1 million (previous-year: EUR 24.9 million). For these positions, see Note 18 "Other disclosures".

10 Selling expenses

Selling expenses mainly comprise personnel expenses of EUR 48.7 million (previous-year: EUR 47.7 million), satellite rental of EUR 23.0 million (previous-year: EUR 28.4 million), distribution fees of EUR 38.4 million (previous-year: EUR 33.3 million) marketing expenses of EUR 54.2 million (previous-year: EUR 53.6 million), production costs of EUR 24.2 million (previous-year: EUR 8.6 million), sales commissions of EUR 20.4 million (previous-year: EUR 17.5 million) as well as depreciation of property, plant and equipment and amortization of intangible assets (including impairments) of EUR 6.9 million (previous-year: EUR 5.1 million). For these items, see Note 18 "Other disclosures".

11 Administrative expenses

This item represents all costs of general administrative activities. These include in addition to personnel expenses of EUR 101.5 million (previous-year: 80.5 million), depreciation of property, plant and equipment and amortization of intangible assets (including impairment) of EUR 35.5 million (previous-year: EUR 21.2 million) (for these positions see Note 18 "Other disclosures"), expenses for IT operations of EUR 18.1 million (previous-year: EUR 22.6 million), expenses associated with the use of buildings amounting to EUR 12.7 million (previous-year: EUR 11.3 million), advertising expenses of EUR 13.4 million (previous-year: EUR 12.2 million), restructuring costs of EUR 14.6 million (previous-year: EUR 14.6 million), fees and commissions paid to consultants of EUR 19.9 million (previous-year: EUR 26.0 million) as well as corporate hospitality and travel costs of EUR 5.5 million (previous-year: EUR 3.6 million).

12 Other operating expenses

In the financial year, the key items in other operating expenses were one-off expenses of EUR 27.7 million in connection with the antitrust proceedings and EUR 0.8 million (previous-year: EUR 0.2 million) from the disposal of property, plant and equipment and intangible assets. Furthermore, for the previous-year, impairments of EUR 18.4 million were recognized on customer relationships and broadcasting licenses and a loss of EUR 3.7 million in connection with the disposal of subsidiaries in Greece and Bulgaria. In the previous-year, these were allocated to the cost of sales, selling expenses and administrative expenses. The presentation form aims to improve clarity of the information provided in the financial statements.

13 Other operating income

OTHER OPERATING INCOME (Fig. 104)

EUR m	2012	2011
Government grants	2.8	2.1
Income from release of valuation allowance on receivables	2.0	0.5
Recharges	1.1	1.1
Income from release of accruals	-/-	0.7
Income from cancellation of marketing licenses	0.7	-/-
Income from receipt of barter liabilities	0.5	0.1
Cost allocations / refunds	0.4	-/-
Compensation of damage / insurance benefits	0.2	-/-
Release of items for which the statute of limitations has elapsed	0.2	0.2
Rental income	0.1	0.1
Other income relating to other periods	4.2	2.3
Other	1.2	2.1
Total	**13.4**	**9.3**

Government grants primarily comprise subsidies received for productions in Austria. The derecognition of financial liabilities measured at amortized cost resulted in income of EUR 0.2 million (previous-year: EUR 0.1 million). The item "Other" includes a number of transactions, which individually are below EUR 0.1 million and thus can be considered immaterial for the consolidated financial statements.

14 Interest result

INTEREST RESULT (Fig. 105)

EUR m	2012	2011
Interest and similar income	3.0	8.4
Thereof from available for sale financial assets	0.5	1.8
Thereof from banks	1.0	5.4
Thereof from hedging derivatives	0.5	0.2
Thereof from unwinding of discount interest income from corporate income taxes	0.9	0.9
Interest and similar expenses	-156.2	-205.5
Thereof from financial liabilities at amortized cost	-84.5	-113.1
Thereof from hedging derivatives	-70.3	-87.8
Thereof other interest and similar expenses	-1.4	-4.5
Interest result	**-153.2**	**-197.1**

The main interest expense items pertain to interest on loans drawn. The decline in interest expenses in 2012 is mainly due to the reduced average level of loans in comparison to 2011 and the generally lower level of interest rates. Furthermore, the average utilization of the revolving credit facility was lower than the previous-year. For further details on the syndicated loan agreements, please refer to Note 29 "Financial liabilities".

15 Result from investments accounted for using the equity method and other financial result

RESULT FROM INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD AND OTHER FINANCIAL RESULT (Fig. 106)

EUR m	2012	2011
Share of income from associates	10.3	3.3
Income from investments accounted for using the equity method	**10.3**	**3.3**
Gains and losses from the valuation of investments accounted for using the equity method	0.1	18.2
Changes in put option liabilities	7.0	-/-
Impairment of financial assets available for sale	-0.4	-9.0
Foreign currency translation gains/losses	2.3	-16.2
Thereof from cash and cash equivalents	2.0	-1.6
Thereof from loans and receivables	2.4	-3.1
Thereof from financial liabilities at amortized cost	3.3	-8.8
Thereof from financial assets and liabilities held for trading	-2.2	-1.8
Thereof other	-3.2	-1.0
Other financing cost	-10.5	-31.8
Other financial result	**-1.5**	**-38.8**

Income from investments accounted for using the equity method related to Goldbach Media (Switzerland) AG, VG Media Gesellschaft zur Verwertung der Urheber- und Leistungsschutzrechte von Medienunternehmen mbH and AdAudience GmbH. In the previous-year, maxdome GmbH & Co. KG was fully consolidated and a gain of EUR 18.2 million was recognized in other financial result.

Income from the change of put option liabilities of EUR 7.0 million in the financial year 2012 resulted from adjustments to the put options agreed in the context of corporate acquisitions with non-controlling shareholders. According to IFRS, they are to be recognized as liabilities at fair value at the respective acquisition date. Changes in value after the acquisition are to be recognized in the income statement (refer to Note 3 "Acquisitions and disposals").

Impairments on financial investments and securities taken in the financial year 2011 are due to the impairment of EUR 9.0 million taken on the available-for-sale investment in ZeniMax Media Inc.

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 relates primarily to expenses of EUR 6.6 million for deferred fees in the context of non-current loans at the ProSiebenSat.1 Group (previous-year: EUR 7.9 million) and acquisition costs for media-for-equity investments which cannot be capitalized and which are recognized for the first time totaling EUR 1.2 million. In addition, in the financial year 2011 it comprised expenses relating to the partial extension of the revolving credit facility of EUR 8.0 million as well as costs resulting from the cancellation of interest hedges of EUR 14.8 million.

16 Income tax

Income taxes include both taxes paid or owed on income and deferred tax items. Taxes on income comprise the following:

INCOME TAX EXPENSES (Fig. 107)

EUR m	2012	2011
Current income tax expenses – Germany	112.2	60.7
Current income tax income – other countries	-1.5	-1.2
Current tax expenses	**110.7**	**59.5**
Deferred income tax expenses – Germany	23.1	42.6
Deferred income tax income – other countries	-6.5	-25.5
Deferred income tax expenses	**16.7**	**17.2**
Total income tax expenses	**127.4**	**76.7**

The current tax expenses comprise all domestic and foreign taxes which are based on taxable profits in 2012 (corporate income tax, trade tax and appropriate foreign taxes) including adjustments for prior years.

Deferred tax expenses for the financial year 2012 of EUR 16.7 million (previous-year: EUR 17.2 million) include deferred tax expenses of EUR 21.4 million (previous-year: Deferred tax income of EUR 22.4 million) resulting from the change in deferred taxes on loss carry-forwards and deferred tax income of EUR 5.4 million (previous-year: Deferred tax expenses of EUR 38.8 million) relating to the reversal of temporary differences. EUR 1.1 million of the deferred tax expenses (previous-year: EUR 0.6 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 income in the amount of EUR 0.4 million (previous-year: Deferred tax expenses EUR 0.2 million).

CHANGE IN EXPECTED TAX RATES (Fig. 108)

	Expected tax rate 2012	Expected tax rate 2011
Sweden	22.0%	26.3%
Great Britain	23.0%	24.0%

The corporate income tax rate in Germany in 2012 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: 340%), the rounded total tax rate for 2012 was 28% (previous-year: 28%).

The applicable tax rates for Group companies outside Germany vary from 18.9% to 39.8% (previous-year: between 18.9% and 39.8%).

Regarding continuing operations, the expected tax expense can be reconciled with the actual tax expense as follows:

RECONCILIATION OF TAX EXPENSES (Fig. 109)

EUR m	2012	2011
Profit before taxes	**456.5**	**347.8**
Applicable Group tax rate	28%	28%
Expected income tax expense	127.8	97.4
Adjustments to the expected income tax expense:		
Tax deviations		
Effects due to foreign tax rate differences	-2.4	1.6
Effects due to changes in statutory tax rates	-0.4	0.2
Effects from deviation in taxable base		
Non-deductible interest expenses	4.1	5.1
Other non-deductible operating expenses	16.0	3.6
Tax-free income	-1.4	-6.0
Non-taxable disposal effects	-/-	1.0
Goodwill	-/-	-5.1
Recognition and measurement of deferred tax assets		
Changes in the realization of deferred tax assets	5.8	-3.6
Other effects		
Taxes from previous-years	-19.7	-17.9
Investments accounted for using the equity method	-1.4	0.0
Other	-1.0	0.4
Total Income tax expenses	**127.4**	**76.7**

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 2012, the deferred tax income of the reversal of a previous write-down of deferred tax assets recognized on loss carry-forwards amounted to EUR 3.1 million (previous-year: EUR 6.3 million) and the deferred tax expenses from the impairment of deferred tax assets recognized on loss carry-forwards totaled EUR 1.3 million (previous-year: EUR 2.3 million). In the financial year 2012, deferred tax assets on temporary differences of EUR 0.0 million (previous-year: EUR 0.0 million) were derecognized. As a result of utilizing previously unrecognized tax losses and interest carry-forwards, there was a reduction in tax expenses of EUR 1.8 million (previous-year: reduction in current tax expenses of EUR 0.0 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 97.6 million (previous-year: EUR 69.2 million), for tax loss carry-forwards regarding trade tax amounting to EUR 11.4 million (previous-year: EUR 7.4 million), for tax credits of EUR 0.0 million (previous-year: EUR 12.0 million) and for temporary differences of EUR 0.0 million (previous-year: EUR 2.9 million) as of December 31, 2012. Of these tax loss carry-forwards, none will expire within the next ten years if they are not utilized (previous-year: EUR 0.1 million).

Thus no deferred tax assets were recognized for tax loss carry-forwards regarding corporate income taxes amounting to EUR 20.3 million (previous-year: EUR 12.1 million), for tax loss carry-forwards regarding trade tax amounting to EUR 1.4 million (previous-year: EUR 0.9 million) and for tax credits of EUR 0.0 million (previous-year: EUR 1.9 million) as of December 31, 2012.

Recognized deferred tax assets and liabilities relate to the following items:

ALLOCATION/ORIGIN OF DEFERRED TAXES (Fig. 110)

EUR m	2012 Assets	2012 Liabilities	2011 Assets	2011 Liabilities
Intangible assets	1.2	79.5	3.2	131.2
Property, plant and equipment	0.0	33.2	4.5	32.7
Financial assets	4.0	2.0	3.8	0.6
Programming assets	0.0	20.2	1.4	10.2
Inventories and other assets	6.8	6.9	5.5	13.6
Provision for pensions	0.3	0.1	0.1	0.0
Other provisions	7.1	0.5	9.7	6.6
Liabilities	83.9	11.3	74.4	9.4
Tax loss and interest carry-forwards	9.3	-/-	41.8	-/-
Netting	-86.9	-86.9	-65.6	-65.6
Total	**25.8**	**66.7**	**78.8**	**138.7**

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 0.6 million) was recognized for ownership interests in subsidiaries (outside basis differences). Furthermore, taxable temporary differences of EUR 18.0 million (previous-year: EUR 18.4 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 26 "Shareholders' equity".

17 Earnings per share

EARNINGS PER SHARE (Fig. 111)

EUR m	2012 Basic	2011 Basic	2012 Diluted	2011 Diluted
Reconciliation of income figures				
Attributable to shareholders of ProSiebenSat.1 Media AG	**295.0**	**637.5**	**295.0**	**637.5**
Share of result attributable to common stock	**151.3**	**326.8**	**150.1**	**323.4**
Thereof from continuing operations	166.6	135.5	165.3	134.0
Thereof from discontinued operations	-15.3	191.4	-15.1	189.4
Share of result attributable to preferred stock	**143.7**	**310.7**	**144.8**	**314.1**
Thereof from continuing operations	158.2	128.7	159.5	130.2
Thereof from discontinued operations	-14.5	182.0	-14.6	183.9
Shares				
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	102,391,990	103,266,398	102,391,990	103,266,398
Dilution effect based on stock options granted for and rights granted to preferred stock			1,633,436	2,259,490
Calculation basis of outstanding shares	**211,790,590**	**212,664,998**	**213,424,026**	**214,924,488**
EUR m				
Earnings per common share	**1.38**	**2.99**	**1.37**	**2.96**
Thereof from continuing operations	1.52	1.24	1.51	1.23
Thereof from discontinued operations	-0.14	1.75	-0.14	1.73
Earnings per preferred share	**1.40**	**3.01**	**1.39**	**2.98**
Thereof from continuing operations	1.54	1.25	1.53	1.23
Thereof from discontinued operations	-0.14	1.76	-0.14	1.74

Under IAS 33 "Earnings per share", basic earnings per share are calculated by dividing the profit share by the average number of shares. 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. These dilution effects arise from the issuance of stock options on shares of preferred stock under the Long Term Incentive Plans and to rights to shares (please refer to Note 36 "Share-based payments") and can not only arise with regard to earnings 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 2012, the basic earnings per share of common stock amount to EUR 1.38 (previous-year: EUR 2.99) and the diluted earnings per share of preferred stock amount to EUR 1.40 (previous-year: EUR 3.01).

The possible conversion of all stock options granted on preferred shares which are in the money results in a dilutive effect per common share of minus EUR 0.01 (previous-year: minus EUR 0.03) and per preferred share of minus EUR 0.01 (previous-year: minus EUR 0.03).

In the financial year 2012, the weighted average number of outstanding preferred shares decreased due to the acquisition of treasury shares. At the reporting date, executives had 1,633,436 (previous-year: 2,259,490) rights to stock options or to shares.

18 Other disclosures

Personnel expenses and number of employees

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

PERSONNEL EXPENSES (Fig. 112)

EUR m	2012	2011
Wages and salaries	233.4	217.2
Social security contributions and expenses for pensions and other employee benefits	33.3	29.5
Total	**266.8**	**246.7**

Employer contributions to the public retirement insurance system totaled EUR 13.4 million in financial year 2012 (previous-year: EUR 12.3 million).

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

NUMBER OF EMPLOYEES (Fig. 113)

	2012	2011
Female employees	1,333	1,292
Male employees	1,516	1,339
Total	**2,849**	**2,631**

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 838.7 million (previous-year: EUR 864.3 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:

DEPRECIATION AND AMORTIZATION (Fig. 114)

EUR m	2012	2011
Amortization of intangible assets	47.4	31.6
Depreciation of property, plant and equipment	24.2	21.0
Impairment of intangible assets	7.7	19.4
Impairment of property, plant and equipment	0.2	0.0
Total	**79.5**	**72.0**

The values presented relate to the income from continuing operations and therefore deviate from those presented in the section "Notes to the Statement of Financial Position".

Notes to the Statement of Financial Position

19 Intangible assets

CHANGES IN INTANGIBLE ASSETS (Fig. 115)

EUR m	Other intangible assets	Goodwill	Advances paid	Total
COST				
Balance as of January 1, 2011	**1,107.4**	**2,621.5**	**14.7**	**3,743.6**
Exchange rate differences	-12.0	-15.1	-/-	-27.1
Additions due to change in scope of consolidation	20.9	66.2	-/-	87.1
Additions	48.6	0.0	11.8	60.4
Reclassifications	13.8	-/-	-13.8	-/-
Disposals due to change in scope of consolidation	-355.9	-691.5	0.0	-1,047.4
Disposals	-8.4	-/-	-0.2	-8.6
Balance as of December 31, 2011/January 1, 2012	**814.4**	**1,981.1**	**12.5**	**2,808.0**
Exchange rate differences	18.4	33.5	-/-	52.0
Additions due to change in scope of consolidation	21.3	56.1	0.0	77.4
Additions	73.1	-/-	18.3	91.4
Reclassifications	10.9	-/-	-10.8	0.1
Disposals due to change in scope of consolidation	0.2	-3.1	0.0	-2.8
Disposals	-9.3	-/-	-0.4	-9.7
Reclassification to assets held for sale	-607.4	-1,034.7	0.0	-1,642.1
Balance as of December 31, 2012	**321.7**	**1,032.9**	**19.7**	**1,374.3**
AMORTIZATION				
Balance as of January 1, 2011	**439.9**	**266.4**	**0.2**	**706.5**
Exchange rate differences	-12.6	-5.9	-/-	-18.5
Additions due to change in scope of consolidation	5.8	-/-	-/-	5.8
Additions[1, 2]	114.9	-/-	-/-	114.9
Reclassifications	-/-	-/-	-/-	-/-
Disposals due to change in scope of consolidation	-75.1	-86.8	-/-	-161.9
Disposals	-7.9	-/-	-0.2	-8.1
Balance as of December 31, 2011/January 1, 2012	**465.0**	**173.7**	**0.0**	**638.7**
Exchange rate differences	12.1	4.3	-/-	16.4
Additions due to change in scope of consolidation	1.0	-/-	-/-	1.0
Additions[1]	104.9	57.4	2.5	164.8
Reclassifications	-/-	-/-	-/-	-/-
Disposals due to change in scope of consolidation	0.1	-3.1	-/-	-2.9
Disposals	-9.1	-/-	-/-	-9.1
Reclassification to assets held for sale	-357.4	-139.8	-/-	-497.1
Balance as of December 31, 2012	**216.7**	**92.6**	**2.5**	**311.7**
Carrying amount December 31, 2012	**104.9**	**940.4**	**17.2**	**1,062.6**
Carrying amount December 31, 2011	**349.4**	**1,807.4**	**12.5**	**2,169.3**

1 Of the impairments recognized in this position, EUR 7.7 million (previous-year: EUR 19.4 million) are presented in other operating expenses, while EUR 82.7 million (previous-year: EUR 6.7 million) relate to discontinued operations.
2 Contains additions relating to business in Belgium/Netherlands until deconsolidation.

As part of the presentation of discontinued operations, associated intangible assets totaling EUR 1,144.9 million were presented as assets held for sale in the financial year 2012 (please refer to Note 3 "Acquisitions and disposals").

Other intangible assets include brands, software, intellectual property rights, customer relationships and broadcasting licenses. Amortization is included in the income statement under cost of sales, selling expenses and administrative expenses. Impairments are presented under other operating expenses.

As of December 31, 2012, goodwill amounted to EUR 940.4 million (previous-year: EUR 1,807.4 million). Of the goodwill posted as of January 1, 2011, EUR 2,363.0 million related to the acquisition of the SBS Broadcasting Group in 2007, primarily reflecting strategic development potential and expected synergy effects. The decline of the carrying amount in the financial year 2012 is essentially related to the subsidiaries in Scandinavia, Central and Eastern Europe classified in line with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". They are separately reported as discontinued operations (please refer to Note 3 "Acquisitions and disposals"). The held-for-sale subsidiaries maintain advertising-financed TV stations in Northern, Central and Eastern Europe as well as radio stations in Scandinavia. In financial year 2011, there was also a decline in the level of goodwill. This related mainly 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 deconsolidation of TV and Print operations in financial year 2011 resulted in a disposal of goodwill of EUR 601.0 million.

Goodwill is annually tested for impairment as required by IAS 36 on the basis of value in use, applying the procedure described in Note 6 "Accounting policies." In determining the value in use as part of the impairment tests implemented on November 30, 2012, a disposal scenario was taken into account for the units subsequently classified under IFRS 5 as held for sale. On the basis of the impairment test performed in line with IAS 36, no impairments were required in the financial year 2012. When classification under IFRS 5 takes place, a new impairment test on goodwill is required. In this connection, the cash-generating unit Free TV International is to be divided into the disposal groups Free TV Scandinavia and Free TV Central and Eastern Europe. In line with IAS 36.86, goodwill is allocated to the two disposal units on the basis of relative values to the units remaining and those sold. The impairment test performed on this basis resulted in impairments of EUR 57.4 million in the financial year 2012, which relate to goodwill for the held-for-sale units in Central and Eastern Europe.

The following table summarizes the tested goodwill of the cash-generating units and the assumptions applied in the respective impairment tests:

DISCLOSURES ON GOODWILL IMPAIRMENT TESTING (Fig. 116)

Name of segment	Broadcasting German-speaking	Broadcasting International	Broadcasting International	Digital & Adjacent	Content Production & Global Sales	Total
Name of cash generating unit[1]	**Broadcasting German-speaking**	**Free TV International**	**Radio**	**Digital & Adjacent**	**Content Production & Global Sales**	
Carrying amount of goodwill at December 31, 2011 (EUR m)[2]	435.2	812.3	108.7	431.2	20.0	**1,807.4**
Carrying amount of goodwill at December 31, 2012 (EUR m)	434.6	-/-	-/-	434.9	70.9	**940.4**
Impairment in 2012[3, 4]	-/- (-/-)	-/- (-/-)	-/- (-/-)	-/- (-/-)	-/- (-/-)	-/- (-/-)
Revenue growth p.a. in the projection period (CAGR)[4]	2.4% (3.3%)	-/- (6.6%)	-/- (5.5%)	21.4% (17.4%)	8.8% (5.7%)	
Ø EBITDA margin in the projection period[4]	32.2% (36.6%)	-/- (23.7%)	-/- (22.6%)	20.6% (20.8%)	10.8% (11.7%)	
Duration of projection period	5 years	5 years	5 years	5 years	5 years	
Revenue growth p.a. at the end of projection period[4]	1.5% (1.5%)	-/- (1.5%)	-/- (1.5%)	1.5% (1.5%)	1.5% (1.5%)	
EBITDA margin at the end of projection period[4]	33.6% (39.1%)	-/- (27.1%)	-/- (25.7%)	21.9% (23.2%)	11.8% (12.4%)	
Ø Discount rate[4]	9.6% (8.2%)	-/- (8.4%)	-/- (8.0%)	9.4% (8.1%)	9.6% (8.3%)	

1 The cash generating units have been changed to reflect the change in segment structure in the financial year 2012 and correspond to the operating segments (refer to Note 35 “Segment reporting”).
2 The carrying amount of goodwill for the cash-generating unit Free TV International of EUR 812.3 million as of December 31, 2010 relates exclusively to discontinued operations. The carrying amount of goodwill reported as of December 31, 2011 for the cash-generating unit Radio of EUR 108.7 million also relates to discontinued operations.
3 The impairments reported relate to continuing operations. For impairments recognized in connection with reporting under IFRS 5, refer to Note 3 “Acquisitions and disposals”.
4 Previous-year figures in parentheses.

The assumptions for revenues 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 used for the total cost of capital 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. The discount rate is based on the risk-free rate of interest of 2.1% (previous-year: 3.2%) and a market risk premium of 6.0% (previous-year: 5.0%). In addition, for each cash-generating unit a separate beta factor is derived from the relevant peer group. The debt spread and the capital structure is also taken into consideration as are the country-specific tax rates and risk premiums.

To the extent that 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 value of the respective goodwill, a sensitivity analysis has to be performed on this key assumption. In financial year 2012, due to the good order situation a possible change in a key assumption of the impairment test did not reduce the recoverable amount below the carrying value.

Brands with a carrying amount of EUR 11.9 million as of December 31, 2012 (previous-year: EUR 216.3 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 lower carrying amount in the financial year 2012 is essentially related to the subsidiaries in Scandinavia, Central and Eastern Europe classified in line with IFRS 5. They are separately reported as discontinued operations (please refer to Note 3 "Acquisitions and disposals"). The decline in the carrying amount for brands reported in the previous-year mainly relates to the sale of the TV and print operations in Belgium and the Netherlands sold in the financial year 2011. 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 process, in the 2012 financial impairments totaling EUR 25.2 million were recognized in other operating expenses for subsidiaries which are held for sale. These were entirely in connection with the brands "Prima TV", "Kiss FM" and "Radio 1" of the companies named in Note 3 "Acquisitions and disposals". In the previous-year of the impairments amounting to EUR 21.5 million recognized in other operating expense, EUR 14.8 million relate to continuing operations.

The following table summarizes attribution of brands to operating segments and the assumptions applied in the associated impairment tests:

DISCLOSURES ON IMPAIRMENT TESTING OF BRANDS (Fig. 117)

Name of segment	**Broadcasting German-speaking**	**Broadcasting International**	**Broadcasting International**	**Digital & Adjacent**	**Content Production & Global Sales**	**Total**
Name of cash generating unit[1]	**Broadcasting German-speaking**	**Free TV International**	**Radio**	**Digital & Adjacent**	**Content Production & Global Sales**	
Carrying amount of brands at December 31, 2011 (EUR m)	3.4	164.7	40.6	7.6	-/-	**216.3**
Carrying amount of brands at December 31, 2012 (EUR m)	3.4	-/-	-/-	8.5	-/-	**11.9**
Impairment in 2012 (EUR m)[2, 3]	-/- (-/-)	-/- (-/-)	-/- (2.8)	-/- (12.0)	-/- (-/-)	-/- (14.8)
Ø Revenues growth p.a. in the projection period (CAGR) (range)[3]	3.9 % (6.4 %)	-/- (1.4 % - 28.9 %)	-/- (3.7 % - 9.7 %)	23.2 % - 34.4 % (1.5 % - 31.4 %)	-/- (-/-)	
Assumed royalty fee in % (range)[3]	5.0 % (5.0 %)	-/- (2.5 % - 5.5 %)	-/- (2.5 % - 6.0 %)	3.0 % - 5.0 % (3.0 % - 5.0 %)	-/- (-/-)	
Duration of projection period	5 years	5 years	5 years	5 years	-/- (-/-)	
Revenues growth p.a. at the end of projection period (range)[3]	1.5 % (1.5 %)	-/- (1.5 % - 2.0 %)	-/- (1.5 % - 2.0 %)	1.5 % (1.5 %)	-/- (-/-)	
Discount rate (range)[3]	10.7 % (8.9 %)	-/- (9.0 % - 10.1 %)	-/- (8.6 % - 10.1 %)	10.2 % - 10.4 % (8.6 % - 8.9 %)	-/- (-/-)	

1 The cash generating units have been changed to reflect the change in segment structure in the financial year 2012 and correspond to the operating segments (refer to Note 35 "Segment reporting").
2 The impairments reported relate to continuing operations. For impairments recognized in connection with reporting under IFRS 5, refer to Note 3 "Acquisitions and disposals".
3 Previous-year figures in parentheses.

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. In financial year 2012, due to the good order situation a possible change in a key assumption of the impairment test did not reduce the recoverable amount below the carrying value.

Apart from the impairments on carrying amounts for brands, there was no other impairment on intangible assets identified and measured in the context of previous purchase price allocations. Impairments on broadcasting licenses amounting to EUR 2.7 million were recognized in the cash-generating unit radio in the previous financial year. In addition, in the cash-generating unit "Digital & Adjacent", impairments of EUR 0.9 million were recognized on customer relationships.

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.

20 Property, plant and equipment

STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT (Fig. 118)

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, 2011	**257.0**	**214.4**	**79.8**	**4.6**	**555.8**
Exchange rate differences	-1.3	-0.7	-0.5	-0.1	-2.6
Additions due to change in scope of consolidation	-/-	-/-	0.9	-/-	0.9
Additions	0.8	17.7	6.9	8.6	34.0
Reclassifications	0.1	3.6	0.1	-3.8	-/-
Disposals due to change in scope of consolidation	-11.6	-25.9	-5.7	0.0	-43.2
Disposals	-3.7	-18.0	-9.9	-0.1	-31.7
Balance as of December 31, 2011/ January 1, 2012	**241.3**	**191.1**	**71.6**	**9.2**	**513.2**
Exchange rate differences	0.8	1.9	0.9	0.1	3.7
Additions due to change in scope of consolidation	0.7	2.5	0.6	-/-	3.8
Additions	3.4	23.2	8.4	12.8	47.8
Reclassifications	3.5	4.2	0.5	-8.4	-0.1
Disposals due to change in scope of consolidation	0.0	-/-	-0.2	-/-	-0.2
Disposals	-0.7	-21.5	-1.1	0.0	-23.3
Reclassification to assets held for sale	-19.9	-77.7	-25.7	-0.3	-123.5
Balance as of December 31, 2012	**229.1**	**123.8**	**55.1**	**13.4**	**421.4**
DEPRECIATION AND AMORTIZATION					
Balance as of January 1, 2011	**100.7**	**156.2**	**66.7**	**-/-**	**323.6**
Exchange rate differences	-0.2	-0.6	-0.5	-/-	-1.3
Additions due to change in scope of consolidation	-/-	-/-	0.6	-/-	0.6
Additions	6.8	22.7	4.4	-/-	33.9
Reclassifications	-/-	-/-	-/-	-/-	-/-
Disposals due to change in scope of consolidation	-10.4	-18.2	-5.1	-/-	-33.7
Disposals	-3.7	-17.9	-9.6	-/-	-31.2
Balance as of December 31, 2011/ January 1, 2012	**93.2**	**142.2**	**56.5**	**-/-**	**291.9**
Exchange rate differences	0.2	1.4	0.7	-/-	2.3
Additions due to change in scope of consolidation	0.5	2.1	0.4	-/-	2.9
Additions	6.7	22.2	5.8	-/-	34.8
Reclassifications	-/-	-/-	-/-	-/-	-/-
Disposals due to change in scope of consolidation	0.0	-/-	-0.1	-/-	-0.1
Disposals	-0.5	-20.6	-1.0	-/-	-22.1
Reclassification to assets held for sale	-8.7	-59.4	-18.9	-/-	-87.0
Balance as of December 31, 2012	**91.4**	**87.9**	**43.5**	**-/-**	**222.8**
Carrying amount December 31, 2012	**137.7**	**35.9**	**11.6**	**13.4**	**198.7**
Carrying amount December 31, 2011	**148.1**	**48.9**	**15.1**	**9.2**	**221.3**

As part of the presentation of discontinued operations, associated property, plant and equipment totaling EUR 36.6 million were presented as assets held for sale in the financial year 2012 (please refer to Note 3 “Acquisitions and disposals”).

The buildings on land owned by others, fixtures and renovations line item relates to leased buildings for a residual carrying amount of EUR 108.8 million (previous-year: EUR 111.0 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 lease 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 8.5 million (previous-year: EUR 5.4 million) exist mainly for technical equipment which also qualify as finance leases.

As of December 31, 2012 and the previous-year's reporting date, the minimum lease payments comprise the following:

MINIMUM LEASE PAYMENTS (Fig. 119)

EUR m	Remaining term 1 year or less	Remaining term 2 to 5 years	Remaining term over 5 years	Total 12/31/2012
Property, plant and equipment				
Minimum lease payments	14.6	48.6	26.0	**89.2**
Share of interest minimum lease payments	5.2	16.2	6.3	**27.7**
Present value of minimum lease payments	9.4	32.4	19.7	**61.5**

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**

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, 2012 amounted to EUR 98.8 million (previous-year: EUR 101.0 million).

21 Investments accounted for using the equity method and non-current financial assets

The principal investments accounted for using the equity method, none of which are listed on any stock exchange, were as follows on December 31, 2012 and 2011, arranged in alphabetical order below (investment percentage in parantheses):

- AdAudience GmbH, Düsseldorf (14.29 %)
- Goldbach Media (Switzerland) AG, Küsnacht (22.96 %)
- VG Media Gesellschaft zur Verwertung der Urheber- und Leistungsschutzrechte von Medienunternehmen mbH, Berlin (50.0 %)

From a Group perspective, AdAudience GmbH is a joint venture under IAS 31. VG Media Gesellschaft zur Verwertung der Urheber- und Leistungsschutzrechte von Medienunternehmen represents an associated company as defined by IAS 28, since the Group only exerts significant influence on the business and financial policy of the group, despite its stake of 50 %.

The following overview shows aggregated information on the principal 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 %.

INFORMATION ON INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Fig. 120)

EUR m	12/31/2012	12/31/2011
Non-current assets	0.7	0.8
Thereof joint ventures	0.1	0.1
Current assets	102.8	123.4
Thereof joint ventures	2.9	0.9
Total assets	**103.6**	**124.2**
Shareholders' equity	2.6	0.9
Thereof joint ventures	1.8	0.0
Non-current financial liabilities	0.9	0.6
Thereof joint ventures	0.0	0.0
Current financial liabilities	100.0	122.7
Thereof joint ventures	1.2	1.0
Total equity and liabilities	**103.6**	**124.2**
	2012	**2011**
Revenues	296.0	281.0
Thereof joint ventures	4.8	2.5
Result of the year	-0.5	-0.2
Thereof joint ventures	-0.5	-0.2

Additional investments accounted for using the equity method, but which are classified as immaterial, are shown in the list of investments on page 253.

In the financial year 2012, the ProSiebenSat.1 Group received a dividend from an associate of EUR 5.5 million (previous-year: EUR 3.3 million).

Non-current financial assets comprise the following:

NON-CURRENT FINANCIAL ASSETS (Fig. 121)

EUR m	12/31/2012	12/31/2011
Investments	44.6	46.2
Securities	16.3	9.2
Other	0.2	1.1
Total	**61.2**	**56.5**

As part of the presentation of discontinued operations, associated non-current financial assets totaling EUR 4.6 million were presented as assets held for sale in the financial year 2012 (please refer to Note 3 "Acquisitions and disposals").

The major position under "investments" is the Group's stake of 6.9 % in ZeniMax Media Inc. (previous-year: 6.9 %), incorporated in Rockville, USA, a developer of interactive entertainment content for game consoles, PC and wireless devices. The investment is valued at (amortized) acquisition cost (see Note 15 "Result from investments accounted for using the equity method and other financial result").

The "securities" item essentially comprises shares in investment funds recognized at fair value through profit and loss acquired to cover the pension obligations, as these qualify as plan assets under IAS 19.

22 Programming assets

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

CHANGES IN PROGRAMMING ASSETS (Fig. 122)

EUR m	Capitalized TV rights	Advances paid	Total
Carrying amount January 1, 2011	**1,547.4**	**107.2**	**1,654.6**
Exchange rate difference	-3.4	-0.1	-3.5
Additions due to change in scope of consolidation	1.2	-/-	1.2
Additions	1,105.4	136.9	1,242.3
Disposals due to change in scope of consolidation	-163.6	-13.3	-176.9
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 impairment			-114.6
Carrying amount December 31, 2011 and January 1, 2012	**1,355.5**	**175.8**	**1,531.3**
thereof non-current programming assets			1,337.8
thereof current programming assets			193.5
Exchange rate difference	6.7	1.6	8.2
Additions due to change in scope of consolidation	-/-	2.0	2.0
Additions	1,001.5	113.1	1,114.6
Disposals due to change in scope of consolidation	-/-	-/-	-/-
Disposals	-15.1	-0.1	-15.2
Reclassifications	109.1	-109.1	-/-
Consumption[1]	-1,086.4	-/-	-1,086.4
thereof scheduled			-1,032.4
thereof impairment			-54.0
Reclassification to assets held for sale	-239.5	-38.2	-277.7
Carrying amount December 31, 2012	**1,131.8**	**145.1**	**1,276.9**
thereof non-current programming assets			1,110.7
thereof current programming assets			166.2

1 Consumption including provisions for onerous contracts from prior periods of EUR 14.8 million (previous-year: 17.0 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 1,131.1 million (previous-year: EUR 1,353.4 million) as well as other TV rights such as pay TV, video-on-demand and mobile TV rights of EUR 0.7 million (previous-year: EUR 2.1 million).

Consumption and impairments 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 2012 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 / audience reach for the given reporting period in relation to the total advertising revenues / audience reach expected from the broadcasts defined by contract or planned by management. These estimates are regularly reviewed, and impairments are recognized if necessary. Obligations to purchase programming assets in future years are reported in Note 33 "Other financial obligations".

As part of the presentation of discontinued operations, associated programming assets totaling EUR 277.7 million were presented as assets held for sale in the financial year 2012 (please refer to Note 3 "Acquisitions and disposals").

23 Inventories

Inventories consist primarily of promotional products and video material which are not presented under programming assets. They are thus regarded by the Group as not significant.

24 Accounts receivable and other assets

ACCOUNTS RECEIVABLE AND OTHER ASSETS (Fig. 123)

	12/31/2012			12/31/2011		
EUR m	Current	Non-current	Total	Current	Non-current	Total
Trade accounts receivable	**268.7**	**-/-**	**268.7**	**279.4**	**-/-**	**279.4**
Accrued items	7.7	-/-	7.7	16.6	-/-	16.6
Receivables from investments accounted for using the equity method	25.6	-/-	25.6	26.4	-/-	26.4
Derivatives	18.7	-/-	18.7	40.8	-/-	40.8
Advance payments	13.7	-/-	13.7	25.8	-/-	25.8
Other	32.8	2.9	35.7	25.7	2.6	28.3
Total other receivables and non-current assets	**98.4**	**2.9**	**101.3**	**135.3**	**2.6**	**137.9**
Total	**367.1**	**2.9**	**370.0**	**414.7**	**2.6**	**417.3**

The carrying amounts of receivables and other current assets, in accordance with IFRS 7 categories, are shown under Note 34 "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:

CHANGES IN CREDIT ALLOWANCES (Fig. 124)

EUR m	12/31/2012	12/31/2011
Credit allowances at the beginning of the reporting period	27.6	30.7
Changes to the scope of consolidation	-3.9	-3.7
Additions	6.8	4.4
Release	-2.9	-1.9
Usage	-1.9	-1.8
Foreign currency effects	0.0	-0.1
Credit allowances at the end of the reporting period	**25.6**	**27.6**

As of December 31, 2012, the Group's trade accounts receivable after credit allowances had the following aging structure:

AGING STRUCTURE (Fig. 125)

EUR m	12/31/2012	12/31/2011
Not due at the end of the reporting period	221.9	206.3
Amount past due for the following time ranges:		
Less than 3 months	23.2	53.6
Between 3 and 6 months	6.3	7.4
Between 6 and 9 months	5.8	5.7
Between 9 and 12 months	5.5	2.4
More than 12 months	6.0	4.0
Total trade accounts receivable	**268.7**	**279.4**

As part of the presentation of discontinued operations, associated accounts receivable and other assets totaling EUR 108.9 million were presented as assets held for sale in the financial year 2012 (please refer to Note 3 "Acquisitions and disposals").

25 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.

As part of the presentation of discontinued operations, associated cash and cash equivalents totaling EUR 90.4 million were presented as assets held for sale in the financial year 2012 (please refer to Note 3 "Acquisitions and disposals").

26 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, 2012, the number of shares outstanding was 218,797,200 of which the Company itself held 6,505,750 preferred shares in treasury (previous-year: 7,640,000).

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 amount to EUR 581.6 million (previous-year: EUR 575.5 million). They mainly comprise the share premium from the share issuance in 1997 and the capital increase in 2004. Moreover, in the financial year 2012, EUR 1.7 million were recognized in connection with stock options and EUR 4.6 million in connection with rights to shares (refer to Note 36 "Share-based payments"). The previous-year figure contained EUR 2.3 million from stock options, minus EUR 6.1 million from the cash settlement of stock options and the related actual taxes of EUR 1.7 million.

The change in retained earnings results mainly from the profit for the period of EUR 295.0 million (previous-year: EUR 637.5 million) and from the dividend of EUR 245.7 million (previous-year: EUR 241.2 million) paid in the financial year 2012.

The accumulated other comprehensive income of the ProSiebenSat.1 Group, in the amount of minus EUR 66.4 million (previous-year: minus EUR 92.3 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 in equity relates to currency hedges in the amount of EUR 5.7 million (previous-year: EUR 30.5 million) and interest rate hedges in the amount of minus EUR 147.2 million (previous-year: minus EUR 146.2 million) and amounts of minus EUR 1.4 million recognized outside profit or loss in connection with assets and liabilities to be sold (previous-year: EUR 0.0 million), before deduction of related deferred taxes. The deferred taxes relate to currency hedges in the amount of minus EUR 1.6 million (previous-year: minus EUR 8.6 million), to interest rate hedges in the amount of EUR 41.1 million (previous-year: EUR 40.4 million) and to amounts in connection with assets and liabilities to be sold recognized in equity totaling minus EUR 0.4 million (previous-year: EUR 0.0 million).

In addition, other comprehensive income contains amounts from currency translation adjustments of the annual financial statements of foreign subsidiaries totaling EUR 36.6 million (previous-year: minus EUR 8.4 million). Of this, EUR 32.8 million (previous-year: EUR 0.0 million) relate to assets and liabilities held for sale.

Thus other comprehensive income recognized in shareholders' equity comprises the following:

ACCUMULATED OTHER COMPREHENSIVE INCOME (Fig. 126)

	2012			2011		
EUR m	**Before taxes**	**Deferred taxes**	**After taxes**	Before taxes	Deferred taxes	After taxes
Currency translation ProSiebenSat.1 foreign susidiaries	12.2	-/-	12.2	-9.2	-/-	-9.2
Currency translation non-controlling interests of foreign subsidiaries	0.0	-/-	0.0	-0.1	-/-	-0.1
Associated with assets and liabilities held for sale	32.8	-/-	32.8	-/-	-/-	-/-
Effect from foreign currency translation	45.0	-/-	45.0	-9.3	-/-	-9.3
Currency hegdes	-24.8	7.0	-17.8	17.2	-4.8	12.4
Interest rate hedges	-1.0	0.7	-0.3	60.1	-15.7	44.4
Associated with assets and liabilities held for sale	-1.4	0.4	-1.0	-/-	-/-	-/-
Recognition of cash flow hedges	-27.2	8.1	-19.1	77.3	-20.5	56.8
Total other comprehensive income/loss for the period	**17.8**	**8.1**	**25.9**	**68.0**	**-20.5**	**47.5**

Allocation of profits

In the financial year just ended, under a resolution adopted at the Annual General Meeting on May 15, 2012, a dividend of EUR 245.7 million was paid out to holders of preferred stock and common stock, out of ProSiebenSat.1 Media AG's 2011 distributable profit of EUR 3,047.4 million. This represents a payout of a dividend of EUR 1.17 per dividend-eligible bearer share of preferred stock and EUR 1.15 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. It is planned to allocate the distributable profit at ProSiebenSat.1 Media AG for the financial year 2012 of EUR 2,679.9 million as follows:

ALLOCATION OF PROFIT (Fig. 127)

EUR	
Distribution of a dividend of EUR 5.65 per bearer share of preferred stock	581,344,602.50
Distribution of a dividend of EUR 5.63 per registered share of common stock	615,914,118.00
Balance to be carried forward to the next accounting period	1,482,654,122.06
ProSiebenSat.1 Media AG distributable profit	**2,679,912,842.56**

The Executive Board retains the right to adjust the above profit allocation proposal should the disposal of the Northern European business operations of the Company in the area of TV and radio concluded by contract on December 14, 2012 not be closed as planned.

Distribution of the dividend is also contingent on the approval of the Annual General Meeting on the final profit allocation proposal on July 23, 2013. The final amount distributed depends on the number of entitled shares at the time the resolution on the profit allocation proposal. This depends on the amount of Company's treasury stock. Under Section 71b of the German Stock Corporations Act these shares are not entitled to receive dividends. However, up to the day of the Annual General Meeting the level of stock can change.

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 Annual General 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 Annual General 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 Annual General Meeting of the same date.

Treasury shares

The Annual General Meeting of June 29, 2010, in line with Section 71 (1) 8 of the German Stock Corporations Act authorized the Company to acquire its own common and/or preferred stock on or before June 28, 2015, up to the total nominal 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 the financial year 2012, 1,134,250 share options from the LTIP 2008 (Cycles 2008 and 2009) were exercised. Therefore, treasury shares declined from 7,640,000 as of December 31, 2011 to 6,505,750 as of December 31, 2012.

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 as a 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, 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:

CAPITAL STRUCTURE (Fig. 128)

EUR m	12/31/2012	12/31/2011
Shareholders' equity	1,500.9	1,441.4
Share of total capital	27.7 %	28.6 %
Current loans and borrowings	230.9	0.1
Non-current loans and borrowings	2,342.2	2,335.6
Loans and borrowings total	2,573.1	2,335.7
Share of total capital	47.5 %	46.4 %
Total capital (total equity and liabilities)	**5,412.6**	**5,033.6**

In the financial year 2012, the consolidated shareholders' equity of the ProSiebenSat.1 Group increased by 4.1% to EUR 1.501 billion. Most of the increase resulted from the profit generated during the financial year 2012 of EUR 298.8 million (previous-year: EUR 644.4 million). In addition, positive developments in other comprehensive income led to an increase of shareholders' equity of EUR 26.0 million (previous-year: EUR 47.5 million). A particularly positive effect in the opposite direction came from foreign currency translation totaling EUR 45.1 million (previous-year: minus EUR 9.3 million). A contrary effect resulted from the measurement and cancellation of cash flow hedges totaling minus EUR 27.2 million (previous-year: EUR 77.3 million) before deferred taxes of EUR 8.1 million (previous-year: minus EUR 20.5 million).

In addition, the dividend paid out from the distributable profits of ProSiebenSat.1 Media AG for the financial year 2011 resulted in shareholders' equity declining by EUR 245.7 million.

An essential part of the Group's funding comprises secured term loans (Term Loan B, C and D) with different maturities. As of December 31, 2012, EUR 2.342 billion of non-current loans and borrowings were reported (December 31, 2011: EUR 2.336 billion). The syndicated facilities agreement includes a revolving credit facility (RCF) which is reported under current loans and borrowings. At December 31, 2012, current loans and borrowings totaled EUR 230.9 million (previous-year: EUR 0.1 million).

In 2011, the ProSiebenSat.1 Group already repaid a third of its term loans totaling EUR 1.2 billion ahead of maturity, at the same time extending a significant portion of its remaining loans until July 2016. The Group thus improved its capital structure on a sustained basis.

The ProSiebenSat.1 Group is striving to improve its financial profile. For this purpose, the key aims are a positive development of results and an improvement of the net debt position. The Group intends to use part of the sales proceeds from the disposal of the Northern European TV and radio activities totaling EUR 500 million to repay ahead of maturity term loans under the consortium facilities agreement of the ProSiebenSat.1 Group.

The ProSiebenSat.1 Group and its financial liabilities are not officially rated by international rating agencies.

27 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:

PRESENT VALUE OF OBLIGATION (Fig. 129)

EUR m	2012	2011
Present value of obligation at January 1	**10.1**	**9.1**
Current service cost	0.5	0.3
Past service cost	1.0	1.1
Interest cost	0.5	0.4
Actuarial gains/losses	1.0	-0.5
Total amount recognized in profit or loss	**3.0**	**1.3**
Pension payments	-0.4	-0.3
Present value of obligation at December 31	**12.7**	**10.1**

There are no material differences between the defined benefit obligation and the pension provision recognized in the statement of financial provision at December 31, 2012.

In the financial year 2012, the pension expense relating to pension entitlements amounted to EUR 3.0 million (previous-year: EUR 1.3 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:

OVERVIEW ACTUARIAL PARAMETERS (Fig. 130)

	2012	2011
Discount rate	4.2 %	5.1 %
Rate of salary progression	0.0 %	0.0 %
Rate of pension progression	1.0 %	1.0 %

One of the key measurement parameters is the discount rate used. According to IAS 19.78, the discount rate shall be chosen with reference to the rates of high quality corporate bonds of matching maturities and currencies. Decreasing or increasing the discount rate by 0.5 percentage points would result in the present value of obligations as of December 31, 2012 rising or falling by EUR 0.6 million. On the basis of sensitivity analyses performed, there was no material impact on pension expense. For materiality reasons, no sensitivity analyses were performed for additional parameters nor has information required by IAS 19.120A(p) on adjustments resulting from experience (deviations between the actuarial assumptions and the actual development on pension entitlements) been provided.

In the financial year 2012, pension payments were made to former Executive Board members with pension entitlements amounting to EUR 0.4 million (previous-year: EUR 0.3 million). Pension payments of EUR 0.4 million are expected for the financial year 2013. The pension payments expected for 2014 amount to EUR 0.4 million. In addition, it is assumed that pension payments in 2015 and 2016 will be EUR 0.5 million for each year, with EUR 0.7 million for the financial year 2017.

The expected payments in 2013 to acquire shares in investment funds to cover the obligation for defined-benefit pension plans are EUR 0.6 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 21 "Investments accounted for using the equity method and non-current financial assets").

28 Other provisions

OTHER PROVISIONS (Fig. 131)

EUR m	As of 01/01/2012	Foreign exchange differences	Additions	Usage	Release	Changes in scope of consolidation	Reclassi-fication under IFRS 5	As of 12/31/2012
Provisions for onerous contracts	35.3	0.0	4.3	-19.4	-0.8	-5.1	-1.8	**12.5**
Provisions for business operations	13.8	0.0	18.3	-10.9	-2.8	0.0	0.0	**18.5**
Other provisions	36.0	0.2	8.1	-2.0	-10.9	0.3	-5.1	**26.5**
Total	**85.1**	**0.2**	**30.7**	**-32.3**	**-14.5**	**-4.9**	**-6.9**	**57.5**
thereof current provisions	78.7							**52.2**
thereof non-current provisions	6.4							**5.3**

As part of the presentation of discontinued operations, associated provisions totaling EUR 6.9 million were presented as liabilities associated with assets held for sale in the financial year 2012 (please refer to Note 3 "Acquisitions and disposals").

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 6.3 million (previous-year: EUR 17.6 million) and provisions of EUR 4.3 million (previous-year: EUR 9.6 million) were recognized in connection with the disposal of N24 which took place in 2010. The provision for broadcasting in HD was fully used in 2012 (previous-year: EUR 2.4 million). Provisions for onerous contracts include EUR 4.5 million non-current provisions (previous-year: EUR 6.4 million). Provisions for business operations largely include provisions for sales discounts. The remaining provisions comprise provisions for interest on taxes of EUR 6.9 million (previous-year: EUR 13.5 million), provisions for additional payments to bestseller authors of EUR 6.1 million (previous-year: EUR 0.3 million), provisions for litigation of EUR 1.0 million (previous-year: EUR 4.6 million) and other provisions of EUR 12.7 million (previous-year: EUR 13.4 million). In the previous-year, there were provisions of EUR 4.5 million for advertising spots still to be broadcast. Other provisions include EUR 0.7 million non-current provisions (previous-year: EUR 0.0 million).

In the financial year 2012, interest effects from unwinding of provisions amounted to EUR 0.1 million (previous-year: EUR 1.3 million).

29 Financial liabilities

FINANCIAL LIABILITIES (Fig. 132)

EUR m	Current	Non-current	Total 12/31/2012
Loans and borrowings	**230.9**	**2,342.2**	**2,573.1**
Trade payables	**322.2**	**-/-**	**322.2**
Accrued interest	14.1	-/-	14.1
Liabilities from finance lease	9.4	89.4	98.8
Liabilities from derivatives	4.8	158.0	162.9
Liabilities to investments accounted for using the equity method	0.2	-/-	0.2
Earn-out liabilities and liabilities from put options	7.5	69.5	77.0
Total other financial liabilities	**36.1**	**317.0**	**353.1**
Total financial liabilities	**589.1**	**2,659.2**	**3,248.3**

EUR m	Current	Non-current	Total 12/31/2011
Loans and borrowings	**0.1**	**2,335.6**	**2,335.7**
Trade payables	**410.0**	**46.8**	**456.8**
Accrued interest	19.3	-/-	19.3
Liabilities from finance lease	8.6	92.4	101.0
Liabilities from derivatives	14.0	134.1	148.1
Liabilities to investments accounted for using the equity method	0.5	-/-	0.5
Earn-out liabilities and liabilities from put options	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**

As part of the presentation of discontinued operations, associated financial liabilities totaling EUR 145.5 million were presented as liabilities associated with assets held for sale in the financial year 2012 (please refer to Note 3 "Acquisitions and disposals").

The carrying amounts of financial liabilities according to IFRS 7 categories are disclosed under Note 34 "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 a term up to July 3, 2014 (Term Loan B), loans with a maturity up to July 3, 2015 (Term Loan C) and loans with a maturity up to July 3, 2016 (Term Loan D).

As of December 31, 2012, the available facility amount with an original volume of EUR 600.0 million, which may be drawn on a variable basis, was EUR 590.0 million (previous-year: EUR 568.4 million). As of December 31, 2012, the Group had drawn down EUR 230.6 million in cash on this credit facility (previous-year: no utilization). Including drawing on guarantees totaling EUR 0.1 million (previous-year: EUR 20.0 million), an amount of EUR 359.4 million under the revolving credit facility was unused at December 31, 2012 (previous-year: EUR 548.4 million). On May 10, 2012, the ProSiebenSat.1 Group made an offer to its lenders for a maturity extension of its revolving credit facility to July 2016. In connection with this maturity extension, EUR 359.4 million was extended by the December 31, 2012 reporting date to July 2016 and issued as a new revolving credit line (RCF 2). The part of the credit facility which was not extended of EUR 230.6 million expires as scheduled in July 2014 (RCF 1). The revolving credit facility can be used variably for general operative purposes.

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, 2012, all the loans were 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 1.0 % and 2.5 %.

The repayment amount of the two term loans at December 31, 2012 was EUR 2,359.7 million (previous-year: EUR 2,359.7 million). The financial liabilities are measured at amortized cost using the effective interest rate method and have a carrying amount of EUR 2,342.2 million as of December 31, 2012 (previous-year: EUR 2,335.6 million).

The ProSiebenSat.1 Group hedges the interest rate risk inherent in these variable-interest loans using interest rate swaps and caps. At December 31, 2012, the Group hedged 68 % of its interest rate exposure after consideration of loan repayments and cancellations of interest rate swaps (December 31, 2011: 100 %).

Under the loan 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 for breaches of contract are 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 financial year 2012, the ProSiebenSat.1 Group complied with all contractual obligations.

30 Other liabilities

Other liabilities comprise the following:

OTHER LIABILITIES (Fig. 133)

	12/31/2012		12/31/2011	
EUR m	Current	Non-current	Current	Non-current
Liabilities from VAT	40.0	-/-	43.0	-/-
Accrued items	28.7	-/-	38.8	-/-
Liabilities to cartel authorities	27.7	-/-	-/-	-/-
Liabilities to employees	27.5	-/-	30.9	-/-
Liabilities to agencies	16.8	-/-	12.1	-/-
Debtors with a credit balance	15.3	-/-	2.4	-/-
Liabilities to collecting societies	12.9	-/-	20.8	-/-
Vacation payment accruals	9.3	-/-	14.9	-/-
Liabilities from other taxes	9.0	-/-	10.7	-/-
Advance payments received	7.8	-/-	6.2	0.2
Liabilities to artists social fund	1.1	-/-	1.0	-/-
Liabilities from outstanding advertising services	1.0	3.9	-/-	-/-
Accruals from social security payments	0.5	-/-	2.1	-/-
Others	5.1	0.5	5.6	1.0
Total	**202.6**	**4.4**	**188.5**	**1.3**

The accrued items are made up largely of advance payments received, deferred marketing rights and liabilities to media agencies.

As part of the presentation of discontinued operations, associated other liabilities totaling EUR 86.7 million were presented as liabilities associated with assets held for sale in the financial year 2012 (please refer to Note 3 "Acquisitions and disposals").

Additional Notes

31 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 investing and financing activities are calculated using the direct method. On the other hand, cash flows from operating activities are derived indirectly from net income. In this indirect derivation the changes of the relevant statement of financial position items relating to operating activities are adjusted for effects from foreign currency translation and from changes to the scope of consolidation. For this reason, the changes of the statement of financial position items cannot be reconciled with the relevant figures on the basis of the published Group and segment statements of financial position.

In line with IAS 7.31 and IAS 7.35, payments for taxes and interest are shown in the cash flow from operating activities.

The following table provides an overview of the cash flow in the segments:

CASH FLOW BY SEGMENT (Fig. 134)

EUR m	Segment Broadcasting German-speaking	Segment Digital & Adjacent	Segment Content Production & Global Sales	Eliminations and other transition items	**Total segments of continuing operations 12/31/2012**
Cash flow from operating activities	1,262.8	30.5	-51.0	-40.1	**1,202.1**
Cash flow from investing activities	-871.8	-45.9	7.7	-35.8	**-945.8**
Free cash flow	391.0	-15.4	-43.4	-75.9	**256.3**
Cash flow from financing activities	586.6	13.6	42.4	-673.4	**-30.9**

EUR m	Segment Broadcasting German-speaking	Segment Digital & Adjacent	Segment Content Production & Global Sales	Eliminations and other transition items	Total segments of continuing operations 12/31/2011
Cash flow from operating activities	1,193.8	76.0	-51.4	-43.9	**1,174.5**
Cash flow from investing activities	-705.4	-65.5	51.0	-253.5	**-973.4**
Free cash flow	488.4	10.5	-0.4	-297.3	**201.2**
Cash flow from financing activities	-1,463.3	-16.2	7.3	-252.0	**-1,724.2**

The higher cash flow from operating activities in financial year 2012 reflects both the good business performance and lower interest charges compared with 2011 due to the improved financing structure. These effects were partially offset by changes in working capital. The lower cash flow from investing activities was due primarily to programming investments being lower at EUR 843.3 million (previous-year: EUR 938.9 million). This was partially compensated for by investments in property, plant and equipment and intangible assets being up by EUR 32.7 million (2012: EUR 88.4 million; 2011: EUR 55.7 million) as well as a EUR 10.7 million increase in investments for expanding the scope of consolidation (2012: EUR 27.1 million; 2011: EUR 16.4 million). Free cash flow being EUR 55.1 million higher in the financial year 2012 reflects this trend (2012: EUR 256.3 million; 2011: EUR 201.2 million). In the previous-year, cash flow from financing activities was driven primarily by the repayment of interest-bearing liabilities totaling EUR 1,430.7 million. In financial year 2012, key factors were the dividend payout of EUR 245.7 million (previous-year: EUR 241.2 million) and the cash flow from drawing EUR 230.8 million on the revolving credit facility (previous-year: no draw-down).

For more information, please refer to the section "Analysis of liquidity and capital spending" in the Group management report.

32 Contingent assets and liabilities

In the consolidated financial statements as of December 31, 2011, the ProSiebenSat.1 Group disclosed a potential risk from an alleged violation of antitrust law through agreements between the ProSiebenSat.1 Group and the RTL Group about their TV encryption practice. In July 2012, ProSiebenSat.1 Group and the Federal Cartel Office agreed in principle to a consensual termination of the proceedings related to this allegation. Moreover, as part of the agreement with the Federal Cartel Office, the ProSiebenSat.1 Group made a commitment to unencrypted broadcasting of the stations SAT.1, ProSieben, and kabel eins in SD quality for a period of

10 years from January 1, 2013. The transmission of broadcast signals in HD quality is not affected by this. Taking into account the state of negotiations and using its best estimate, ProSiebenSat.1 Group recognized a provision of EUR 27.5 million as of June 30, 2012. On the basis of the notification of the Federal Cartel Office received on December 28, 2012, an amount of EUR 27.7 million was recognized under other liabilities as of the reporting date (please refer to Note 30 "Other liabilities"). The payment was made on January 24, 2013.

At December 31, 2012, there were no contingent liabilities from pledges and guarantees for domestic and foreign companies (previous-year: EUR 1.0 million).

Under the loan facilities agreement, the ProSiebenSat.1 Group pledged as security equity interests in various material subsidiaries. A number of subsidiaries have also provided guarantees to the lenders.

The agreement on the sale of the Scandinavian Free TV and radio activities concluded on December 14, 2012 contains exemption provisions for specific tax risks of the companies sold. The maximum risk is limited to EUR 40 million. At the present moment in time, it is not known whether this provision could be utilized and at what level charges would be passed on to the ProSiebenSat.1 Group. For this reason, no provisions were established as of December 31, 2012. For further details, please refer to the comments in Note 3 "Acquisitions and disposals".

The ProSiebenSat.1 Group also provides advertising services in the context of barter deals or media for equity transactions (please refer to Note 8 "Revenues"). The tax treatment of these transactions has not yet been definitively resolved. For this reason, no final assessment can be made whether and to what extent they may impact on future tax payments.

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, 2012 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 marketing advertising time by SevenOne Media GmbH. On April 13, 2012, the Regional Court resolved to obtain an expert appraisal on the probability of loss. However, an expert has not yet been appointed. The outcome of the case cannot currently be predicted. As a consequence, no provision was recognized as of the reporting date.

- **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 marketing advertising time by SevenOne Media GmbH. The Munich Regional Court has dismissed the case in its entirety in a ruling of May 8, 2012. The plaintiff has appealed at the Munich Higher Regional Court. However, a date for hearing the appeal has not yet been set. The outcome of the appeal cannot currently be predicted. For this reason, no provisions have been established as of the reporting date.

- **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. On February 21, 2013, the Munich Higher Regional Court has dismissed the appeal in its entirety and thus confirmed the dismissal by the Munich Regional Court. For this reason, no provisions have been established as of the reporting date.

- **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 appealed against this ruling and agreed to an in-court settlement to resolve the matter on December 12, 2012. Other authors have made claims on the basis of Section 32a of the Copyright Act against companies of the ProSiebenSat.1 Group, in and out of court. For this subject matter, a provision of EUR 6.1 million was recognized on the basis of best estimate considering the state of negotiations. For more information, see Note 28 "Other provisions".

- 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.

33 Other financial obligations

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. In addition, the presentation relates solely to the Group's continuing operations. For this reason, the other financial obligations in connection with the asset and liabilities held for sale are recognized separately taking into account the regulations of IFRS 5.

The purchase commitments for programming assets reflects contracts for film and series licenses and commissioned productions entered into before December 31, 2012. Most of the contracts were concluded in US dollar.

OTHER FINANCIAL OBLIGATIONS (Fig. 135)

EUR m	12/31/2012	12/31/2011
Remaining term 1 year or less	585.2	759.8
Remaining term 1 to 5 years	1,602.5	1,871.6
Remaining term over 5 years	240.7	285.3
Purchase commitments for programming assets	**2,428.4**	**2,916.7**
Remaining term 1 year or less	65.6	72.2
Remaining term 1 to 5 years	192.6	218.3
Remaining term over 5 years	38.2	62.4
Distribution	**296.4**	**352.9**
Remaining term 1 year or less	12.5	14.0
Remaining term 1 to 5 years	54.3	34.3
Remaining term over 5 years	9.4	10.8
Leasing and long-term rental commitments	**76.1**	**59.1**
Remaining term 1 year or less	69.3	79.2
Remaining term 1 to 5 years	65.2	125.3
Remaining term over 5 years	2.3	26.5
Other financial obligations	**136.8**	**231.0**
Other financial obligations relating to assets held for sale and associated liabilities	301.6	-/-
Total	**3,239.2**	**3,559.7**

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 operating leases due to their economic substance. Together with satellite rental, operate leasing expenses amounted to EUR 63.5 million in 2012 (previous-year: EUR 68.0 million). Of this amount, EUR 30.4 million was presented under discontinued operations (previous-year: EUR 31.5 million).

The other financial obligations primarily comprise payments to collecting societies and other services.

34 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, 2012, 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 loans with a total volume of EUR 2,083.7 million and a maturity date of July 3, 2016 (Term Loan D). The ProSiebenSat.1 Group hedges the interest rate risk inherent in these variable-interest loans using interest rate swaps and caps. 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. As a buyer of an interest rate cap, ProSiebenSat.1 Media AG has the right but not the obligation to exchange future variable-rate interest payments for fixed-rate interest payments. For this right an option premium must generally be paid. Uncertain, variable-rate future interest payments on the borrowings described above are thus compensated and replaced with fixed-rate interest payments if this is favorable for ProsiebenSat.1 Media AG. Market values for interest rate caps are measured on the basis of a standard option pricing model. Differences may arise where other measurement 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.

In February 2012, the ProSiebenSat.1 Group extended a portion of its interest rate hedging instruments (interest rate swaps) of EUR 1,050.0 million until 2016 to hedge the interest rate risk between 2014 and 2016, thereby lowering the average fixed-rate swap rate of these interest rate swaps from around 4.6% to around 3.4%. The extended interest rate swaps were de-designated in accordance with IAS 39 due to the ineffectiveness generated at the time of extension. The new hedging relationship established by the immediate re-designation meets the criteria of IAS 39 for the application of hedge accounting. In connection with this transaction EUR 16.7 million were reclassified from other comprehensive income to profit and loss in the reporting year. Due to compensatory effects from hedge amortization, this resulted in an effect of EUR 0.5 million. ProSiebenSat.1 Group has also entered into further interest rate hedging transactions with a nominal total volume of EUR 450.0 million in March 2012. These transactions also hedge the interest rate risk between 2014 and 2016. In August 2012, interest rates swaps with a nominal value of EUR 750.0 million expired. This means that as of December 31, 2012 the interest rate swaps have a total volume of EUR 1,600.0 million (previous-year: EUR 2,350.0 million), with an average fixed rate of 3.86% (previous-year: 4.58%). As of December 31, 2012, 68% of loans were hedged using interest rate swaps (previous-year: 100%).

Due to the sustained low interest rate level, interest expenses of EUR 70.0 million (previous-year: EUR 87.6 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, 2012, they had a negative market value of EUR 146.8 million (previous-year: negative value of EUR 155.1 million). An amount of EUR 148.6 million (previous-year: EUR 146.9 million) was recognized as a separate item within other comprehensive income and unrealized accrued interest amounting to EUR 5.9 million (previous-year: EUR 7.8 million) within interest expenses. As of December 31, 2012, there were no hedge inefficiencies (previous-year: EUR 0.2 million interest income).

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, 2012, there were cash drawings of EUR 230.6 million on the syndicated facility (previous-year: no drawings). 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 (decrease) in the relevant interest rates on the interest result. As the interest rate swaps qualify for hedge accounting, changes in market value are recognized in other comprehensive income. This effect would amount to plus EUR 45.6 million in case of an interest rate increase by one percentage point and minus EUR 47.7 million in case of an interest rate decrease by one percentage point. Hedge accounting was not used for the interest rate cap. With the interest rate cap an interest rate increase or decrease by one percentage point would result in an earnings effect of EUR 0.6 million or minus EUR 0.1 million respectively.

INTEREST RATE RISKS (Fig. 136)

EUR m	Interest	12/31/2012	12/31/2011
Cash and cash equivalents	variable	702.3	517.9
Liabilities to banks	variable	-2,573.1	-2,335.7
Gross exposure	**variable**	**-1,870.8**	**-1,817.8**
Interest rate hedges		1,600.0	2,350.0
Net exposure	**variable**	**-270.8**	**532.2**
Hedge ratio		85.5%	129.3%
Annual potential effect of an increase in short-term interest rates by 100 basis points (1 percentage point)		-2.7	5.3
Annual potential effect of a decrease in short-term interest rates by 100 basis points (1 percentage point)		2.7	-5.3

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 deploys 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 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.

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, 2012, ProSiebenSat.1 Group had currency forwards in its portfolio with a par value of USD 1,545.5 million (previous-year: USD 1,448.2 million). The market value of currency forwards is based on market forward exchange rates. Measurement was based on market figures (mid-rates) on December 31, 2012. As of December 31, 2012, the currency holdings in US dollar amounted to USD 47.7 million (previous-year: USD 20.2 million).

In the context of reporting under IFRS 5, currency holdings of USD 1.2 million (EUR 0.9 million) were presented as assets held for sale.

CURRENCY-RELATED TRANSACTIONS AND BALANCES (Fig. 137)

	Year of maturity			Nominal amount	Fair value	Fair value
	2013 USD m	**2014-2017 USD m**	**from 2018 USD m**	**12/31/2012 USD m**	**12/31/2012 USD m**	12/31/2011 EUR m
Currency forwards	496.5	1,049.0	-/-	1,545.5	**2.6**	**40.0**
(thereof within cash flow hedges)	373.0	1,022.0	-/-	1,395.0	**5.7**	**30.5**
Currency holdings	47.7	-/-	-/-	47.7	**36.2**	**15.6**

Under hedge accounting, at December 31, 2012, EUR 5.7 million (previous-year: minus EUR 30.5 million) were recognized in a separate item within other comprehensive income. In 2012, EUR 11.8 million (previous-year: EUR 0.8 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 2012 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 EUR 5.3 million (minus EUR 6.5 million) in the foreign exchange result. The foreign exchange impact of minus EUR 93.7 million from a 10% fall of the US dollar and of plus EUR 114.3 million from a 10% rise of the US dollar relating to currency forwards used under hedge accounting would be recognized in other comprehensive income.

CURRENCY RISKS (Fig. 138)

USD m	12/31/2012	12/31/2011
Gross foreign currency exposure	**-2,201.2**	**-2,062.9**
Currency hedges	1,593.2	1,468.5
thereof hedge accounting	1,395.0	1,226.2
thereof held for trading	150.5	222.0
thereof currency holdings	47.7	20.2
Net exposure	**-608.0**	**-594.4**
Hedge ratio	72.4 %	71.2 %
Spot rate	1.3186	1.2932
US dollar increase by 10 %	1.1867	1.1639
US dollar decrease by 10 %	1.4505	1.4225
EUR m		
Change in future payments resulting from a 10 % increase in the US dollar	-51.2	-51.1
Change in future payments resulting from a 10 % decrease in the US dollar	41.9	41.8

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 represent 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 of December 31, 2012, 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 3.3 million (previous-year: EUR 16.1 million). 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 24 "Receivables and other current assets". Information regarding major customers is to be found under Note 35 "Segment reporting".

Liquidity risk

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. Group financing mainly comprises several syndicated term loans as well as a revolving credit facility (RCF). As of December 31, 2012, the available facility amount with an original volume of EUR 600.0 million, which may be drawn on a variable basis, was EUR 590.0 million (previous-year: EUR 568.4 million). The ProSiebenSat.1 Group may use the revolving credit facility variably for general operative purposes. As of December 31, 2012, the Group had drawn down EUR 230.6 million in cash on this credit facility (previous-year: no utilization). Including drawing on guarantees totaling EUR 0.0 million (previous-year: EUR 20.0 million), an amount of EUR 359.3 million under the revolving credit facility was unused at December 31, 2012 (previous-year: EUR 548.4 million). On May 10, 2012, the ProSiebenSat.1 Group made an offer to its lenders for a maturity extension of its revolving credit facility to July 2016. In connection with this maturity extension, EUR 359.4 million was extended by the December 31, 2012 reporting date to July 2016 and issued as a new revolving credit line (RCF 2). The part of the credit facility which was not extended of EUR 230.6 million expires as scheduled in July 2014 (RCF 1). In the financial year 2012, EUR 1.1 million was recognized in profit and loss in relation to the credit facility and presented in the financial result (previous-year: EUR 1.3 million).

Additionally, as of December 31, 2012, the ProSiebenSat.1 Group had total cash and cash equivalents of EUR 702.3 million (previous-year: EUR 517.9 million). Thus, the Group had cash funds and unused credit facilities of EUR 1,061.6 million as of December 31, 2012 (previous-year: EUR 1,086.3 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, 2012, and the previous financial year to the following maturity ranges:

FINANCIAL LIABILITIES BY MATURITY (Fig. 139)

EUR m	1 year or less	1–5 years	More than 5 years	Total contractual cash flows 12/31/2012
Loans and borrowings	294.7	2,529.4	-/-	2,824.1
Liabilities from finance leases	14.3	48.2	63.5	126.0
Trade accounts payable	322.2	-/-	-/-	322.2
Non-derivative financial liabilities	**631.2**	**2,577.6**	**63.5**	**3,272.3**
Interest rate swaps	58.4	100.8	-/-	159.2
Currency forwards	4.9	12.8	-/-	17.7
Derivative financial liabilities	**63.3**	**113.6**	**-/-**	**176.9**
Total	**694.5**	**2,691.2**	**63.5**	**3,449.2**

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**

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:

CARRYING AMOUNTS AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Fig. 140)

		12/31/2012		12/31/2011	
EUR m	Presented as	Fair value	Carrying amount	Fair value	Carrying amount
Financial assets					
Cash and cash equivalents	Cash and cash equivalents	702.3	702.3	517.9	517.9
Loans and receivables	Accounts receivable and other assets	295.5	295.5	308.3	308.3
Financial assets designated at fair value[1]	Non-current financial assets	11.3	11.3	9.2	9.2
Financial assets held for trading	Accounts receivable and other assets	0.8	0.8	10.4	10.4
Financial assets available for sale	Current / non-current financial assets	-/-	44.8	-/-	47.3
Hedge derivatives	Accounts receivable and other assets	17.9	17.9	30.4	30.4
Total		**1,027.8**	**1,072.6**	**876.2**	**923.5**
Financial liabilities					
Financial liabilities at amortized cost	Financial liabilities	3,127.6	3,085.3	2,787.4	2,970.8
Financial liabilities held for trading	Financial liabilities	3.9	3.9	0.4	0.4
Hedge derivatives	Financial liabilities	159.0	159.0	147.8	147.8
Total		**3,290.5**	**3,248.2**	**2,935.6**	**3,119.0**

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 at December 31, 2012 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 cost because its fair value cannot be determined reliably. No market price was available for the investment. If 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, 2012, there was no objective evidence of impairment.

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:

FAIR VALUE HIERARCHY LEVELS (Fig. 141)

EUR m	Level 1	Level 2	Level 3	Total 12/31/2012
Financial assets designated at fair value	11.3	-/-	-/-	11.3
Derivative financial assets	-/-	18.7	-/-	18.7
Financial assets	**11.3**	**18.7**	**-/-**	**30.0**
Derivative financial liabilities	-/-	162.9	-/-	162.9
Financial liabilities	**-/-**	**162.9**	**-/-**	**162.9**

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**

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.

35 Segment reporting

Explanatory notes to segment reporting

In accordance with IFRS 8, 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 this reporting system, the Executive Board, as the "chief operating decision maker", evaluates the performance of the various segments and the allocation of resources.

In the financial year 2012, the ProSiebenSat.1 Group changed its segment reporting. At the beginning of financial year 2012, the Group adjusted its segmentation on the basis of its four-pillar strategy. In the first nine months of financial year 2012, the segment structure of the Group covered the segments Broadcasting German-speaking, Broadcasting International, Digital & Adjacent and Content Production & Global Sales. In the previous-year, the segment structure of the Group was made up of the three segments Free TV in German-speaking Europe, Free TV International and Diversification.

By sale and purchase agreement of December 14, 2012, ProSiebenSat.1 Group sold its TV and radio operations in Scandinavia. In addition to the sold subsidiaries in Northern Europe, the companies in Central and Eastern Europe have been put up for sale. In line with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", these are reported as discontinued operations. Previously these TV and radio stations had been allocated to the Broadcasting International segment. For this reason, since the fourth quarter of the current reporting year, the Group reports continuing operations only in the three existing segments Broadcasting German-speaking, Digital & Adjacent and Content Production & Global Sales. In line with IFRS 8.29, the comparative previous-year figures have been adjusted accordingly.

In the Broadcasting German-speaking segment the Group's TV stations SAT.1, ProSieben, kabel eins and sixx are organized under the umbrella of ProSiebenSat.1 TV Deutschland GmbH, as well as the stations of the subsidiaries in Austria and Switzerland. The sales companies SevenOne Media and SevenOne AdFactory are also presented in this segment, as well as ProSiebenSat.1 Produktion and the SAT.1 regional companies. In the previous-year, Red Arrow Entertainment Group with its sales partner Red Arrow International (previously: SevenOne International) had been allocated to this segment. In financial year 2012, this area is reported separately as a separate segment — Content Production & Global Sales.

As a TV company, the ProSiebenSat.1 Group owns an extensive stock of premium video content that the Group can use on all platforms from TV, to mobile, to online and video-on-demand. Business activities in the digital media area, such as online, pay-TV, video-on-demand or HbbTV are consolidated in the Digital & Adjacent segment. The Commerce and Ventures business area is also reported in this segment. This includes the media for revenue share and media for equity business models. Start-up companies with interesting products receive media space from ProSiebenSat.1 in return for a revenue share or equity participation. Moreover the games business and music are part of this segment. In the previous-year, the Digital & Adjacent segment was allocated as "Other Media" to the Diversification reporting segment.

The Content Production & Global Sales segment combines all activities in the areas of development, production and global sales of programming content which are bundled under the umbrella of the Red Arrow Entertainment Group. In financial year 2011, this area was part of the Free TV German-speaking segment.

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 on intangible assets and property, plant and equipment. 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, there is 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 CONTINUING OPERATIONS 2012 (Fig. 142)

EUR m	Segment Broadcasting German-speaking 2012	Segment Digital & Adjacent 2012	Segment Content Production & Global Sales 2012	Total segments continued operations 2012	Eliminations and other reconciling items 2012	Total consolidated financial statements 2012
Revenues	1,986.3	352.6	137.5	2,476.4	-120.1	2,356.2
External revenues	1,909.5	351.2	95.4	2,356.2	-/-	2,356.2
Internal revenues	76.8	1.3	42.0	120.1	-120.1	-/-
Recurring EBITDA	660.3	89.7	4.3	754.3	-9.5	744.8
Recurring EBITDA margin	33.2 %	25.4 %	3.1 %	30.5 %	-/-	31.6 %
Income from investments accounted for using the equity method[1]	10.3	-/-	-/-	10.3	0.0	10.3
Interest and similar income[1]	50.8	0.3	0.0	51.1	-48.1	3.0
Interest and similar expenses[1]	127.7	2.4	5.6	135.7	20.5	156.2
Income taxes[1]	140.8	-2.6	-1.1	137.1	-9.7	127.4
Depreciation and amortization	36.8	32.4	2.5	71.7	-0.1	71.6
Impairment	0.4	2.3	5.2	7.9	-/-	7.9
thereof goodwill	-/-	-/-	-/-	-/-	-/-	-/-
Other non-cash expenses (-) and income (+)	-860.3	-14.3	-0.1	-874.6	6.8	-867.8
Segment assets[1]	2,234.9	634.7	144.6	3,014.2	-110.1	2,904.1
thereof goodwill	434.6	434.9	70.9	940.4	-/-	940.4
Segment investments	885.8	45.7	3.7	935.2	-3.4	931.8
Segment free cash flow[1]	391.0	-15.4	-43.4	332.2	-75.9	256.3
Investments accounted for using the equity method[1]	5.3	-/-	-/-	5.3	0.0	5.3
Segment liabilities[1]	1,606.1	52.5	58.5	1,717.2	153.6	1,870.8

1 This information is provided on a voluntary basis as part of segment reporting.

SEGMENT INFORMATION CONTINUING OPERATIONS 2011 (Fig. 143)

EUR m	Segment Broadcasting German-speaking 2011	Segment Digital & Adjacent 2011	Segment Content Production & Global Sales 2011	Total segments continued operations 2011	Eliminations and other reconciling items 2011	Total consolidated financial statements 2011
Revenues	1,997.5	255.4	109.5	2,362.4	-163.2	2,199.2
External revenues	1,903.0	254.4	37.7	2,195.0	4.2	2,199.2
Internal revenues	94.5	1.0	71.9	167.4	-167.4	-/-
Recurring EBITDA	657.7	66.9	9.6	734.2	-8.7	725.5
Recurring EBITDA margin	32.9 %	26.2 %	8.8 %	31.1 %	-/-	33.0 %
Income from investments accounted for using the equity method[1]	3.3	-/-	-/-	3.3	-/-	3.3
Interest and similar income[1]	20.0	0.4	0.2	20.6	-12.3	8.4
Interest and similar expenses[1]	142.9	6.2	1.6	150.7	54.7	205.5
Income taxes[1]	65.2	43.3	-0.2	108.2	-31.5	76.7
Depreciation and amortization	29.1	20.3	1.1	50.6	2.1	52.7
Impairment	0.4	13.5	-/-	13.9	5.5	19.4
thereof goodwill	-/-	-/-	-/-	-/-	-/-	-/-
Other non-cash expenses (-) and income (+)	-860.7	-42.6	-2.5	-905.8	-3.7	-909.5
Segment assets[1,2]	2,315.3	577.9	66.0	2,959.1	-152.4	2,806.7
thereof goodwill	435.2	431.2	20.0	886.4	-/-	886.4
Segment investments[2]	966.3	51.9	2.1	1,020.3	-25.7	994.6
Segment free cash flow[1]	488.4	10.5	-0.4	498.5	-297.3	201.2
Investments accounted for using the equity method[1,2]	0.5	0.3	-/-	0.7	0.0	0.7
Segment liabilities[1,2]	882.2	41.6	16.2	940.0	928.5	1,868.5

1 This information is provided on a voluntary basis as part of segment reporting.
2 The information on statement of financial position items relate to continuing operations and thus cannot be reconciled to the consolidated statement of financial position.

The reconciliation between the segment values and the consolidated values from continuing operations is shown below:

RECONCILIATION OF SEGMENT INFORMATION (Fig. 144)

EUR m	2012	2011
REVENUES		
Revenues from reportable segments	2,476.4	2,362.4
Eliminations	-120.1	-163.2
Revenues of the Group	**2,356.2**	**2,199.2**
RECURRING EBITDA		
Recurring EBITDA of reportable segments	754.3	734.2
Eliminations	-9.5	-8.7
Recurring EBITDA of the Group	**744.8**	**725.5**
Non-recurring result	-64.4	-73.0
Financial result	-144.4	-232.7
Depreciation and amortization	-71.6	-52.7
Impairment	-7.9	-19.4
Consolidated profit/loss before taxes	**456.5**	**347.8**
OTHER NON-CASH INCOME/EXPENSES		
Other non-cash income/expenses of reportable segments	874.6	905.8
Eliminations	-6.8	3.7
Other Group non-cash income/expenses	**867.8**	**909.5**
thereof consumption of programming assets	838.7	864.3
thereof other	29.1	45.2
ASSETS[1]		
Total assets of reportable segments	3,014.2	2,959.1
Eliminations	-110.1	-152.4
Group's segment assets	**2,904.1**	**2,806.7**
Investments accounted for using the equity method	5.3	0.7
Non-current financial assets	61.2	53.2
Deferred tax assets	25.8	67.1
Current financial assets	-/-	0.0
Other interest-bearing assets	4.5	3.2
Current tax assets	38.1	40.3
Cash and cash equivalents	702.3	467.2
Group assets	**3,741.3**	**3,438.4**
INVESTMENTS[1]		
Investments of reportable segments	935.2	1,020.3
Eliminations	-3.4	-25.7
Group's investments	**931.8**	**994.6**
thereof investments in programming assets	843.3	938.9
thereof investments in property, plant and equipment	28.6	20.1
thereof investments in intangible assets	59.9	35.6

1 The information on statement of financial position items relate to continuing operations and thus cannot be reconciled to the consolidated statement of financial position.

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. This item also shows effects from continuing operations which cannot be allocated to any reportable segment. 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. As a result of the subsidiaries in Northern, Central and Eastern Europe being held for sale, in the fourth quarter of the last financial year the ProSiebenSat.1 Group also redefined the regional breakdown. The breakdown is on the basis of Germany (GER), Austria (AT) and Switzerland (CH), the United Kingdom (UK), the United States (USA) and Other.

ENTITY-WIDE DISCLOSURES (Fig. 145)

Georgraphical breakdown	GER		AT/CH		UK		USA		Other		Total consolidated financial statements	
EUR m	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	**2011**
External revenues	2,067.1	1,975.4	193.5	178.6	26.4	1.8	28.8	14.0	40.4	29.2	**2,356.2**	**2,199.2**
Non-current assets	2,272.9	2,301.7	20.2	14.3	27.0	10.5	44.1	9.6	7.7	0.9	**2,372.0**	**2,337.0**
Investments	911.0	983.7	17.7	9.3	0.8	0.0	0.4	0.6	1.9	1.0	**931.8**	**994.6**

In 2012, EUR 2,067.1 million (previous-year: EUR 1,975.4 million) external revenues were generated in Germany. This corresponds to a share of 87.7 % (previous-year: 89.8 %) of consolidated revenues from continuing operations. Revenues are attributed to the country of the company that provided the service.

Non-current assets reported under the entity-wide disclosures include intangible assets, property, plant and equipment as well as non-current programming assets.

The share of non-current segment assets attributable to Germany amounted to 95.8 % in 2012 (previous-year: 98.5 %).

More than 10 % of consolidated revenues from continuing operations were generated with each of three clients in the financial period 2012. With Client A EUR 444.1 million was generated (previous-year: EUR 475.9 million), with Client B EUR 299.0 million (previous-year: EUR 306.5 million). On the basis of continuing operations, Client C was identified as a further important client which generated revenues of EUR 277.7 million in the current financial year (previous-year: EUR 286.0 million). These revenues are allocated in various proportions to all the segments.

36 Share-based payments

Stock options

Long Term Incentive Plan (LTIP)

As of December 31, 2012, ProSiebenSat.1 Media AG had two stock option plans. The Long Term Incentive Plan 2008 (LTIP 2008) was introduced by approval of the Annual General Meeting on June 10, 2008, and the Long Term Incentive Plan 2010 (LTIP 2010) was adopted by the Annual General Meeting on June 29, 2010. The stock option plans are share-based remuneration, with ProSiebenSat.1 Media AG having the option to determine the type of settlement. Since ProSiebenSat.1 Media AG currently has no obligation to provide a cash settlement, the options are recognized as remuneration by using equity instruments ("equity settlement"). 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 LTIP 2008 covers the grant of up to 4,900,000 stock 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 3,571,000 stock options were issued under the LTIP 2008 until December 31, 2011. Of these stock options, 14,250 options expired in the financial year 2012. Furthermore, during the financial year 94,000 stock options which had been reported as expired in the previous financial year were reinstated. As a consequence, 3,650,750 stock options under the LTIP 2008 are outstanding at December 31, 2012.

The LTIP 2010 covers the grant of up to 2,000,000 stock options. If granted options expire unexercised, the number of stock options increases by the number of expired unexercised options. A total of 1,650,000 stock options were issued under the LTIP 2010 until December 31, 2011. Of these stock options, 8,100 options expired in the financial year 2012. Furthermore, during the financial year 34,500 stock options which had been reported as expired in the previous financial year were reinstated. As a consequence, 1,676,400 stock options are outstanding at December 31, 2012.

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 the 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 Company’s Annual General Meeting and the end of the calendar year. Stock options under the LTIP 2008 may be issued for the first time in 2008 and cannot be issued after 2009.

The stock options for the 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 Company’s Annual General Meeting and the end of the calendar year. Stock options under the 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 the LTIP 2008 and the 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 issue date of the options must have expired at the time of exercise.

Non-exercised stock options issued under the LTIP 2008 and the LTIP 2010 expire without compensation after seven years after January 1 of the year in which they were issued.

Exercise price

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 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 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 OPTIONS PLANS (Fig. 146)

	LTIP 2008 Cycle 2008	LTIP 2008 Cycle 2009	LTIP 2010 Cycle 2010	LTIP 2010 Cycle 2011
As of January 1, 2012	855,000	1,789,500	529,000	1,121,000
Options exercised in 2012	230,750	903,500	0	0
Reclassification of options expired relating to the previous-period	16,000	78,000	34,500	0
Options expired or forfeited in 2012	3,750	10,500	0	8,100
As of December 31, 2012	**636,500**	**953,500**	**563,500**	**1,112,900**
Thereof eligible for exercise on December 31, 2012	636,500	492,800	n.y.e.[1]	n.y.e.[1]
Exercise price in EUR	16.00	1.58	17.50	21.84
Absolute exercise hurdle in EUR	22.40	2.05	22.75	28.39
Maximum exercise gain	32.00	20.00	35.00	43.68
Exercise periods[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]	0.13 – 0.19	1.97 – 5.71	2.63 – 4.77	1.64 – 2.57
Expected volatility of the preferred share	50.0 %	70.0 %	60.0 % – 65.0 %	55.0 % – 60.0 %
Risk-free interest rate[3]	4.32 % – 4.34 %	1.79 % – 2.68 %	1.54 % – 1.90 %	0.80 % – 1.44 %
Expected dividend yield	16.0 %	2.0 % – 3.0 %	4.0 % – 5.5 %	8.0 %
Vesting period[4]	December 31, 2008	December 31, 2009	December 31, 2010	December 31, 2011
End of exercise period	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 time of issue.
4 LTIP 2008 and LTIP 2010: Earliest end of vesting period for the first fifth of the options issued (each additional fifth is one year later).

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 at the issue date.

The weighted average price of the ProSiebenSat.1 Media AG preferred stock on the exercise days of the stock options in the first quarter of the financial year was EUR 18.96, in the second quarter EUR 16.33, in the third quarter EUR 19.20 and in the fourth quarter EUR 22.30. Weighting took place on the basis of the stock options exercised on the relevant dates.

The expense for the stock options issued in the financial year 2012 was EUR 1.6 million (previous-year: EUR 2.3 million), and is recognized under personnel expenses. Stock options outstanding at the end of the financial year have an average remaining duration of 3.7 years.

Rights to shares

Group Share Plan 2012

The Group Share Plan 2012 is a long-term remuneration instrument developed by ProSiebenSat.1 Media AG for Executive Board members as well as selected managers and employees of the ProSiebenSat.1 Group and introduced on the basis of approval of the Annual General Meeting on May 15, 2012. This plan relates to 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.

In the Group Share Plan, plan participants are issued so-called Performance Share Units ("PSUs", "virtual shares"). They entitle the plan participants to receive non-voting preferred shares in ProSiebenSat.1 Media AG at the end of the plan term.

For the commitment in relation to preferred shares granted there is a holding period of at least four years from the start of the year of grant. The number of preferred shares actually granted after the end of the holding period depends on the achievement of predefined EBITDA and net income targets and can vary between 0 % and 150 %. In addition, in the case of special developments account can be taken of the individual performance of Executive Board members. This can increase or decrease the originally granted number of shares by 25 %.

The PSUs are measured at fair value when they are granted to those participating in the program. This is derived from the value of the preferred shares to be received at the end of the plan term duration and approximates to the market value of the underlying shares. Because the shares do not carry entitlement to receive dividends during the planned period, the fair value is reduced by the time value of the dividends expected. Account is taken of expected fluctuation on the basis of experience values for employee groups equivalent to those of the beneficiaries.

Number of Performance Share Units

A total of 479,721 performance share units were issued under the Group Share Plan 2012. 2,422 of these performance share units expired in financial year 2012. As a consequence, 477,299 performance share units were outstanding at December 31, 2012.

Beneficiaries

The performance share units are intended exclusively for members of the Executive Board of ProSiebenSat.1 Media AG, senior members of other managements, and other selected executives and employees of ProSiebenSat.1 Media AG and its dependent Group companies. The individual beneficiaries and the number of performance share units 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.

Grant periods

The grant of performance share units of the Group Share Plan 2012 took place as of November 1, 2012. Performance share units on the basis of the Group Share Plan may be granted for the first time in 2012 and according to a resolution of the Annual General Meeting cannot be granted after 2016.

Minimum hurdles and performance target

At the end of each year, 25 % of the performance share units become vested on achievement of the minimum hurdles relating to a comparison of EBITDA with the previous period and to the Group's annual profit.

The performance target for the Group Share Plan 2012 is achieving the cumulated EBITDA target over the four-year plan term for the financial years 2012 to 2015. The number of physical shares which program participants receive at the end of the four-year plan term depends on the level of target achievement.

To reflect individual performance, the Supervisory Board can change the conversion rate of virtual into physical shares by a factor of plus/minus 25 %.

The conversion for the Group Share Plan 2012 takes place after the publication of the 2015 Annual Report and after agreement of the respective program participant. Thus for the preferred shares there is a holding period of at least four years from the start of the year in which the commitment was made.

The expense for the financial year 2012 from the performance share units granted amounted to EUR 4.6 million and is recognized under personnel expenses.

37 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 249, 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 52 to 57.

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 superseded by a share-based compensation plan (the Group Share Plan) in the financial year 2012. For the LTIP 2010, members of the Executive Board are not beneficiaries for the first time. As of December 31, 2012, the members of the Executive Board held no stock options issued in 2006 (Cycle 2006) (previous-year: None), 60,000 options issued in 2008 (Cycle 2008) (previous-year: 265,000) and 330,000 options issued in 2009 (Cycle 2009) (previous-year: 800,000). In the financial year 2012, 165,000 options were exercised by active members of the Executive Board (previous-year: 530,000). 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 can be exercised from July 2011 at the earliest.

The Group Share Plan introduced in the financial year 2012 is a long-term remuneration instrument on the basis of shares. It was developed by ProSiebenSat.1 Media AG for members of the Executive Board as well as selected managers and employees of the ProSiebenSat.1 Group. In the Group Share Plan, plan participants are issued so-called Performance Share Units ("PSUs", "virtual shares"). They entitle the plan participants to receive non-voting preferred shares in ProSiebenSat.1 Media AG at the end of the planned duration. As of December 31, 2012, members of the Executive Board had been allocated 184,021 PSUs (previous-year: none).

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, 2012 amounted to EUR 5.3 million (previous-year: EUR 3.4 million). These figures include a variable component of EUR 2.4 million (previous-year: EUR 1.5 million) and fringe benefits of EUR 0.1 million (previous-year: EUR 0.0 million).

Executive Board member, Andreas Bartl, who left office on February 29, 2012, received total compensation in the financial year 2012 amounting to EUR 0.8 million (previous-year: EUR 1.0 million). This amount includes a variable component of EUR 0.1 million (previous-year: EUR 0.4 million).

The ProSiebenSat.1 Media AG has recognized pensions provisions totaling EUR 3.5 million (previous-year: 1.9 million) for pension commitments made to active members of the Executive Board as of December 31, 2012. For pension obligations to former members of the Executive Board, provisions of EUR 9.2 million were recognized at December 31, 2012 (previous-year: EUR 8.2 million).

The accrued pension entitlement as of December 31, 2012 for members of the Executive Board in office as of December 31, 2012, was EUR 0.1 million (previous-year: EUR 0.1 million) per year for active members of the Executive Board, and EUR 0.4 million (previous-year: EUR 0.4 million) per year for former Executive Board members. Payments of EUR 0.4 million (previous-year: EUR 0.3 million) were made to former members of the Executive Board in 2012. 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 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 2012 and 2011.

Altogether, the current members of the Executive Board and Supervisory Board directly hold 560,510 (previous-year: 1,189,258) shares of preferred stock in ProSiebenSat.1 Media AG as of December 31, 2012. This is equivalent to 0.3 % (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 2012, 13 transactions were reported to ProSiebenSat.1 Media AG, in which members of the Executive Board sold a total of 579,000 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, three transactions were reported in which members of the Executive Board bought a total of 85,000 preferred shares and sold 90,000 preferred shares of ProSiebenSat.1 Media AG.

38 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, 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 2012 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 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

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 213 through 216 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 2012 amounted to EUR 0.2 million (previous-year: EUR 0.5 million). As of December 31, 2012, ProSiebenSat.1 Media AG's receivables 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. In the reporting year, the company received consultancy services from Capstone Ltd. in the areas of marketing and pricing models as well as restructuring, amounting to EUR 0.6 million (previous-year: EUR 2.6 million). As of December 31, 2012, accounts payable to Capstone Ltd. totaled EUR 0.1 million (previous-year: EUR 0.0 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 draw-down is no longer expected. The liability recognized for the commitment fee as of December 31, 2012 amounts to EUR 1.3 million (previous-year: EUR 1.3 million).

Under a share participation plan introduced in the financial year 2008, 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 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 and the rendering of services as well as other income from transactions with joint ventures and associates in the financial year 2012 amounted to EUR 132.5 million (previous-year: EUR 115.5 million). Of this amount, EUR 35.1 million was presented under discontinued operations (previous-year: EUR 35.2 million). Goods and services received and other expenses relating to transactions with joint ventures and associates in the financial year 2012 amounted to EUR 20.1 million (previous-year: EUR 19.5 million). Of this amount, expenses of EUR 1.4 million was presented under discontinued operations (previous-year: EUR 1.2 million).

As of December 31, 2012, receivables from joint ventures and associates amounted to EUR 37.2 million (previous-year: EUR 36.2 million). Of these receivables, EUR 10.3 million are presented as assets held for sale. Liabilities to joint ventures and associates amounted to EUR 5.6 million (previous-year: EUR 4.6 million). Of these liabilities, EUR 0.1 million are presented as liabilities associated with assets held for sale.

39 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., Luxembourg. ProSiebenSat.1 AG is included in the consolidated financial statements of Lavena 1 S.à r.l., Luxembourg.

The following ownership disclosures were published in financial year 2012 by ProSiebenSat.1 Media AG in line with Section 26 (1) of Germany's Securities Trading Act. They are available on the Company's website and in the annual document as required by Article 10 of the German Securities Trading Act.

On November 28, 2012, Telegraaf Media Groep N.V., Amsterdam/Netherlands informed ProSiebenSat.1 Media AG, Unterföhring/Germany in accordance with Section 25 (1) of the German Securities Trading Act, that on November 27, 2012 it directly holds instruments which enable it to acquire voting shares already issued by ProSiebenSat.1 Media AG, the share in the voting rights of which exceeds the thresholds of 5 % and 10 %, and the notifiable (total) share in voting rights of Telegraaf Media Groep N.V. exceeds the thresholds of 5 % and 10 %. With the addition of the share in voting rights that gives rise to an acquisition opportunity based on directly held financial instruments or other instruments as defined by Article 25a of the German Securities Trading Act, with voting rights held according to Articles 21 and 22 of the German Securities Trading Act and voting rights according to Article 25 of the German Securities Trading Act, the notifiable (total) share in voting rights amounts to 12.0 % (equivalent to 13,127,832 voting rights) of the issuer's 109,398,600 voting rights in total.

Telegraaf Media Groep N.V. directly holds financial instruments or other instruments according to Article 25a of the German Securities Trading Act amounting to 12.0 % (equivalent to 13,127,832 voting rights). Telegraaf Media Groep N.V. neither indirectly nor directly holds financial instruments according to Article 25 of the German Securities Trading Act. According to Articles 21 and 22 (1) Sentence 1 No. 1 and Sentence 3 of the German Securities Trading Act, a share in the voting rights of ProSiebenSat.1 Media AG of 12.0 % (equivalent to 13,127,832 voting rights) is attributable to Telegraaf Media Groep N.V.

On November 27, 2012, Telegraaf Media Groep N.V. concluded a share purchase and transfer agreement with Telegraaf Media Deutschland GmbH, Berlin/Germany, which arranges the sale and transfer of the above mentioned shares to Telegraaf Media Groep N.V. upon occurrence of conditions precedent described in more detail therein (conditional purchase and transfer agreement). In the event that certain conditions of the share purchase and transfer agreement do not occur, the shares indicated are not sold and transferred; moreover, the purchase and transfer agreement contains no regulations concerning due date or expiration.

On November 28, 2012, Stichting Administratiekantoor van Aandelen Telegraaf Media Groep N.V., Amsterdam / Netherlands, notified ProSiebenSat.1 Media AG, Unterföhring/Germany, of the following in a notification according to Article 25a (1) of the German Securities Trading Act:

On November 27, 2012, Stichting Administratiekantoor van Aandelen Telegraaf Media Groep N.V. holds instruments indirectly via Telegraaf Media Groep N.V. enabling it to acquire voting shares already issued by ProSiebenSat.1 Media AG, the share in the voting rights of which exceeds the thresholds of 5 % and 10 %, and the notifiable (total) share in voting rights of Stichting Administratiekantoor van Aandelen Telegraaf Media Groep N.V. exceeds the thresholds of 5 % and 10 %.

With the addition of the share in voting rights that gives rise to an acquisition opportunity based on indirectly held financial instruments or other instruments as defined by Article 25a of the German Securities Trading Act, with voting rights held according to Articles 21 and 22 of the German Securities Trading Act and voting rights according to Article 25 of the German Securities Trading Act, the notifiable (total) share in voting rights amounts to 12.0 % (equivalent to 13,127,832 voting rights) of the issuer's 109,398,600 voting rights in total.

Stichting Administratiekantoor van Aandelen Telegraaf Media Groep N.V. indirectly holds financial instruments or other instruments according to Article 25a of the German Securities Trading Act amounting to 12.0 % (equivalent to 13,127,832 voting rights). The aforementioned instruments are held directly by its subsidiary, Telegraaf Media Groep N.V. Stichting Administratiekantoor van Aandelen Telegraaf Media Groep N.V. neither indirectly nor directly holds financial instruments according to Article 25 of the German Securities Trading Act. According to Articles 21 and 22 (1) Sentence 1 No. 1 and Sentence 3 of the German Securities Trading Act, a share in the voting rights of ProSiebenSat.1 Media AG of 12.0 % (equivalent to 13,127,832 voting rights) is attributable to Stichting Administratiekantoor van Aandelen Telegraaf Media Groep N.V.

On November 27, 2012, Telegraaf Media Groep N.V. — as a subsidiary of Stichting Administratiekantoor van Aandelen Telegraaf Media Groep N.V. — concluded a share purchase and transfer agreement with Telegraaf Media Deutschland GmbH, Berlin / Germany, which arranges the sale and transfer of the above-mentioned shares to Telegraaf Media Groep N.V. upon occurrence of conditions precedent described in more detail therein (conditional purchase and transfer agreement). In the event that certain conditions of the share purchase and transfer agreement do not occur, the shares indicated are not sold and transferred; moreover, the purchase and transfer agreement contains no regulations concerning due date or expiration.

On December 21, 2012, the companies named below (jointly the "reporting parties") reported the following pursuant to Article 21 (1) of the German Securities Trading Act with regard to the interest of the reporting parties in ProSiebenSat.1 Media AG:

The share of Telegraaf Media Deutschland GmbH, Zossen/Germany, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 10 %, 5 % and 3 % of the voting rights on December 18, 2012, and now amounts to 0.0 % of the voting rights (equivalent to 0 voting rights).

The share of Telegraaf Media België N.V., Deume (Antwerp) / Belgium, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 10 %, 5 % and 3 % of the voting rights on December 18, 2012, and now amounts to 0.0 % of the voting rights (equivalent to 0 voting rights).

The share of TM Investeringen B.V., Willemstad / Curaçao, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 10 %, 5 % and 3 % of the voting rights on December 18, 2012, and now amounts to 0.0 % of the voting rights (equivalent to 0 voting rights).

The share of TM Investeringen B.V., Sint-Maarten / Curaçao, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 10 %, 5 % and 3 % of the voting rights on December 18, 2012, and now amounts to 0.0 % of the voting rights (equivalent to 0 voting rights).

The share of Telegraaf Media International B.V., Amsterdam / Netherlands, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 10 %, 5 % and 3 % of the voting rights on December 18, 2012, and now amounts to 0.0 % of the voting rights (equivalent to 0 voting rights).

The share of Telegraaf Media Groep B.V., Amsterdam / Netherlands, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 10 % and 5 % of the voting rights on December 18, 2012, and now amounts to 0.0 % of the voting rights (equivalent to 0 voting rights).

The share of Stichting Aministratiekantoor van Aandelen Telegraaf Media Groep N.V., Amsterdam / Netherlands, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 10 % and 5 % of the voting rights on December 18, 2012, and now amounts to 0.0 % of the voting rights (equivalent to 0 voting rights).

40 Professional fees of the independent auditor

The professional fees for the services of the Group auditor, KPMG AG Wirtschaftsprüfungsgesellschaft, totaled EUR 2.3 million in the financial year 2012 (previous-year: EUR 2.8 million). Of that total, EUR 0.9 million relates to audit services for the financial statements (previous-year: EUR 0.9 million), EUR 0.3 million to other attestation services (previous-year: EUR 0.3 million), EUR 0.4 million to tax advisory services (previous-year: EUR 0.5 million) and EUR 0.6 million to other services (previous-year: EUR 1.1 million). The disclosures relate exclusively to the independent legal entity of the appointed auditor, KPMG AG Wirtschaftsprüfungsgesellschaft.

41 Events after the reporting period

Sale of shares in ProSiebenSat.1 Media AG by Lavena Holding 1 GmbH

After the end of the reporting period on February 13, 2013, Lavena Holding 1 GmbH sold 19.7 million non-voting shares of preferred stock and thus its entire holding of non-voting shares of preferred stock. Its share in the voting shares of common stock remains unchanged, thus Lavena Holding 1 GmbH holds 44.0 % of the company's basic capital and 88.0 % of the voting shares of common stock.

Release date for publication

The consolidated financial statements will be presented to the Supervisory Board for approval on February 27, 2013. Publication is on March 28, 2013.

February 27, 2013
The Executive Board

Members of the Executive Board

MEMBERS OF THE EXECUTIVE BOARD OF PROSIEBENSAT.1 MEDIA AG (Fig. 147)

Thomas Ebeling CEO	CEO since March 1, 2009	Responsibilities: TV Germany (SAT.1, ProSieben, kabel eins, sixx, SAT.1 Gold), Group Content, International Free TV Scandinavia, Radio, Sales and Marketing, Strategy and Operations and Corporate Communications
Axel Salzmann CFO	CFO since July 2008 Member of the Executive Board from May 1, 2008	Responsibilities: Group Operations and IT, Group Controlling, Group Finance and Investor Relations, Accounting and Taxes, Internal Audit and Administration
Conrad Albert	Member of the Executive Board since October 1, 2011	Responsibilities: Legal, Distribution and Regulatory Affairs, Legal Affairs Operational Business, Corporate Law, Mergers & Acquisitions, Shareholder & Boards Management and International Free TV CEE
Dr. Christian Wegner	Member of the Executive Board since October 1, 2011	Responsibilities: Digital and Diversification, New Media, German Pay TV, Video on Demand, Music and Commerce and Merchandising
Heidi Stopper	Member of the Executive Board since October 1, 2012	Responsibilities: Human Resources, Compensation and Benefits, HR People Development, HR Processes and Controlling, Labour Law and Freelance Management
Andreas Bartl	Member of the Executive Board since February 29, 2012	Responsibilities: TV Germany (SAT.1, ProSieben, kabel eins, sixx)

Members of the Supervisory Board

MEMBERS OF THE SUPERVISORY BOARD OF PROSIEBENSAT.1 MEDIA AG (Fig. 148)

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: Bertelsmann Music Group (non-executive), KION Holding 1 GmbH (non-executive), KKR & Co. Ltd. (executive), KKR & Co. SAS (executive), NXP BV (non-executive), Wild Flavours GmbH (non-executive), WMF AG (non-executive)
Drs. Fred Th. J. Arp	Member of the Supervisory Board since May 15, 2012 Telegraaf Media Groep N.V. (CFO)	Mandates: Wereldhave N.V. (non-executive)
Gregory Dyke	Member of the Supervisory Board since March 7, 2004 Ambassador Theatre Group (Company Chairman)	Mandates: Brentford FC (Lionel Road) Ltd. (non-executive), Brentford Football Club (non-executive), DGCC Ltd. (non-executive), Ducks Walk Management Company Ltd. (non-executive), Dummer Golf Ltd. (non-executive), Powder Creek Ltd. (non-executive), Saxon Hotels Ltd. (non-executive), Sunshine Holdings 3 Ltd. (non-executive), The Ambassador Entertainment Group Ltd. (non-executive), UK Film Council (non-executive), Vine Developments Ltd. (non-executive), Vine Leisure Ltd. (non-executive), World Film Collective (non-executive)
Stefan Dziarski	Member of the Supervisory Board since May 15, 2012 Permira Beteiligungsberatung GmbH (Investment Adviser)	Mandates: None
Philipp Freise	Member of the Supervisory Board since March 7, 2007 Kohlberg Kravis Roberts & Co. Ltd. (Investment Executive)	Mandates: BMG Rights Management GmbH (non-executive), Fotolia Inc. (non-executive)
Lord Clive Hollick	Member of the Supervisory Board since March 7, 2007 Retired	Mandates: BMG Rights Management GmbH (non-executive), Honeywell Inc. (non-executive)
Dr. Jörg Rockenhäuser	Member of the Supervisory Board until June 4, 2009 Permira Beteiligungsberatung GmbH (Managing Partner)	Mandates: Member of Permira Investment Committee (executive), Executive Group of Permira (executive), Permira Holdings Limited Board (executive), Board member of Permira Asesores (non-executive), AmCham Board of Directors (non-executive), Netafim Board of Directors (non-executive)
Prof. Dr. Harald Wiedmann	Member of the Supervisory Board since March 7, 2007 (German Certified Public Accountant, Tax Adviser, Attorney at Law) Gleiss Lutz Hootz Hirsch Partnergesellschaft von Rechtsanwälten und Steuerberatern	Mandates: Joh. Berenberg Gossler & Co. KG (non-executive), Merz GmbH & Co. KGaA (non-executive) until June 30, 2012, Praktiker AG (non-executive), Praktiker GmbH (non-executive), Prime Office REIT-AG (non-executive), Senator GmbH & Co. KGaA (non-executive) until Juni 30, 2012
Robin Bell-Jones	Member of the Supervisory Board until May 15, 2012 Permira Advisers LLP (Investment Adviser)	Mandates: All3Media Group Ltd. (non-executive)
Herman M.P. van Campenhout	Member of the Supervisory Board until May 15, 2012 Telegraaf Media Groep N.V. (CEO)	Mandates: Nederlands Uitgeversverbond (non-executive), World Association of Newspapers and News Publishers (non-executive)

List of affiliated companies and investments

LIST OF AFFILIATED COMPANIES AND INVESTMENTS OF PROSIEBENSAT.1 MEDIA AG (Fig. 149)

No.	Company	Location	Share in %	Held via	Currency[2]	Equity[10]	Profit/loss for the period[10]
1	ProSiebenSat.1 Media AG	Unterföhring	100.00				
	Affiliated companies						
	Germany						
2	12Auto Group GmbH	Unterföhring	100.00	27	EUR	516.6	261.5
3	9Live Fernsehen GmbH[1]	Unterföhring	100.00	1	EUR	520.5	0.0[3]
4	Booming GmbH[1]	Munich	100.00	53	EUR	0.0	0.0[4]
5	Covus Commission GmbH	Berlin	100.00	8	EUR	0.0	0.0[4]
6	Covus Freemium GmbH	Berlin	100.00	8	EUR	0.0	0.0[4]
7	Covus Games GmbH	Unterföhring	51.00	32	EUR	1,399.3	1,369.1
8	Covus Ventures GmbH	Berlin	51.00	53	EUR	0.0	0.0[4]
9	Fem Media GmbH[1]	Unterföhring	100.00	27	EUR	399.8	0.0[3]
10	kabel eins Fernsehen GmbH[1]	Unterföhring	100.00	35	EUR	82,358.9	0.0[3]
11	lokalisten media GmbH[1]	Unterföhring	100.00	27	EUR	385.8	0.0[3]
12	Magic Flight Film GmbH	Munich	100.00	22	EUR	25.0	0.0[3]
13	MAGIC Internet GmbH	Berlin	100.00	14	EUR	-1,600.4	-41.8
14	MAGIC Internet Holding GmbH[1]	Berlin	100.00	27	EUR	2,825.4	0.0[3]
15	Magic Internet Musik GmbH[1]	Unterföhring	100.00	14	EUR	25.0	0.0[3]
16	maxdome GmbH & Co. KG	Unterföhring	100.00	52	EUR	-38,892.1	-10,957.4
17	maxdome Verwaltungs GmbH	Unterföhring	100.00	16	EUR	42.5	3.0
18	Meteos TV Holding GmbH	Unterföhring	100.00	61	EUR	51.8	0.0[3]
19	P7S1 Erste SBS Holding GmbH[1]	Unterföhring	100.00	1	EUR	1,516,394.4	0.0[3]
20	P7S1 Zweite SBS Holding GmbH[1]	Unterföhring	100.00	1	EUR	379,055.6	0.0[3]
21	Preis24.de GmbH	Düsseldorf	60.00	53	EUR	0.0	0.0[4]
22	Producers at work GmbH	Potsdam	74.90	41	EUR	4,463.1	2,549.9
23	ProSieben Digital Media GmbH[1]	Unterföhring	100.00	1	EUR	6,138.9	0.0[3]
24	ProSieben Television GmbH[1]	Unterföhring	100.00	35	EUR	450,485.7	0.0[3]
25	ProSiebenSat.1 Achte Verwaltungsgesellschaft mbH[1]	Unterföhring	100.00	1	EUR	26.3	0.0[3]
26	ProSiebenSat.1 Applications GmbH[1]	Unterföhring	100.00	1	EUR	2,025.0	0.0[3]
27	ProSiebenSat.1 Digital GmbH[1]	Unterföhring	100.00	23	EUR	50,853.9	0.0[3]
28	ProSiebenSat.1 Elfte Verwaltungsgesellschaft mbH[1]	Unterföhring	100.00	25	EUR	25.0	0.0[3]
29	ProSiebenSat.1 Erste Verwaltungsgesellschaft mbH[1]	Unterföhring	100.00	1	EUR	25.0	0.0[3]
30	ProSiebenSat.1 Fünfzehnte Verwaltungsgesellschaft mbH[1]	Unterföhring	100.00	1	EUR	25.0	0.0[3]
31	ProSiebenSat.1 Games Core GmbH[1]	Unterföhring	100.00	32	EUR	0.0	0.0[4]
32	ProSiebenSat.1 Games GmbH[1]	Unterföhring	100.00	27	EUR	1,485.1	-857.5[5]
33	ProSiebenSat.1 Licensing GmbH[1]	Unterföhring	100.00	1	EUR	22,144.2	0.0[3]
34	ProSiebenSat.1 Produktion GmbH[1]	Unterföhring	100.00	1	EUR	8,977.7	0.0[3]
35	ProSiebenSat.1 TV Deutschland GmbH[1]	Unterföhring	100.00	1	EUR	976,835.3	0.0[3]
36	ProSiebenSat.1 Vierzehnte Verwaltungsgesellschaft mbH[1]	Unterföhring	100.00	1	EUR	25.0	0.0[3]
37	ProSiebenSat.1 Welt GmbH[1]	Unterföhring	100.00	1	EUR	-237.9	-4.6
38	ProSiebenSat.1 Zehnte Verwaltungsgesellschaft mbH[1]	Unterföhring	100.00	25	EUR	25.0	0.0[3]
39	PS Event GmbH	Cologne	67.00	40	EUR	330.7	135.7
40	PSH Entertainment GmbH[1]	Unterföhring	100.00	1	EUR	2,925.2	0.0[3]
41	Red Arrow Entertainment Group GmbH[1]	Unterföhring	100.00	1	EUR	1,367.0	0.0[3]
42	Red Arrow International GmbH[1]	Unterföhring	100.00	41	EUR	125.0	0.0[3]
43	Redseven Artists & Events GmbH[1]	Unterföhring	100.00	44	EUR	192.4	0.0[3]
44	RedSeven Entertainment GmbH[1]	Unterföhring	100.00	41	EUR	25.0	0.0[3]
45	SAT.1 Norddeutschland GmbH[1]	Hanover	100.00	46	EUR	24.9	0.0[3]
46	SAT.1 Satelliten Fernsehen GmbH[1]	Unterföhring	100.00	35	EUR	443,610.2	0.0[3]
47	Seven Scores Musikverlag GmbH[1]	Unterföhring	100.00	1	EUR	26.0	0.0[3]

LIST OF AFFILIATED COMPANIES AND INVESTMENTS OF PROSIEBENSAT.1 MEDIA AG

No.	Company	Location	Share in %	Held via	Currency[2]	Equity[10]	Profit/loss for the period[10]
48	SevenOne AdFactory GmbH[1]	Unterföhring	100.00	49	EUR	30.0	0.0[3]
49	SevenOne Brands GmbH[1]	Unterföhring	100.00	1	EUR	5,168.3	0.0[3]
50	SevenOne Media GmbH[1]	Unterföhring	100.00	49	EUR	5,771.7	0.0[3]
51	SevenPictures Film GmbH[1]	Unterföhring	100.00	35	EUR	2,268.3	0.0[3]
52	SevenSenses GmbH[1]	Unterföhring	100.00	1	EUR	25.0	0.0[3]
53	SevenVentures GmbH[1]	Unterföhring	100.00	23	EUR	25.0	0.0[3]
54	Sixx GmbH[1]	Unterföhring	100.00	35	EUR	25.0	0.0[3]
55	Starwatch Entertainment GmbH[1]	Unterföhring	100.00	33	EUR	29.3	0.0[3]
56	Sugar Ray GmbH[1]	Unterföhring	100.00	53	EUR	25.0	0.0[3]
57	Tropo GmbH	Hamburg	90.00	53	EUR	0.0	0.0[4]
58	tv weiss-blau Rundfunkprogrammanbieter GmbH[1]	Unterföhring	100.00	46	EUR	1,027.0	0.0[3]
59	wer-weiss-was GmbH[1]	Hamburg	100.00	27	EUR	6,565.9	-14.9
60	Wetter Fernsehen – Meteos GmbH	Singen	100.00	18	EUR	637.2	459.3
61	wetter.com AG	Singen	72.97	27	EUR	6,063.4	4,595.1
	Austria						
62	Austria 9 TV GmbH	Vienna	100.00	64	EUR	-9,123.6	-2,646.2
63	ProSieben Austria GmbH	Vienna	100.00	64	EUR	33.2	8.9
64	ProSiebenSat.1Puls 4 GmbH	Vienna	100.00	49	EUR	24,926.8	23,863.5
65	Puls 4 TV GmbH	Vienna	100.00	64	EUR	16.4	-0.9
66	PULS 4 TV GmbH & Co. KG	Vienna	100.00	64	EUR	2,600.1	0.0[3]
67	SAT.1 Privatrundfunk und -programmgesellschaft m.b.H	Vienna	51.00	46	EUR	8,917.7	8,596.1
	Belgium						
68	Sultan Sushi CVBA	Mechelen	98.25	41	EUR	0.0	0.0[4]
	Denmark						
69	Newradio ApS	Copenhagen	100.00	73	DKK	0.0	0.0[4]
70	Radio Klassisk ApS	Copenhagen	100.00	73	DKK	0.0	0.0[4]
71	Radio Nova A/S	Copenhagen	80.00	74	DKK	-47,674.4	-8,191.6
72	Radioreklame A/S	Copenhagen	100.00	75	DKK	-12,796.1	3,807.4
73	Radioselskabet af 1/7 2007 ApS	Copenhagen	100.00	74	DKK	0.0	0.0[4]
74	SBS Media A/S	Copenhagen	100.00	100	DKK	341,137.0	340,739.0
75	SBS Radio A/S	Copenhagen	80.00	74	DKK	-193,692.4	-12,906.4
76	SBS TV A/S	Copenhagen	100.00	74	DKK	197,027.0	160,932.0
77	SNOWMAN PRODUCTIONS ApS	Copenhagen	100.00	136	DKK	-1,947.7	-2,027.7[6]
78	VOICE TV ApS	Copenhagen	100.00	75	DKK	6,793.6	498.0
	Finland						
79	Kaimax Media Oy	Oulu	100.00	83	EUR	0.0	0.0[4]
80	Miracle Sound Oulu Oy	Oulu	100.00	81	EUR	153.6	93.2
81	Miracle Sound Oy	Helsinki	66.33	84	EUR	217.5	191.9
82	Miracle Sound Tampere Oy	Helsinki	100.00	81; 84	EUR	42.6	-0.2
83	SBS Finland Oy	Helsinki	100.00	84	EUR	-1,714.6	-424.7
84	SBS Media Group Finland Oy	Helsinki	100.00	100	EUR	72,502.6	458.6
85	SBS TV Oy	Helsinki	100.00	84	EUR	-21,813.8	-1,775.1
	Hong Kong						
86	Red Arrow International Ltd.	Hong Kong	100.00	41	HKD	0.0	0.0[4]
	Hungary						
87	INTERAKTÍV Televíziós Müsorkészítö Kft.	Budapest	100.00	97	HUF	335,766.0	28,835.0
88	INTERAKTÍV-FICTION Müsorkészítö és Filmgyártó Kft.	Budapest	100.00	87	HUF	122,563.0	115,536.0
89	MTM Produkció Müsorgyártó és Filmforgalmazó Kft.	Budapest	100.00	97; 101	HUF	67,077.0	30,036.0
90	MTM-SBS Televízió Zrt.	Budapest	97.51	97	HUF	3,520,865.0	-8,947,171.0
	Israel						
91	Half Russian Story LP	Ramat Gan	60.00	92	ILS	0.0	0.0[4]
92	July August Communications and Productions Ltd.	Ramat Gan	51.00	102	ILS	0.0	0.0[4]

LIST OF AFFILIATED COMPANIES AND INVESTMENTS OF PROSIEBENSAT.1 MEDIA AG

No.	Company	Location	Share in %	Held via	Currency[2]	Equity[10]	Profit/loss for the period[10]
93	Outburst X LP	Tel Aviv	93.25	92	ILS	0.0	0.0[4]
94	The Band's Visit LP	Tel Aviv	55.00	92	ILS	0.0	0.0[4]
	Luxembourg						
95	European Broadcasting System S.à r.l. (in liquidation)	Luxembourg	100.00	97	EUR	0.0	0.0[4]
96	P7S1 Broadcasting S.à r.l.	Luxembourg	100.00	19; 20	EUR	1,895,307.5	-40.8
	The Netherlands						
97	P7S1 Broadcasting Europe B.V.	Amsterdam	100.00	99	EUR	1,929,175.0	705,128.0
98	P7S1 Broadcasting Holding I B.V.	Amsterdam	100.00	96	EUR	794,462.0	-12,813.0
99	P7S1 Broadcasting Holding II B.V.	Amsterdam	100.00	98	EUR	957,026.0	-26,099.0
100	P7S1 Finance B.V.	Amsterdam	100.00	97	EUR	962,994.0	10,680.0
101	P7S1 Nederland B.V.	Amsterdam	100.00	97	EUR	1,241,044.0	1,050,681.0
102	Sultan Sushi B.V.	Amsterdam	100.00	41	EUR	176.3	165.9
	Norway						
103	SBS Media AS	Oslo	100.00	100	NOK	473,472.6	616.6
104	SBS Radio Norge AS	Oslo	100.00	100	NOK	89,245.7	-25,397.7
105	Snowman Productions AS	Oslo	100.00	136	NOK	0.0	0.0[4]
106	THE VOICE TV NORGE AS	Oslo	100.00	104	NOK	8,443.6	-4,999.8
107	TV Norge AS	Oslo	100.00	103	NOK	345,412.7	163,571.3
	Republic of Moldavia						
108	ICS SBS Broadcasting S.R.L.	Chisinau	100.00	113	EUR	863.9	182.2
	Romania						
109	MyVideo Broadband S.R.L.	Bucharest	100.00	14	EUR	41,875.0	1,901,541.0
110	S.C. Canet Radio S.R.L.	Bucharest	20.00	113	EUR	790.0	-579.5
111	S.C. Media Group Services International S.R.L.	Bucharest	100.00	101; 113	EUR	30,721.5	6,228.7
112	S.C. Prime Time Productions S.R.L.	Bucharest	100.00	101; 113	EUR	497.3	26.0
113	S.C. SBS Broadcasting Media S.R.L.	Bucharest	100.00	100; 146; 153; 155	EUR	19,816.9	-15,146.0
	Sweden						
114	E-FM Sverige AB	Stockholm	100.00	116	SEK	2,100.0	21.8
115	Eskilstuna SBS Radio AB	Stockholm	70.00	130	SEK	2,566.3	1,818.5
116	Euradio i Sverige AB	Stockholm	100.00	133	SEK	152.3	1.3
117	Hard Hat AB	Stockholm	90.00	136	SEK	729.0	1,265.1
118	Mix Megapol.se AB	Stockholm	100.00	130	SEK	485.1	139.5
119	Radio City AB	Stockholm	100.00	132	SEK	5,100.3	252.8
120	Radio Daltid SBS AB	Stockholm	51.00	130	SEK	6,293.9	5,420.2
121	Radio Licence Startup Halland AB	Halmstad	100.00	130	SEK	0.0	0.0[4]
122	Radio Licence Startup Örebro AB	Västerås	100.00	130	SEK	0.0	0.0[4]
123	Radio Licence Startup Västerås	Västerås	100.00	130	SEK	0.0	0.0[4]
124	Radio Match AB	Jönköping	100.00	130	SEK	22,371.1	4,991.5
125	Radioutvecklingen i Sverige KB	Stockholm	100.00	137; 138	SEK	1,629.1	831.0
126	RIS Vinyl Skåne AB	Stockholm	100.00	133	SEK	478.0	105.5
127	Rockklassiker Sverige AB	Stockholm	100.00	126	SEK	2,100.0	72.8
128	SBS Broadcasting (Sweden) AB	Stockholm	100.00	97	SEK	573,466.0	97.0
129	SBS Media Group Sweden Filial	Stockholm	100.00	97	EUR	-3,934,875.0	-440,689.0
130	SBS Radio AB	Stockholm	100.00	133	SEK	382,150.2	30,059.4
131	SBS Radio HNV AB	Stockholm	100.00	130	SEK	3,345.8	-3,104.9
132	SBS Radio Sweden AB	Stockholm	100.00	133	SEK	21,378.9	181.1
133	SBS Radio Sweden Holding AB	Stockholm	100.00	129	SEK	474.6	-11.8
134	SBS TV AB	Stockholm	100.00	135	SEK	4,837.0	203,963.0
135	SBS TV Sweden Holding AB	Stockholm	100.00	129	SEK	1,307,973.0	-1,197.0
136	Snowman Productions AB	Stockholm	67.00	41	SEK	1,535.2	-11,514.8
137	SRU Svensk Radioutveckling AB	Stockholm	77.60	131	SEK	194.0	5.1

LIST OF AFFILIATED COMPANIES AND INVESTMENTS OF PROSIEBENSAT.1 MEDIA AG

No.	Company	Location	Share in %	Held via	Currency[2]	Equity[10]	Profit/loss for the period[10]
138	Svensk Radioutveckling KB	Stockholm	88.00	131; 137	SEK	1,633.4	830.4
139	Vinyl AB	Stockholm	100.00	133	SEK	15,606.4	106.1
	Switzerland						
140	ProSieben (Schweiz) AG	Küsnacht ZH	100.00	142	CHF	329.2	46.1
141	SAT.1 (Schweiz) AG	Küsnacht ZH	60.00	46	CHF	5,861.0	4,658.7
142	SevenOne Media (Schweiz) AG	Küsnacht ZH	100.00	49	CHF	13,427.3	11,975.5
143	SevenVentures (Schweiz) AG	Küsnacht ZH	100.00	53	CHF	0.0	0.0[4]
	United Kingdom						
144	CPL Productions Ltd.	London	100.00	147	GBP	69.5	-117.9
145	Endor Productions Ltd.	London	51.00	152	GBP	0.0	0.0[4]
146	European Radio Investments Ltd.	London	100.00	155	EUR	36,949.3	-5.5[7]
147	LHB Ltd.	London	53.89	152	GBP	-60.7	-117.9
148	Mob Film Holdings Ltd.	Beckenham	51.00	152	GBP	0.4	0.0[8]
149	Mob Towers Ltd.	Beckenham	100.00	148	GBP	0.0	0.0[8]
150	New Entertainment Research and Design Ltd.	London	96.70	152	GBP	-129.8	-47.5
151	Pet Assassin Ltd.	Beckenham	100.00	148	GBP	0.0	0.0[8]
152	Red Arrow Entertainment Ltd.	London	100.00	41	GBP	-1,337.7	-1,337.7[9]
153	Romanian Broadcasting Corporation Ltd.	London	100.00	155	EUR	-7,851.7	-11,268.1[7]
154	Romer Films Ltd.	London	100.00	145	GBP	0.0	0.0[4]
155	SBS Broadcasting (UK) Ltd.	London	100.00	97	EUR	16,853.8	-17,522.1
156	SBS Broadcasting Networks Ltd.	London	100.00	155	GBP	38,359.7	7,773.2
157	SBS Hungary Ltd.	London	100.00	155	GBP	0.0	0.0[4]
158	Scandinavian Broadcasting System (Jersey) Ltd.	Jersey	100.00	97	GBP	0.0	0.0[4]
159	The London Clacks Company Ltd.	Beckenham	100.00	163	GBP	0.0	-0.4[8]
160	The Mob Film Company (Alloway) Ltd.	Glasgow	100.00	164	GBP	1.9	124.2[8]
161	The Mob Film Company (Liverpool) Ltd.	Beckenham	75.00	148	GBP	-12.0	-12.0[8]
162	The Mob Film Company (North) Ltd.	Beckenham	100.00	148	GBP	-235.7	5.6[8]
163	The Mob Film Company (TV) Ltd.	Beckenham	100.00	148	GBP	-148.4	-247.3[8]
164	The Mob Film Company Ltd.	Beckenham	100.00	148	GBP	-222.2	18.4[8]
165	VT4 Ltd (in liquidation)	London	100.00	97	EUR	0.1	0.0
	United States of America						
166	Digital Demand LLC	Santa Monica	100.00	170	USD	0.0	0.0[4]
167	Fabrik Entertainment LLC	Santa Monica	51.00	179	USD	1,482.3	-266.6
168	Fortitude Production Services LLC	New York	100.00	175	USD	0.0	0.0[4]
169	HB Television Development LLC	Santa Monica	100.00	167	USD	0.0	0.0[4]
170	Kinetic Content LLC	Santa Monica	51.00	179	USD	1,900.2	-2,252.6
171	Kinetic Content Publishing LLC	Santa Monica	100.00	170	USD	0.0	0.0[4]
172	Kinetic Music Publishing LLC	Santa Monica	100.00	170	USD	0.0	0.0[4]
173	Kinetic Operations LLC	Santa Monica	100.00	170	USD	0.0	0.0[4]
174	Kinpro LLC	Santa Monica	100.00	170	USD	0.0	0.0[4]
175	Left/Right Holdings LLC	New York	60.00	179	USD	0.0	0.0[4]
176	Left/Right LLC	New York	100.00	175	USD	0.0	0.0[4]
177	Moving TV LLC	Encino	100.00	170	USD	0.0	0.0[4]
178	Production Connection LLC	Santa Monica	100.00	170	USD	0.0	0.0[4]
179	Red Arrow International, Inc.	Santa Monica	100.00	41	USD	-854.2	-2,475.8
	Associates						
	Germany						
180	VG Media Gesellschaft zur Verwertung der Urheber- und Leistungsschutzrechte von Medienunternehmen mbH	Berlin	50.00	1	EUR	378.3	0.0
	Denmark						
181	FM 6 A/S	Copenhagen	40.00	75	DKK	500.9	0.4

LIST OF AFFILIATED COMPANIES AND INVESTMENTS OF PROSIEBENSAT.1 MEDIA AG

No.	Company	Location	Share in %	Held via	Currency[2]	Equity[10]	Profit/loss for the period[10]
	Sweden						
182	LOVESEARCH DP AB	Stockholm	100.00	134	SEK	0.0	0.0[4]
183	Mediamätning i Skandinavien MMS AB	Stockholm	24.02	134	SEK	23,173.5	2,162.2
184	Östersjöns Reklamradio AB	Visby	40.00	130	SEK	474.0	265.0
	Switzerland						
185	Goldbach Media (Switzerland) AG	Küsnacht	22.96	142	CHF	29,339.9	28,573.6
	Affiliated companies, not consolidated						
	Czech Republic						
186	MERCHANDISING PRAGUE s.r.o.	Prague	100.00	33	EUR	2,466.0	292.0
	The Netherlands						
187	Stichting Administratiekantoor Melida (in liquidation)	Amsterdam	100.00	96	EUR	0.0	0.0[4]
	Sweden						
188	Radiobranschen RAB AB	Stockholm	60.00	130; 137	SEK	0.0	0.0[4]
	Turkey						
189	Anadolu Televizyon Ve Radyo Yayincilik Ve Ticaret Anonim Sirketi	Istanbul	100.00	97; 100; 101; 155; 157	TRY	16.9	-4.9
	Joint ventures						
	Germany						
190	AdAudience GmbH	Düsseldorf	14.29	50	EUR	0.0	0.0
191	FIRST STEPS – der Deutsche Nachwuchspreis Gesellschaft bürgerlichen Rechts (in liquidation)	Berlin	25.00	35	EUR	0.0	0.0[4]
192	Internet Business Cluster Gesellschaft bürgerlichen Rechts	Munich	25.00	27	EUR	0.0	0.0[4]
	Other material investments						
	Germany						
193	AFK Aus- und Fortbildungs GmbH für elektronische Medien	Munich	12.00	1	EUR	0.0	0.0
194	apomio GmbH	Mannheim	19.90	53	EUR	0.0	0.0
195	Deutscher Fernsehpreis GmbH	Cologne	25.00	1	EUR	286.6	95.7
196	FilmFernsehFonds Bayern Gesellschaft zur Förderung der Medien in Bayern mbH	Munich	6.00	35	EUR	0.0	0.0
197	HolidayInsider AG	Munich	19.77	53	EUR	0.0	0.0
198	MyParfuem GmbH	Berlin	11.66	53	EUR	0.0	0.0
199	Privatfernsehen in Bayern GmbH & Co. KG	Munich	10.00	58	EUR	0.0	0.0
200	Privatfernsehen in Bayern Verwaltungs-GmbH	Munich	10.00	58	EUR	0.0	0.0
	Israel						
201	Seven Days LP	Tel Aviv	50.00	92	ILS	0.0	0.0[4]
202	We are Not Alone LP	Tel Aviv	45.00	92	ILS	0.0	0.0[4]
	Sweden						
203	Aggregate Media Fund II Nordic KB	Stockholm	14.52	130	SEK	0.0	0.0
204	Aggregate Media Fund III KB	Stockholm	17.82	130; 134	SEK	0.0	0.0
205	Aggregate Media Fund IV KB	Stockholm	20.68	130; 134	SEK	0.0	0.0
206	Aggregate Media Fund V KB	Stockholm	23.36	130; 134	SEK	0.0	0.0
207	Aggregate Media Fund VI KB	Stockholm	34.17	130	SEK	0.0	0.0
	United States of America						
208	ZeniMax Media Inc.	Rockville	6.90	97	USD	622,351.4	112,631.2

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.
2 The figures for Equity and Profit/loss for the period presented have been translated using the foreign exchange rates reported in Note 5 "Foreign currency translation".
3 Result after profit and loss transfer agreement.
4 No figures available. Company acquired or founded in 2012 or in liquidation.
5 Shortened financial year from July 1, 2011 to December 31, 2011.
6 Financial year from December 15, 2010 to December 31, 2011.
7 Shortened financial year from April 1, 2011 to December 31, 2011.
8 Shortened financial year from May 1, 2011 to December 31, 2011.
9 Shortened financial year from January 7, 2011 to December 31, 2011.
10 The figures for Equity and Profit or loss for the period presented partly reflect local accounting rules which do not necessarily correspond to IFRS.

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 profit or loss, the financial position and the assets and liabilities 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, February 27, 2013

Thomas Ebeling (CEO)

Axel Salzmann (CFO)

Conrad Albert (Legal, Distribution & Regulatory Affairs)

Dr. Christian Wegner (New Media & Diversification)

Heidi Stopper (Human Resources)

Auditor's Report

We have audited the consolidated financial statements prepared by the ProSiebenSat.1 Media AG, Unterföhring, comprising the Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Cash flow Statement, Statement of Changes in Equity and the Notes, together with the group management report for the business year from 1 January to 31 December 2012. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB [Handelsgesetzbuch "German Commercial Code"] are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB [Handelsgesetzbuch "German Commercial Code"] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [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 § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Munich, February 27, 2013

KPMG AG
Wirtschaftsprüfungsgesellschaft
[original German version signed by:]

Dr. Dauner	**Schmidt**
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

ADDITIONAL INFORMATION

260 Group Key Figures: Multi-Year Overview
261 Segment Key Figures: Multi-Year Overview
262 Finance Glossary
264 Media Glossary
266 Index of Figures and Tables
269 Editorial Information
270 Financial Calendar

CONTENT PRODUCTION & GLOBAL SALES

Red Arrow Entertainment was established three years ago. Now, the ProSiebenSat.1 subsidiary is among the **TOP 10** independent production and sales companies in the TV business – worldwide. Strong formats, wise investments: The success story continues.

SALES

150

... countries across the globe show TV formats sold by Red Arrow International in 2012. Red Arrow programs are in global demand!

ACQUISITION

18

... majority shareholdings in nine countries strengthen the profile of Red Arrow Entertainment, especially in the key markets of the US and Great Britain. In 2012, the group made four acquisitions in these markets.

PRODUCTION

600

... hours of programming were produced by the Red Arrow Entertainment Group for TV stations worldwide in 2012.

CHRIS COELEN (44) IS CEO OF KINETIC CONTENT, BASED IN SANTA MONICA, CALIFORNIA. COELEN'S CREATIVE HOTBED, WHICH IS PART OF THE RED ARROW ENTERTAINMENT GROUP, THE PROSIEBENSAT.1 SUBSIDIARY, DEVELOPS AND PRODUCES EXCITING SHOW FORMATS. ABOUT HIS COOKING SHOW – WHICH HAS JUST BEEN SUCCESSFULLY LAUNCHED IN THE USA – CHRIS COELEN SAYS: "I LOVE MEETING THE VIEWERS' TASTES!"

Taste is something that can be argued over. Your new show, "The Taste", turns such strife into great entertainment ...

CHRIS COELEN: That's right! We wanted to make a cooking show like none that has ever been seen before. "The Taste" is a competition in which the focus is entirely on taste. Amateur cooks come up against professionals, and in each episode our jury judges the dishes blindfolded. One single spoonful decides. None of the jurors – who are also mentors for the candidates – know the recipes or how or by whom they were prepared.

What, then, are the most important ingredients for a TV hit?

CHRIS COELEN: I wish I knew exactly what they were. In any event, we at Kinetic are looking for ideas that are clear, simple, really strong – and above all fun. Hopefully, they are new. (Laughs.) It is becoming increasingly important that viewers be able to get together around a TV event as a community, online, but also at live events. And then it doesn't do any harm to find the perfect protagonists for a new show. With "The Taste", at a very early stage we won star US cook Anthony Bourdain and British queen of the kitchen Nigella Lawson to become part of the jury. That helped us to sell the format to the large US station ABC.

What advantages does it have to be part of the international production and sales network of Red Arrow?

CHRIS COELEN: First of all, it is very inspiring to have creative partners all over the world – after all, good ideas can emerge anywhere. This access to an immense variety of formats also helps us to remain successful in the American market. Moreover, we largely have Red Arrow to thank for our feel for trends: We simply find out more than the competition! With the support of the ProSiebenSat.1 Group, we can also operate more effectively, for example in the award of international rights. As an exception, here many cooks improve the overall result ...

GROUP KEY FIGURES: MULTI-YEAR OVERVIEW (Fig. 150)

EUR m	**Q4 2012**	Q4 2011	Q4 2010	Q4 2009	Q4 2008	Q4 2007	Q4 2006	Q4 2005
Revenues	**789.3**	712.4	828.9	880.4	876.8	989.3	657.2	636.0
Revenue margin before income taxes (in percent)	**27.3**	26.7	23.9	19.5	–14.6	14.4	27.1	23.3
Total costs	**554.1**	466.7	572.6	651.8	915.8	772.3	471.6	480.6
Operating costs[1]	**509.5**	434.7	520.8	576.2	621.6	695.1	460.3	- / -
Consumption of programming assets	**244.6**	239.0	279.3	290.1	327.5	395.6	264.2	288.8
Recurring EBITDA[2]	**285.7**	281.9	312.5	307.2	279.3	296.9	200.8	- / -
Recurring EBITDA margin (in percent)	**36.2**	39.6	37.7	34.9	31.9	30.0	30.6	- / -
EBITDA	**269.3**	266.5	292.9	293.0	251.7	281.1	200.2	167.8
Non-recurring items[3]	**–16.5**	–15.4	–19.6	–14.2	–27.6	–15.8	– 0.6	- / -
EBIT	**241.3**	249.3	260.8	239.2	3.5	222.1	189.4	156.8
Financial result	**–25.9**	– 58.9	– 63.0	– 67.3	–133.3	–79.6	–11.0	–10.0
Profit before income taxes	**215.4**	190.4	197.8	171.9	–128.0	142.5	178.4	147.9
Consolidated net profit (after non-controlling interests)[4]	**99.0**	129.9	181.4	113.4	–170.0	39.5	113.4	96.9
Profit from discontinued operations (net of income taxes)	**–78.7**	–36.2	34.4	- / -	- / -	- / -	- / -	- / -
Underlying net income[5]	**178.9**	175.9	158.8	137.1	78.2	75.3	114.4	- / -
Basic earnings per share of preferred stock (underlying)	**0.84**	0.83	- / -	- / -	- / -	- / -	- / -	- / -
Investments in programming assets	**183.8**	211.4	240.0	267.8	329.3	366.9	261.1	253.9
Free cash flow	**262.8**	237.5	203.5	241.6	389.2	213.9	190.7	162.7
Cash flow from investing activities	**–207.5**	–222.8	–285.7	–305.1	– 67.1	– 432.1	–268.0	–261.1

EUR m	**2012**	2011	2010	2009	2008	2007	2006	2005
Revenues	**2,356.2**	2,199.2	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)	**19.4**	15.8	12.6	8.4	–2.2	9.2	18.4	17.6
Total costs	**1,768.8**	1,628.0	2,045.4	2,310.7	2,851.0	2,341.9	1,672.4	1,620.3
Operating costs[1]	**1,624.6**	1,482.9	1,820.6	2,077.5	2,413.1	2,063.1	1,629.7	- / -
Consumption of programming assets	**838.7**	864.3	957.0	1,068.6	1,247.1	1,145.8	946.0	947.2
Recurring EBITDA[2]	**744.8**	725.5	791.5	696.5	674.5	662.9	487.0	- / -
Recurring EBITDA margin (in percent)	**31.6**	33.0	30.4	25.2	22.1	24.5	23.1	- / -
EBITDA	**680.4**	652.5	693.8	623.0	618.3	522.3	484.3	418.5
Non-recurring items[3]	**– 64.4**	–73.0	– 97.7	–73.5	– 56.2	–140.6	–2.7	- / -
EBIT	**600.9**	580.5	566.8	475.1	263.5	385.3	444.3	382.7
Financial result	**–144.4**	–232.7	–238.2	-242.4[8]	–334.9	–135.5	– 57.6	–33.0
Profit before income taxes	**456.5**	347.8	328.6	233.1[8]	– 68.4	249.8	386.7	350.7
Consolidated net profit (after non-controlling interests)[4]	**295.0**	637.5	312.7	146.6[8]	–129.1	89.4	240.7	220.9
Profit from discontinued operations (net of income taxes)	**–30.2**	373.2	78.1	- / -	- / -	- / -	- / -	- / -
Underlying net income[5]	**355.5**	272.4	275.2	186.8[8]	170.4	272.8	244.8	- / -
Basic earnings per share of preferred stock (underlying)	**1.67**	1.28	1.69	0.88	0.79	1.26	- / -	- / -
Investments in programming assets	**843.3**	938.9	1,098.6	1,227.2	1,397.0	1,176.7	955.0	907.3
Free cash flow	**256.3**	201.2	179.0	157.4	183.8	–1,675.4	292.4	70.1
Cash flow from investing activities	**– 945.8**	– 973.4	–1,186.4	–1,320.1	–1,175.0	–3,269.0	– 979.6	–1,095.7

GROUP KEY FIGURES: MULTI-YEAR OVERVIEW

EUR m	**12/31/2012**	12/31/2011	12/31/2010	12/31/2009	12/31/2008	12/31/2007	12/31/2006	12/31/2005
Programming assets	**1,276.9**	1,531.3	1,654.6	1,526.5	1,380.0	1,317.7	1,056.3	1,057.5
Equity	**1,500.9**	1,441.4	1,025.9	607.0[8]	506.7[8]	1090.1[8]	1,240.5	1,187.7
Equity ratio (in percent)	**27.7**	28.6	16.2	9.8[8]	8.5[8]	18.2[8]	64.2	58.9
Cash and cash equivalents	**702.3**	517.9	740.7	737.4	632.9	250.8	63.5	157.6
Financial liabilities	**2,573.1**	2,335.7	3,761.9	4,032.1	4,039.8	3,579.5	185.6	387.2
Leverage[6]	**2.0**	2.1	3.3	4.7	5.1	5.0	0.3	- / -
Net financial debt	**1,870.8**	1,817.8	3,021.0	3,294.6	3,406.7	3,328.4	121.8	227.2
Employees[7]	**3,026**	2,605	4,117	4,814	5,450	4,852	2,976	2,788

SEGMENT KEY FIGURES: MULTI-YEAR OVERVIEW (Fig. 151)

EUR m	**Q4 2012**	Q4 2011	**Q1 - Q4 2012**	Q1 - Q4 2011
Broadcasting German-speaking				
External revenues	**629.3**	615.7	**1,909.5**	1,903.0
Recurring EBITDA[2]	**252.0**	254.4	**660.3**	657.7
Recurring EBITDA margin (in percent)[9]	**38.5**	39.9	**33.2**	32.9
EBITDA	**239.9**	240.6	**609.1**	624.4
Digital & Adjacent				
External revenues	**122.8**	80.7	**351.2**	254.4
Recurring EBITDA[2]	**30.3**	23.7	**89.7**	66.9
Recurring EBITDA margin (in percent)[9]	**24.6**	29.2	**25.4**	26.2
EBITDA	**26.8**	21.6	**80.8**	39.4
Content Production & Global Sales				
External revenues	**37.3**	15.8	**95.4**	37.7
Recurring EBITDA[2]	**6.2**	5.0	**4.3**	9.6
Recurring EBITDA margin (in percent)[9]	**11.1**	14.6	**3.1**	8.8
EBITDA	**5.7**	4.3	**1.5**	8.5

1 Total costs excluding 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 for the period, before the effects of purchase price allocations, non-cash currency valuation effects as well as expenses in the context of the antitrust proceedings in 2012. 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. 9 Based on total segment revenues, see Note 35 "Segment Reporting".

Explanation of reporting principles in the fourth quarter/at December 31, 2012: The figures for 2012 relate to the key figures from continuing operations in line with IFRS 5, i.e. without the sold operations in Scandinavia and held for sale in Eastern Europe. The 2011 figures (income statement and cash flow statement) have also been adjusted for the figures from operations in Belgium and the Netherlands sold in 2011. The figures for 2010 (income statement and cash flow statement) have only been adjusted for the figures of the operations sold in 2011. In the financial year 2011, the Belgian TV operations and the TV and Print operations in the Netherlands were deconsolidated on closing of the respective share purchase agreements in June and July 2011. The income statement items of the entities concerned are separately presented as a single line item result from discontinued operations. The 2011 result from discontinued operations contains the net profit as well as the gain on disposal and is presented after taxes.

Reporting for the fourth quarter and full year 2012 is based on the new segment structure. To ensure comparability of the current quarterly figures with those of the previous year, the figures for the previous year were adjusted to the new segment structure. There is no multi-year comparison.

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 of 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, Taxes, Depreciation and Amortization.

F

Financial covenants
Obligations in the context of loan contracts. These relate primarily to key financial indicators that the borrower has to comply with.

Free cash flow
A key parameter for assessing the financial strength of the Group. Total cash and cash equivalents generated in operating business less the balance of cash used and generated in the context of investing activities.

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 that are not broadcast 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 borrowings 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.

R

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 that 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).

Total costs
Total of cost of sales, selling expenses and administrative expenses, as well as other operating expenses.

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 and further non-cash special items.

W

Working capital
Calculated on the basis of current assets minus current liabilities, thus providing an assessment of liquidity.

Media Glossary

#

360-degree marketing

Denotes advertising concepts and offers which combine several media. In the context of its 360-degree marketing for advertising customers, the ProSiebenSat.1 Group develops networked campaign concepts which link up to 13 different platforms. Most important are TV, online, mobile, video-on-demand, games, teletext, testimonials, events and licensing.

A

Arbeitsgemeinschaft Fernsehforschung (AGF)

In the Arbeitsgemeinschaft Fernsehforschung (Working Group of Television Research), the ARD and ZDF broadcasters, the ProSiebenSat.1 Media AG station groups and the RTL Deutschland media group join forces to carry out and develop continual quantitative television audience research in Germany (ratings). The data collected exclusively for the AGF by the GfK TV research department is recognized in the television market as the common currency for advertising and program planning. The AGF/GfK television panel includes 5,000 households consisting of almost 10,500 persons, which report on a daily basis (reporting basis D+EU television panel). This shows the television consumption of 71.75 million people from the age of 3 or 36.24 million television households (as of January 1, 2013).

C

Cost per mille (CPM)

Allows price/performance comparison and thus an assessment of the efficiency of advertising media. It indicates how much it costs to reach 1,000 contacts in a target group.

G

GfK Fernsehforschung

GfK Fernsehforschung is a department within the GfK Group (Gesellschaft für Konsumforschung) that collects TV consumption data for Germany exclusively on behalf of the Arbeitsgemeinschaft Fernsehforschung (AGF). On a daily basis, GfK Fernsehforschung records the TV consumption of the households on the television panel, the people living in these households and their guests with electronic measuring instruments. This data is considered "the currency" in Germany's TV market.

H

High definition (HD)

High-definition video content as opposed to standard definition (SD). HD content is predominantly distributed via television, Blu-ray and the internet. On televisions, the standards used are 720p, 1080i und 1080p. Online, HD content is streamed (e.g. on YouTube) or distributed in various file formats (e.g. avi, mp4, mkv, mov) and specifications. "Native HD" means that the content was produced with HD devices from the start, and that it does not need to be upscaled to be broadcast in HD. HD content is transferred between devices via HDMI und can be protected against copying (HDCP). The HD standard is in further development.

Hybrid TV

Hybrid TV refers to televisions and set-top boxes that have an in-built internet interface so they can show TV and internet content.

I

IPTV

Stands for Internet Protocol Television (IPTV). Films and television are transmitted over the internet – and in contrast to traditional broadcasting, not via cable or satellite. IPTV is neither a standard nor a design, and therefore only a generic term that may be encountered in various forms.

M

Media-for-revenue-share/media-for-equity

Describes a business model introduced by the ProSiebenSat.1 Group where start-up companies receive advertisement time in return for a revenue share and/or equity.

N

Net advertising revenue
Advertising revenues less discounts, self-promotional advertising, agency commissions, etc.

Nielsen Media Research
Subsidiary of the American market research institute AC Nielsen. Nielsen Media Research, based in Hamburg, is devoted to monitoring the advertising market. It determines the gross advertising revenues (AdEx data) of the most important media types and advertising media (television, consumer and trade magazines, newspapers, radio, online and billboards) according to economic field, product group and family, company and brand.

P

Pay-per-view
Pay TV where the viewer pays only for the shows they actually watch.

Real-time-response test (RTR)
An instrument of market and program research: When initial sequences or a pilot episode of new TV formats 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.

S

Second screen
A term describing the use of a second screen (mobile devices such as smartphones, tablets and notebooks) in parallel with broadcast television.

Social TV
The linking of social media and television.

U

Unique user
The "unique user" is the basis of the AGOF Internet Facts. The unit expresses how many people in a given period were exposed to an advertising medium or individual booking units and equates to net reach. The unique user is the basis for the calculation of the reach and audience structure of online advertising media and the regulation of essential factors for media planning such as weekly consumption, monthly consumption and building exposure.

V

Video-on-demand
Allows the user to stream or download videos at any time.

Z

Zentralverband der deutschen Werbewirtschaft (ZAW)
As a combination of associations whose members are business advertisers, the Zentralverband der deutschen Werbewirtschaft e. V. (ZAW) brings together the interests of the advertising industry, represents them to the outside world and determines the advertising investments (net) of all media types and advertising media on an annual basis. The association is dedicated to all matters concerning the advertising industry with the intention of making government regulation unnecessary.

Index of Figures and Tables

Back cover

I Group revenues from continuing operations
II Recurring EBITDA from continuing operations
III Revenues by segment from continuing operations
IV Revenues by region from continuing operations
V Key figures of the ProSiebenSat.1 Group for the 2012 financial year (including discontinued operations)
VI Key figures of the ProSiebenSat.1 Group for the 2012 financial year
VII Group structure
VIII Locations of the ProSiebenSat.1 Group

Reports from the Executive and Supervisory Board

1 Members of the Supervisory Board of ProSiebenSat.1 Media AG as of December 31, 2012 ... 27
2 Information on Committee Members ... 32
3 Committee Members as of December 31, 2012 ... 33
4 Directors' Dealings disclosures ... 36

Group Management Report

5 Segments of the ProSiebenSat.1 Group ... 43
6 Segment structure of the ProSiebenSat.1 Group ... 46
7 Strategic fields of action of the ProSiebenSat.1 Group ... 48
8 Overview of important key performance indicators ... 49
9 Planning clock ... 50
10 Compensation of Executive Board Members ... 54
11 Development of stock options held by active members of the Executive Board in the 2012 financial year ... 54
12 Compensation of Executive Board Member Andreas Bartl (resigned in 2012) ... 55
13 Development of stock options of Executive Board Member Andreas Bartl in the 2012 financial year [Resigned in 2012] ... 55
14 Compensation of Supervisory Board Members for the 2012 financial year ... 57
15 Change in total revenues in broadcasting [2000 = 100] ... 58
16 Performance of gross domestic product in Germany ... 61
17 Shares german gross TV advertising market ... 61
18 Media mix german gross advertising market ... 62
19 Development of TV advertising markets ... 63
20 Audience shares of the ProSiebenSat.1 Group ... 64
21 Use of online services ... 65
22 Comparison of the actual and forecast business performance for the group ... 70
23 Comparison of the actual and forecast business performance for the segments ... 70
24 Revenue performance 2012 from continuing operations by region ... 72
25 Revenue performance 2012 from continuing operations by quarter ... 72
26 Recurring EBITDA performance 2012 from continuing operations by quarter ... 72
27 Portfolio measures and changes in the scope of consolidation in 2012 ... 74
28 Portfolio measures and changes in the scope of consolidation in 2011 ... 75
29 Key figures of the ProSiebenSat.1 Group for 2012 ... 76
30 Key figures of the ProSiebenSat.1 Group for the fourth quarter of 2012 ... 77
31 Revenues by segment from continuing operations ... 78
32 Total costs from continuing operations ... 79
33 Reconciliation of operating costs from continuing operations ... 79
34 Reconciliation of recurring EBITDA from continuing operations ... 80
35 Reconciliation of underlying net income from continuing operations ... 81
36 Reconciliation of revenues including discontinued operations ... 82
37 Reconciliation of consolidated net profit after minority interests including discontinued operations ... 82
38 Debt financing and maturities as of december 31, 2012 ... 84
39 Group-wide corporate financing ... 85
40 Group net financial debt ... 86
41 Ratio net financial debt before reclassification to LTM recurring EBITDA ... 86
42 Cash flow statement ... 87
43 Investments by segment from continuing operations ... 89
44 Change in cash and cash equivalents ... 90
45 Balance sheet structure ... 91
46 Accounting assumptions and estimates ... 93
47 Revenue share by segment from continuing operations in the 2012 financial year ... 94
48 Key figures Broadcasting German-speaking segment ... 94
49 Key figures Digital & Adjacent segment ... 95
50 Key Figures Content Production & Global Sales segment ... 95
51 Employees by region ... 96
52 Employees by segment ... 96
53 Proportion of women and men in the whole group ... 97
54 Proportion of women and men in the german core market ... 97
55 Retention rate of apprentices and trainees in Germany in 2012 ... 99
56 ProSiebenSat.1 share: price performance ... 102
57 ProSiebenSat.1 share: key data ... 103

58 ProSiebenSat.1 share: basic data 103
59 Analysts' recommendations 104
60 Shareholder structure of ProSiebenSat.1 Media AG of December 31, 2012 104
61 Relevant set, including market share of the Top 10 stations 106
62 ProSiebenSat.1 Portfolio 108
63 Top 5 station websites in Germany on Facebook 109
64 Top 5 formats of the ProSiebenSat.1 Group on Facebook 109
65 Market shares of TV stations in 2012 113
66 Market shares of selected political talk shows on german television 113
67 Risk management process 120
68 Development of the individual risks as of December 31, 2012 121
69 Operating risks 121
70 Financial risks 130
71 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 131
72 Compliance risks 134
73 Overview of opportunities 135
74 Simultaneous use of TV and internet 136
75 TV related internet use 137
76 Global sales of screen devices 138
77 Forecasts for real gross domestic product in countries important for ProSiebenSat.1 143
78 Anticipated development of the TV advertising market in countries important for ProSiebenSat.1 143
79 Anticipated development of the overall advertising market in countries important for ProSiebenSat.1 143
80 Growth targets 2015 and degree of achievement 2012 147
81 Segments of the ProSiebenSat.1 Group 147
82 Forecast for group key figures – 2-year view 147
83 Forecast for segment key figures – 2-year view 148
84 Note on forward-looking statements on future earnings; financial position and performance 150

Consolidated Financial Statements

85 Income statement of ProSiebenSat.1 Group 154
86 Statement of comprehensive income of ProSiebenSat.1 Group 155
87 Statement of financial position of ProSiebenSat.1 Group 156
88 Cash flow statement of ProSiebenSat.1 Group 158
89 Statement of changes in equity of ProSiebenSat.1 Group for 2011 160
90 Statement of changes in equity of ProSiebenSat.1 Group for 2012 160
91 Fully consolidated subsidiaries 162
92 Acquisition left/right 163
93 Other acquisitions 2012 166
94 Acquisition maxdome 168
95 Acquisition burda:ic 169
96 Other acquisitions 2011 170
97 Held-for-sale-assets and associated liabilities 171
98 Income statement discontinued operations 172
99 Impact of deconsolidation on the group 173
100 Exchange rates 175
101 Useful lives of property, plant and equipment 178
102 Summary of chosen measurement methods 186
103 Revenues 192
104 Other operating income 194
105 Interest result 194
106 Result from investments accounted for using the equity method and other financial result 195
107 Income tax expenses 196
108 Change in expected tax rates 196
109 Reconciliation of tax expenses 197
110 Allocation/origin of deferred taxes 198
111 Earnings per share 199
112 Personnel expenses 200
113 Number of employees 200
114 Depreciation and amortization 200
115 Changes in intangible assets 201
116 Disclosures on goodwill impairment testing 203
117 Disclosures on impairment testing of brands 204
118 Statement of changes in property, plant and equipment 206
119 Minimum lease payments 207
120 Information on investments accounted for using the equity method 208
121 Non-current financial assets 208
122 Changes in programming assets 209
123 Accounts receivable and other assets 210
124 Changes in credit allowances 210
125 Aging structure 211
126 Accumulated other comprehensive income 212
127 Allocation of profit 213
128 Capital structure 214
129 Present value of obligation 215
130 Overview actuarial parameters 216
131 Other provisions 217
132 Financial liabilities 218

Index of Figures and Tables

133 Other liabilities 220
134 Cash flow by segment 221
135 Other financial obligations 224
136 Interest rate risks 226
137 Currency-related transactions and balances 227
138 Currency risks 228
139 Financial liabilities by maturity 230
140 Carrying amounts and fair values of financial instruments 231
141 Fair value hierarchy levels 232
142 Segment information continuing operations 2012 235
143 Segment information continuing operations 2011 235
144 Reconciliation of segment information 236
145 Entity-wide disclosures 237
146 Stock options plans 240
147 Members of the executive board of ProSiebenSat.1 Media AG 249
148 Members of the supervisory board of ProSiebenSat.1 Media AG 249
149 List of affiliated companies and investments of ProSiebenSat.1 Media AG 250

Additional Information

150 Group key figures: Multi-year overview 260
151 Segment key figures: Multi-year overview 261
152 Financial calendar 270

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Published by

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THE PROSIEBENSAT.1 GROUP ON THE INTERNET

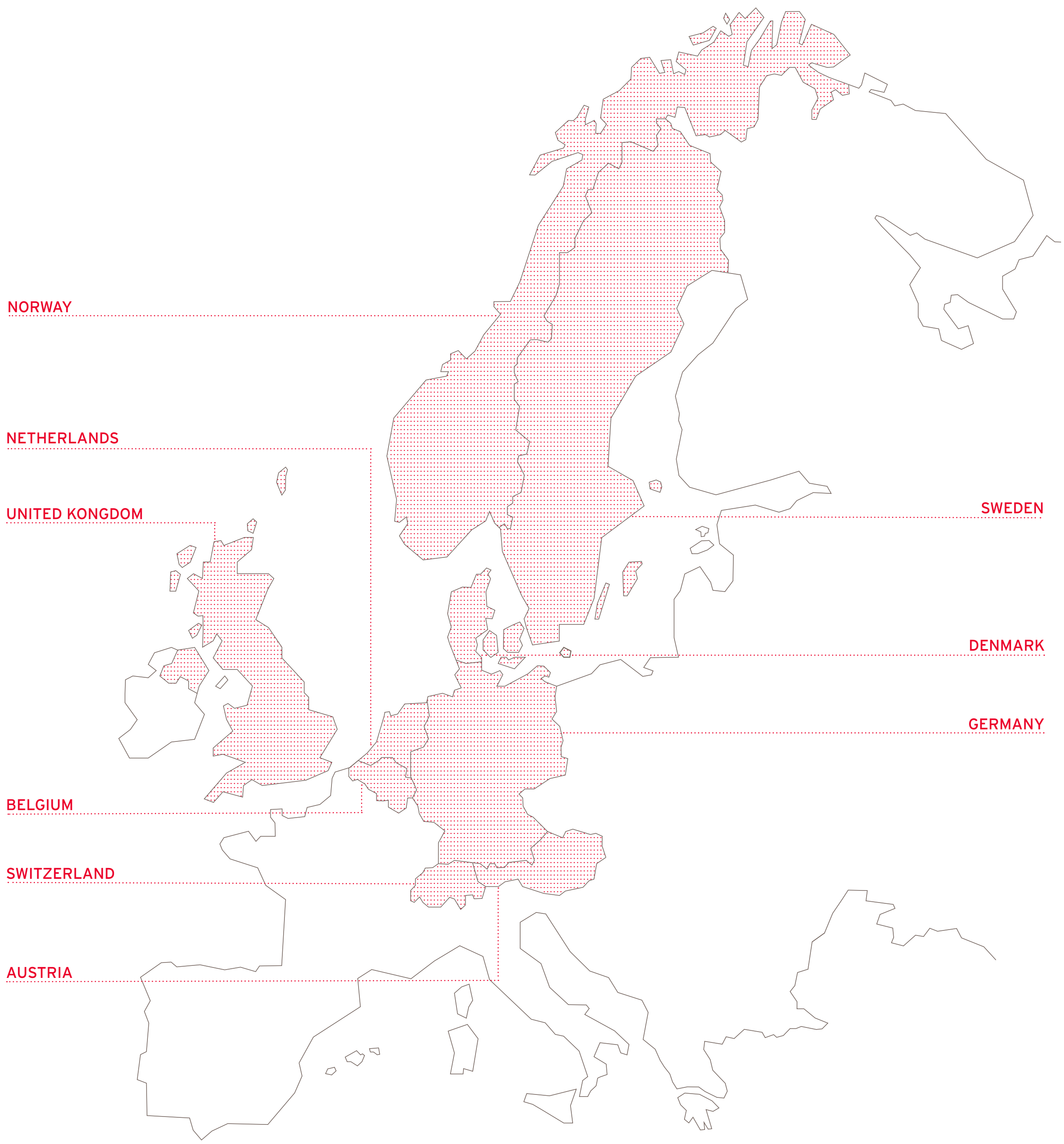
This and other publications are available on the Internet, along with information about the ProSiebenSat.1 Group, at http://www.prosiebensat1.com/

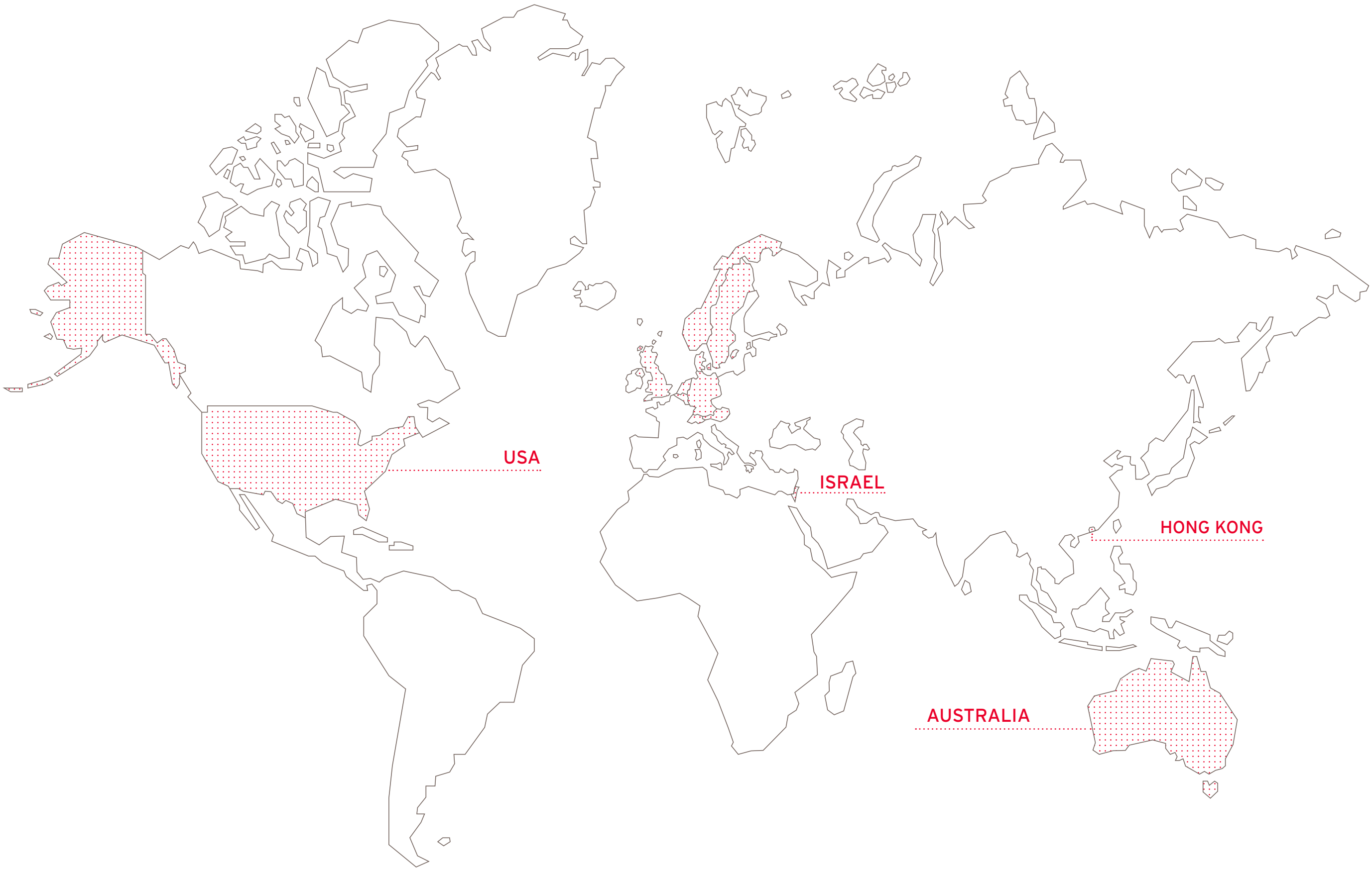
FINANCIAL CALENDAR (Fig. 152)

02/28/2013	**Press Conference/IR Conference on preliminary figures 2012** Press Release, Press Conference in Munich, Conference Call with analysts and investors
03/28/2013	**Publication of the Annual Report 2012**
05/07/2013	**Publication of the Quarterly Report Q1 2013** Press Release, Conference Call with analysts and investors, Conference Call with journalists, Webcast
07/23/2013	**Annual General Meeting 2013**
07/24/2013	**Dividend payment**
08/01/2013	**Publication of the Quarterly Report Q2 2013** Press Release, Conference Call with analysts and investors, Conference Call with journalists, Webcast
11/07/2013	**Publication of the Quarterly Report Q3 2013** Press Release, Conference Call with analysts and investors, Conference Call with journalists, Webcast

LOCATIONS OF THE PROSIEBENSAT.1 GROUP (VIII)

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, SAT.1 Gold, 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, ProSiebenSat.1 Licensing, SAT.1 Comedy, 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, Red Arrow International GmbH, RedSeven Artists & Events GmbH, RedSeven Entertainment GmbH

AUSTRALIA
Content Production & Global Sales
Granada Media Australia

AUSTRIA
Broadcasting German-speaking
kabel eins Austria, ProSieben Austria, Puls 4, Sat.1 Österreich, SevenOne Media Austria, sixx Austria

BELGIUM
Content Production & Global Sales
Sultan Sushi

DENMARK
Content Production & Global Sales
Snowman Productions

HONG KONG
Content Production & Global Sales
Red Arrow International, Hongkong

ISRAEL
Content Production & Global Sales
Omri Marcus, Partner

NETHERLAND
Content Production & Global Sales
Sultan Sushi, Dick de Rijk, Partner

NORWAY
Content Production & Global Sales
Snowman Productions

SWEDEN
Content Production & Global Sales
Hard Hat, Snowman Productions

SWITZERLAND
Broadcasting German-speaking
kabel eins Schweiz, ProSieben (Schweiz), SAT.1 Schweiz, SevenOne Media (Schweiz)

UNITED KINGDOM
Content Production & Global Sales
CPL Productions, Endor Productions, Nerd., Red Arrow Entertainment UK, The Mob Film co.

USA
Content Production & Global Sales
Fabrik Entertainment, Genetic Entertainment, Kinetic Content LLC, Left/Right, The Gurin Company, The Mob Film Co.

GROUP STRUCTURE (VII)

OF THE PROSIEBENSAT.1 MEDIA AG

ProSiebenSat.1 TV Deutschland GmbH
100 %

- SAT.1 Gold 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 %

ProSiebenSat.1 Licensing GmbH
100 %

- Starwatch Entertainment GmbH 100 %

ProSiebenSat.1 Group

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