ProSiebenSat.1 Media AG

ProSiebenSat.1 Media AG

Financial Statements and Management Report 2013

Content

Management report of ProSiebenSat.1 Media AG for Fiscal Year 2013

I. Basic Principles

The ProSiebenSat.1 Group is leading in the German market for TV and online advertising and with ProSieben and SAT.1 has two of the furthest reaching TV stations in the German-speaking region. Alongside a successful digital and ventures portfolio, the Group also has an international production network. This means, ProSiebenSat.1 has a broad and stable revenue and profit basis. Our goal is to continue growing profitably in the future and to increase earnings of all our businesses in a sustainable manner.

Corporate structure and business areas

The ProSiebenSat.1 Group is one of the largest independent media corporations in Europe. Free TV financed by advertising is our core business. We reach around 42 million TV households with our TV stations in Germany, Austria, and Switzerland. We have tapped into a dynamically growing business area with the distribution of our HD free TV stations. We are also Germany's leading online seller of video content on the internet. Our digital portfolio includes the biggest German video-on-demand portal, maxdome. We are active in the online games business and operate an attractive, rapidly growing e-commerce portfolio. We also own Starwatch Entertainment, an independent music label. With the Red Arrow Entertainment Group, we produce international TV programs and sell them to TV stations worldwide.

ProSiebenSat.1 Media AG is a management holding company that conducts its own operating activities at a low level. It is responsible for ProSiebenSat.1 Group management functions as well as investment administration and central financing tasks. To this are added service functions such as corporate strategy and risk management. Furthermore, ProSiebenSat.1 Media AG is the tax group parent for the majority of the domestic subsidiaries. Its major income items are income from subsidiaries' profit transfer agreements and income from internal services charged. In addition, revenue is generated in particular from the sale of ancillary programming rights.

Organization and legal Group structure

In December 2013, the ProSiebenSat.1 Group sold its Eastern European TV and radio stations. The sale of the Hungarian activities is expected to be concluded on February 25. The closing of the sale of the Romanian activities and the corresponding deconsolidation are expected in the second quarter of 2014. The Group had already sold its Northern European TV and radio activities at the end of 2012. This sale was completed in April 2013. Since then, the ProSiebenSat.1 Group has focused on the strategic expansion of its high-growth digital & adjacent business.

The enterprise is managed centrally by the holding company ProSiebenSat.1 Media AG. The organizational structure of the ProSiebenSat.1 Group did not change materially in 2013.

Management and control

ProSiebenSat.1 Media AG is the parent company of the ProSiebenSat.1 Group and headquartered in Unterföhring near Munich. It is listed in Germany at the stock exchange in Frankfurt am Main and since August also at the stock exchange in Luxembourg (Bourse de Luxembourg). A stock corporation under German law has three principal governing bodies: the Annual General Meeting, the Executive Board, and the Supervisory Board. The governing bodies' decision-making powers are strictly demarcated from each other.

The shareholders of ProSiebenSat.1 Media AG exercise their rights of joint administration and oversight at the Annual General Meeting. In August 2013, all non-voting preference shares were converted into voting common shares in a ratio of 1 : 1. This did not affect the amount of the share capital. Since the merger of the share classes, each share grants the same legal rights and obligations and one vote in the Annual General Meeting.

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 corporate objective. 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. We report on personnel changes in the boards in the “Reports from the Executive and Supervisory Board” section of the Group Annual Report.

Group structure 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.

One of the most important direct subsidiaries of ProSiebenSat.1 Media AG is ProSiebenSat.1 TV Deutschland GmbH. Under its umbrella, all German TV stations of the ProSiebenSat.1 Group 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 indirectly own all shares in the TV stations SAT.1, ProSieben, kabel eins, sixx, SAT.1 Gold, and ProSieben MAXX, it also indirectly holds a 100 % stake in the sales companies SevenOne Media GmbH and SevenOne AdFactory GmbH. This results in advantages with regard to the stations’ programming and the sale of advertising time. The companies in the online, games, travel and ventures areas are also affiliated indirectly with ProSiebenSat.1 Media AG via subsidiaries consolidated under the ProSiebenSat.1 Digital & Adjacent GmbH. The subsidiaries for the Content Production & Global Sales segment operate as the Red Arrow Entertainment Group, also a 100 % holding of ProSiebenSat.1 Media AG.

Strategy, business operations and segments

By integrating the TV and digital fields, we want to open up pioneering business areas, and in recent years have systematically gained access to new markets with strong long-term growth prospects. Our vision is to develop the ProSiebenSat.1 Group into a broadcasting, digital entertainment and commerce powerhouse and simultaneously consolidate the strong position in the TV business. 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.

The expansion of the Digital & Adjacent activities is the particular strategic focus of the ProSiebenSat.1 Group. The 2013 financial year was therefore characterized by launches and acquisitions. Here, the Group primarily benefits from the reach and the content of its strong free TV stations and the possibility of using free advertising space to market digital services. For example, the Group sees attractive opportunities for synergy and growth in in the e-commerce business as well as the market for digital entertainment. In the Ventures unit, ProSiebenSat.1 invests exclusively in holdings that target a dynamically growing mass market and that can be marketed synergistically via its TV stations. New revenue models for the Group also arise from the fast growing HD distribution business. The ProSiebenSat.1 Group's strategy is topped off with its program production and distribution activities. These operations are bundled under the Red Arrow Entertainment Group, which produces programs for its own TV stations and for independent third parties.

We measure the success of our strategy on the basis of 2010 by the achievement of our revenue targets for 2015. The ProSiebenSat.1 Group increased these targets in October 2013 due to the positive business performance. At Group level and on the basis of continuing operations, we had already achieved 69 % of our 2015 growth target by the end of 2013 thanks to targeted management.

The ProSiebenSat.1 Group also presented new financial targets for 2018 at its Capital Markets Day in October 2013: The Group wants to increase its revenues from continuing operations by EUR 1 billion compared with 2012. All three segments — Broadcasting German-speaking, Digital & Adjacent and Content Production & Global Sales — are to contribute to the positive revenue performance. The largest growth driver, Digital & Adjacent, is to contribute around 25 % to 30 % of consolidated revenue in 2018. At the same time, the Company is seeking to generate a significant earnings contribution from the additional revenues and thus to continue on its profitable growth course.

The operating units are responsible for the implementation of the strategy and are divided into three reporting segments. They are strategically, economically and technically interrelated and are managed by ProSiebenSat.1 Media AG. 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.

- **Broadcasting German-speaking segment:** 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, Austria and Switzerland, the ProSiebenSat.1 Group operates 13 TV stations in total. The portfolios of the individual countries feature complementary, coordinated television stations, which cover a broad range of target groups in the audience and advertising market.

In recent years, the ProSiebenSat.1 Group has also initiated new growth initiatives within its core business of TV. Since 2007, the Group has founded six new TV stations in the three German-speaking markets, with which the Group is further consolidating its strong position in the audience and advertising market. In 2013, ProSiebenSat.1 launched the women's station SAT.1 Gold and the men's station ProSieben MAXX. SAT.1 Gold is aimed mainly at women between 40 and 64; ProSieben MAXX is focused on male viewers between 30 and 59. The existing station portfolio of SAT.1, ProSieben, kabel eins and sixx is thus augmented by new key demographics. While SAT.1 offers TV programming for the whole family, ProSieben is primarily aimed at young viewers between 14 and 39. The core target group of kabel eins is viewers between 14 and 49; sixx focuses on young women aged between 14 and 39. By the channels launched in 2013, we were able to attract new advertisers for TV and expand our business with new customers.

In addition to the traditional free TV business, the ProSiebenSat.1 Group's HD and basic pay TV stations are also reported in the Broadcasting German-speaking segment. The Group operates three pay TV channels: SAT.1 emotions, ProSieben FUN and kabel eins CLASSICS. The Group also participates in the technical fees that cable network, satellite, and IPTV operators generate from the distribution of ProSiebenSat.1 HD stations. The ProSiebenSat.1 Group has thus established a business area with recurring revenues in the long term and further strengthened its independence from the economically sensitive advertising market. In 2013, the number of ProSiebenSat.1 HD subscribers rose by 51 % to 4.2 million.

- **Digital & Adjacent segment:** The Digital & Adjacent segment is the strongest growth driver of the ProSiebenSat.1 Group. It bundles the business units Digital Entertainment, Digital Commerce and Adjacent. The Group leverages the advertising power and reach of its TV stations to develop products from these areas into successful brands.

  Digital Entertainment: The ProSiebenSat.1 Group markets over 50 proprietary online and mobile platforms as well as offerings from third parties. With a market share of 48 % and around two billion video views in 2013, the Group is also Germany's leading seller of video content on the internet. In addition, the ProSiebenSat.1 Group operates Germany's biggest video-on-demand portal, maxdome. maxdome offers nearly 60,000 on-demand titles and achieved a market share of 36 % in 2013. In the last financial year, the Group also founded a multi-channel network (MCN), Studio71, with which the media group produces, aggregates and distributes web content. In 2013, Studio71 launched more than 100 channels and signed exclusive contracts with more than 30 internet stars. Around six months after it started, the MCN already reached 100 million video views in January 2014. In addition, AMPYA was launched in 2013, ProSiebenSat.1´s own music streaming service.

Digital Commerce: The ProSiebenSat.1 Group bundles its ventures activities in the Digital Commerce unit. The Group expands its e-commerce portfolio both through traditional investments in strategic majority interests and through its media-for-equity and media-for-revenue-share model. In doing so, the Group provides media services to promising start-up companies and receives a revenue and/or equity participation in return. In terms of traditional majority interests, the ProSiebenSat.1 Group mainly expanded its existing travel portfolio with several strategic acquisitions in 2013. The Group acquired majorities in the websites billiger-mietwagen.de, mydays.de and weg.de, among others. Therefore, ProSiebenSat.1 now covers the entire travel cycle, from booking a flight, accommodation and rental cars, events and local climate data. The Group plans to build up other thematic e-commerce portfolios in accordance with this model, for example, in fashion or home & living. ProSiebenSat.1 Group expanded its Digital Commerce portfolio to already over 40 holdings in the 2013 financial year.

Adjacent: The Adjacent unit predominantly contains the ProSiebenSat.1 Group's music and live entertainment activities. In 2013, the Group sold around 3.5 million records and marketed 60 % of the top 20 albums via its record label Starwatch Entertainment. The music activities were complemented by a proprietary ticketing platform and the event agency MMP, so that ProSiebenSat.1 now covers the entire value chain with its music business, from a record label to tickets, artist management and live events/concerts.

- **Content Production & Global Sales segment:** The Content Production & Global Sales segment covers the ProSiebenSat.1 Group's international program production and distribution business. The two units are bundled under the Red Arrow Entertainment Group. In 2013, Red Arrow produced more than 170 TV formats and sold them to more than 180 countries. 80 % of the production volume was attributable to external customers (2012: 69 %); 20 % of the productions were produced for ProSiebenSat.1 stations. In the years to come, the proportion of external production orders is likely to increase. The Red Arrow Entertainment Group is represented in nine countries with 14 production companies and maintains its own sales offices in Los Angeles and Hong Kong.

Red Arrow strengthened its network with new partnerships in the past financial year, including via a joint venture with the US producer and five-time Emmy-winner Mark Burnett. Red Arrow also significantly expanded its English-language fiction portfolio and launched promising productions: In 2014, Red Arrow will shoot films with international stars like Judi Dench and Dustin Hoffman. At the same time, the Red Arrow Entertainment Group expanded its production business for internet platform operators, gaining access to a growing order market: At the end of 2013, Red Arrow produced “Harry Bosch,” a crime pilot for the online retailer Amazon, and the third season of the hit series “Lilyhammer” for the US video-on-demand portal Netflix.

II. 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 broadcasting, digital entertainment, and commerce powerhouse.

Management System Based on Key Performance Indicators

The ProSiebenSat.1 Executive Board manages the Group with a number of financial and non-financial performance indicators. These key performance indicators (KPIs) are derived from the described strategic objectives 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 business operations. The defined financial performance indicators are oriented toward the overriding goal of increasing profitability and growth and to the interests and requirements of the ProSiebenSat.1 Group's equity providers and lenders.

- **Revenue and earnings management:** Revenues and recurring EBITDA are used for profitability management at Group and segment level and for the individual subsidiaries respectively. 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. Another parameter is the underlying net income — i.e. the consolidated profit for the period after non-controlling interests from continuing operations, before the effects of purchase price allocations and other special items. Related to the underlying net income the basic earnings per common share is calculated.

- **Financial planning:** Financial leverage (leverage ratio) is an important parameter used in financial planning 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.

The company operates in an industry environment characterized by a very 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.

Our management system has a clear focus on achieving financial targets. Alongside the financial key performance indicators mentioned above, non-financial parameters also serve the ongoing control of our customer, market and service-related achievement of targets. They contribute indirectly to achieving profitability and growth targets. An important parameter for TV that cannot be directly measured in financial terms is audience shares. They indicate the popularity of programs and are therefore an important means of documenting the operating performance of our free TV stations for the advertising industry. Deviations in current ratings from anticipated planning figures are assessed as part of early risk detection. Data on television consumption is collected exclusively by GfK Fernsehforschung in Germany on behalf of the Arbeitsgemeinschaft Fernsehforschung (AGF).

Overview of important key performance indicators	
Financial parameters	› Revenues › Recurring EBITDA › Underlying net income › Leverage ratio
Non-financial parameter	› Audience shares

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 of advertising companies' willingness to invest.

In addition to the formal process of corporate management, 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. Highperforming and motivated employees, guided by a common sense of mission, are the heart of our best practice organization. A key requirement for this is clear objectives for employees at all company levels (management by objectives).

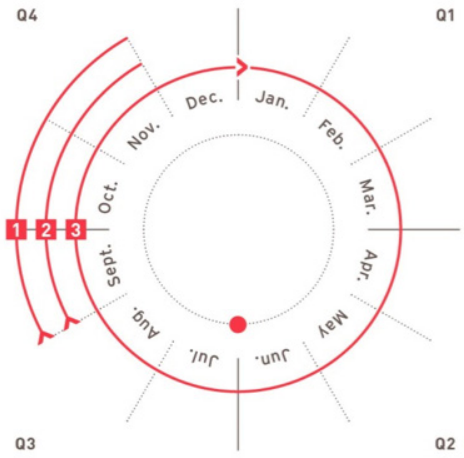
Integrated budgeting and planning system

The strategy is debated at an annual meeting and, if necessary, individual targets are redefined or prioritized. SWOT analyses are an important strategy development tool. To this end, market conditions and current performance indicators for relevant competitors are compared, threats and opportunities presented by the market are evaluated and the strengths of the ProSiebenSat.1 Group put into focus.

Taking the strategic targets as a starting point, the operating plan for the year (budget) is compiled at the end of each financial year. This is done on the basis of "mixed planning": The Executive Board decides the corporate strategy, and as a consequence the planning targets for the Group and its segments, centrally ("top-down"). The detailed planning, and in particular the determination of the measures for achieving the budgeted targets, is performed as a second step at the operational level ("bottom-up"). To this end, company-specific data from the income statements or statements of financial position and cash flow statements of individual subsidiaries are aggregated at segment and Group level. These data primarily relate to volumes and prices, human resources, program planning, costing, and capital budgeting. In turn, the budget forms the basis for the long-term multi-year planning. Key factors are quantified for the parameters described above, with the target values calculated on a quarterly basis for the next five years.

The anticipated short and long-term target attainment is analyzed throughout the year by means of monthly trend projections, so that any deviations from planning can be detected promptly and counter-measures can be implemented at short notice. The expected development of revenues, earnings and cash flows for the current year is calculated and compared to the budgeted figures on the basis of target attainment so far, i.e. actual figures. The individual steps of the planning process — budget preparation, multi-year planning, and monthly reporting — are shown in the planning calendar diagram below:

Planning calendar



1 **Budget (Operating plan for the year on a monthly basis)**	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 non-financial management indicators. 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. 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. In particular, any changes to the early warning risk indicators over time are analyzed here.
● **Strategy meeting**	Strategic objectives are determined in the strategy meeting.

III. 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 13, 2013.

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 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 2013 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 p**erformance-based variable annual compensation** in the form of an annual bonus. The terms of this annual bonus are essentially uniform among the contracts of the Executive Board members. The amount depends on the achievement of predefined performance targets, which arise on the basis of 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 that targets are missed, it is possible that there is no variable compensation at all.

- For Executive Board members, 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 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 common shares following the conversion of all non-voting preference shares of ProSiebenSat.1 Media AG into common shares, which took effect on August 16, 2013. Participants are issued with performance share units (PSUs), entitling them from the beginning of the year of grant to receive common shares after the expiry of a four-year holding period. The conversion factor by which the PSUs are exchanged for ProSiebenSat.1 common 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. If the share price when the conversion factor is defined exceeds the share price when the PSUs were issued by more than 200 %, the conversion factor is further reduced so that a price increase above the threshold of 200 % does not result in the value of the PSUs increasing further (price-related cap). 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 common 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 common 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. As of the end of December 31, 2013, all stock options from 2009 are therefore vested. The Company repurchased the stock options of the Long Term Incentive Plan from the 2008 and 2009 cycles still outstanding in 2013 from the corresponding Executive Board members.

- Further information on the Group Share Plan 2013 and the remaining stock options under the Long Term Incentive Plan can be found in the notes to the financial statements of ProSiebenSat.1 Media AG.

- **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 good cause, the Executive Board agreements 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.

- A post-contractual non-competition clause was agreed for all Executive Board members covering one year following the termination of the employment contract. If this is applied, the Executive Board members receive a monthly waiting allowance for the duration of the post-contractual non-competition clause amounting to half of the contractual benefits most recently received, for Dr. Wegner amounting to the contractual annual compensation most recently received (fixed compensation and annual bonus). Sections 74 ff. of the German Commercial Code also applies.

Compensation of Executive Board members for the 2013 financial year

The following total compensation was determined for the Executive Board members appointed by the Company as of the close of the 2013 financial year:

Compensation of Executive Board Members

EUR k

		Annual salary			Total	Expenses from share-based compensation in the financial year	Total	Pensions	
		Fixed base salary	Variable annual compensation	Fixed fringe benefits[2]				Current service cost[3]	Defined Benefit Obligation
Thomas Ebeling	**2013**	**1,000.0**	**1,550.0**	**9.5**	**2,559.5**	**733.8**	**3,293.3**	**185.1**	**874.4**
	2012	1,000.0	1,100.0	10.9	2,110.9	570.2	2,681.1	175.5	653.7
Conrad Albert	**2013**	**500.0**	**375.0**	**8.8**	**883.8**	**554.0**	**1,437.8**	**72.5**	**157.4**
	2012	500.0	383.4	8.8	892.2	377.1	1,269.3	66.2	79.4
Axel Salzmann	**2013**	**675.0**	**676.3**	**19.4**	**1,370.7**	**577.6**	**1,948.3**	**117.3**	**623.4**
	2012	675.0	488.8	19.2	1,183.0	435.9	1,618.9	109.4	473.6
Heidi Stopper	**2013**	**500.0**	**383.8**	**8.7**	**892.5**	**457.7**	**1,350.1**	**66.5**	**80.1**
	2012[1]	125.0	93.8	2.2	220.9	188.5	409.4	60.1	14.4
Dr. Christian Wegner	**2013**	**500.0**	**450.0**	**19.0**	**969.0**	**554.0**	**1,523.0**	**61.3**	**132.9**
	2012	500.0	383.4	17.4	900.8	377.1	1,277.9	54.8	65.8
Total	**2013**	**3,175.0**	**3,435.1**	**65.4**	**6,675.5**	**2,877.0**	**9,552.5**	**502.7**	**1,868.2**
	2012	2,800.0	2,449.4	58.5	5,307.9	1,948.8	7,256.6	466.0	1,286.9

1 Three-months basis: Member of the Executive Board since October 1, 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 acquired in the respective financial year. Not including entitlements from the individual's own payments (as of December 31, 2012 and December 31, 2013).

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 2013 financial year:

Development of stock options held by active members of the Executive Board in the 2013 financial year

		As of January 1		Exercised/repurchased in the financial year			As of 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	**2013**	**210,000**	**1.58 €**	**105,000**	**26.19 €**	**1.58 €**	**105,000**	**0.00 €[1]**	**0.00 €[1]**	**2.00**
	2012	315,000	1.58 €	105,000	19.35 €	1.58 €	210,000	1.58 €	1.58 €	3.00
Axel Salzmann	**2013**	**180,000**	**6.39 €**	**120,000**	**26.19 €**	**8.79 €**	**60,000**	**0.00 €[1]**	**0.00 €[1]**	**2.00**
	2012	240,000	5.19 €	60,000	19.35 €	1.58 €	180,000	6.39 €	1.58 € - 16.00 €	2.67

1 Strike price after application of the dilution protection clause due to the dividend payment on July 24, 2013 (previously: EUR 1.58)

Since the 2010 financial year, no stock options have been granted to members of the Executive Board.

The Company reacquired the 225,000 stock options of the Long Term Incentive Plan from the 2008 and 2009 cycles still outstanding in 2013 from the corresponding Executive Board members on the basis of a Supervisory Board resolution. The weighted average strike price was EUR 5.43 per option; the weighted average share price amounted to EUR 26.19 per option.

Other compensation components

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

Total compensation of former Executive Board members

In the 2013 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, 2013, pension provisions for former members of the Executive Board according to IFRS amounted to EUR 10.0 million (previous year: EUR 8.7 million).

In the 2013 financial year, 167,000 stock options were bought back or exercised by former members of the Executive Board. The weighted average strike price was EUR 11.25 per option; the weighted average exercise price amounted to EUR 26.08 per option.

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

Compensation of Andreas Bartl, who left the Executive Board in 2012, for the 2012 financial year

EUR k

		Annual salary			Total	Expenses from share-based compensation in the financial year	Pensions	
		Fixed base salary	Variable annual compensation	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

1 Andreas Bartl was appointed to the Executive Board as of February 29, 2012. His contract of employment ended as of December 31, 2012. The compensation shown relates to the entire 2012 financial year.

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, 2012).

Pension provisions

In the 2013 financial year, there were additions to pension provisions for active and former Executive Board members in line with IFRS totaling EUR 3.1 million (previous year: EUR 2.9 million). EUR 1.7 million of this related to service cost (previous year: EUR 1.4 million), EUR 0.5 million to interest expenses (previous year: EUR 0.5 million) and EUR 0.9 million to actuarial losses (previous year: EUR 1.0 million). As of December 31, 2013, pension provisions for active and former Executive Board members totaled EUR 15.5 million (previous year: EUR 12.8 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 per meeting attended for ordinary members of the Audit and Finance Committee, and EUR 1,500 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 2013 financial year

Supervisory Board members received the following compensation for the 2013 financial year:

Compensation of Supervisory Board members for the 2013 financial year

EUR k

		Fixed base compensation	Meeting honoraria Presiding Committee	Meeting honoraria Audit and Finance Committee	Meeting honoraria Compensation Committee	Total
Götz Mäuser[1]	**2013**	**78.0**	**6.0**	**15.0**	**6.0**	**105.0**
	2012	100.0	3.0	15.0	15.0	133.0
Johannes Peter Huth[2]	**2013**	**100.0**	**4.5**	**12.0**	**9.0**	**125.5**
	2012	100.0	-	12.0	6.0	118.0
Drs. Fred Th. J. Arp[3]	**2013**	**37.5**	**-**	**-**	**4.5**	**42.0**
	2012	31.3	-	-	3.0	34.3
Robin Bell-Jones[4]	**2013**	**-**	**-**	**-**	**-**	**-**
	2012	25.0	-	9.0	-	34.0
Herman M.P. van Campenhout[5]	**2013**	**-**	**-**	**-**	**-**	**-**
	2012	25.0	-	-	3.0	28.0
Gregory Dyke[6]	**2013**	**12.5**	**-**	**-**	**1.5**	**14.0**
	2012	50.0	-	-	4.5	54.5
Stefan Dziarski	**2013**	**50.0**	**3.0**	**15.0**	**-**	**68.0**
	2012	31.3	1.5	6.0	-	38.8
Philip Freise	**2013**	**50.0**	**3.0**	**15.0**	**-**	**68.0**
	2012	50.0	1.5	15.0	-	66.5
Lord Clive Hollick	**2013**	**50.0**	**-**	**-**	**-**	**50.0**
	2012	50.0	1.5	-	-	51.5
Dr. Jörg Rockenhäuser[7]	**2013**	**71.9**	**3.0**	**-**	**3.0**	**77.9**
	2012	50.0	1.5	-	-	51.5
Prof. Dr. Harald Wiedmann	**2013**	**50.0**	**-**	**30.0**	**-**	**80.0**
	2012	50.0	-	30.0	-	80.0
Summe	**2013**	**499.9**	**19.5**	**87.0**	**24.0**	**630.4**
	2012	562.6	9.0	87.0	31.5	690.1

1 Chairman of the Supervisory Board until July 23, 2013
2 Vice Chairman of the Supervisory Board until July 23, 2013, Chairman of the Supervisory Board from July 23, 2013
3 Member of the Supervisory Board until October 13, 2013
4 Member of the Supervisory Board until May 15, 2012
5 Member of the Supervisory Board until May 15, 2012
6 Member of the Supervisory Board until May 11, 2013
7 Vice Chairman of the Supervisory Board since July 23, 2013

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 2013 financial year. Members of the Supervisory Board do not receive loans from the Company.

IV. Basic Legal Principles

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.

- **Takeover-related disclosures in accordance with Sections 289 (4) of the German Commercial Code (HGB) and their explanations under Section124 (a) Sentence 1 No. 3 and 176 (1) Sentence 1 of the German Stock Corporation Act (AktG):** The registered common shares (with no par value) of ProSiebenSat.1 Media AG are traded at the stock exchange in Frankfurt am Main with simultaneous admission to the sub-segment with post admission obligations (Prime Standard) of the Frankfurt Stock Exchange and in the regulated market at the stock exchange in Luxembourg (Bourse de Luxembourg). As a publicly traded company whose voting shares are listed in an organized market within the meaning of Section 2 (7) of the German Securities Acquisitions and Takeover Act (WpÜG), ProSiebenSat.1 Media AG is obliged to record the information stipulated in Sections 289 (4) HGB in the management report.

- **Report on relations with affiliated companies and closing statement by the Executive Board under Section 312 (3) AktG:** In compliance with Section 312 AktG, the Executive Board of ProSiebenSat.1 Media AG has prepared a report on relations with affiliated companies, which contains the following closing statement: “For every legal transaction carried out in the reporting period between ProSiebenSat.1 Media AG and Lavena 1 S.à.r.l. and its affiliated companies, ProSiebenSat.1 Media AG agreed appropriate compensation in accordance with Section 312 AktG and received performance in return for such compensation in sofar as performance was due in the year under review.”

- **Management Declaration according to Section 289a HGB 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 HGB 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.

- **Description of the key features of the internal control and risk management system in regard to the reporting process pursuant to Section 289 (5) HGB:** The Risk Report includes information about the internal controlling and risk management system — according to Section 289 (5) HGB — in regard to the (consolidated) reporting process.

V. Basic Principles of Media Policy

Broadcasting System and Regulatory Conditions

The German TV market is distinguished by a dual broadcasting system. Alongside well-funded public broadcasting, which operates 21 TV stations and around 70 radio stations with a budget of EUR 8.6 billion, there are also private broadcasters. The latter finance more than 280 TV stations and nearly 260 radio stations with EUR 7.1 billion (2012). The private television market is dominated by two families of stations: The ProSiebenSat.1 Group, the market leader in the German TV advertising market, and the RTL Group. While the private providers operate as independent commercial enterprises, funding of public broadcasting is guaranteed by law and its mandate for basic broadcasting is ensured by the license fee. In addition to this income, the public broadcasters also generate revenues via advertising. Income from license fees has further increased in recent years. In 2012, the monthly fee was EUR 17.98 per TV. In 2000, it was DM 28.25 or EUR 14.44. In view of this, the funding of the dual system has become unbalanced, even though the revenues of the private commercial broadcasters have returned to the level of 2000 after years of recession in the industry.

After the changeover to a new license fee model in January 2013, revenues from fees are likely to rise slightly again in the years to come. Faced with the increasing convergence of devices capable of receiving broadcasts, the former device-based fee was replaced by a new model. The fee is now raised per household — regardless of ownership, type, or number of devices. Due to the expected greater number of fee-paying households, the study "German Entertainment and Media Outlook: 2013-2017" by PricewaterhouseCoopers (PwC) forecasts that fee income will increase by around 0.3 % in 2013.

Another legal change came into force in 2013 with a sponsorship ban in public television after 8 p.m. and on Sundays and public holidays. The change in the law is in line with private broadcasting companies' demand that public broadcasters stop being funded by advertising. In no European country do the public broadcasters have similarly high budgets to those in Germany. However, market analyses show that the broadcasting agencies are reaching ever fewer young people with their main channels, ARD and ZDF. In order to counteract this trend, the public broadcasters are expanding with specialist digital channels and online offerings. Their plans include a new youth station that will be complemented by online offerings. The expansion plans are being critically discussed by politics and society, as they exceed the originally public mandate to provide basic services. Fees are now used to finance — in addition to the main stations — three public news channels, four culture channels and an entertainment and service channel. Politicians are therefore calling for a restriction to the public broadcasters' digital and online offerings. In 2014, a working group of the federal states will submit a report on potential savings at the public broadcasters. This report will form a basis for a discussion about the public broadcasters' functional mandate.

The increasing market penetration of convergent devices such as tablets and smartphones means that television is increasingly consumed via the internet and competes with new media services. Besides, more and more international rivals are entering the German media market. However, US internet companies like Google and Facebook are not subject to the same regulations, for example, in relation to copyright law that applies to German companies or legal requirements for the protection of young people. At the same time, television is more strictly regulated in Germany compared to other types of media and is subject to numerous quantitative and qualitative restrictions. For example, time for German TV advertising is restricted to a maximum of twelve minutes per hour, while opportunities to place advertising in certain programs are limited. Moreover, private broadcasting is regulated by media concentration legislation and programming restrictions. To ensure plurality of opinion, 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.

Against this backdrop, ProSiebenSat.1 believes that new media structures are required that create equal regulation criteria on the German market, ensure fair competition for all providers of audiovisual content and take account of the digitalization. The ProSiebenSat.1 Group therefore participates actively in various political discussions such as the "Media Policy Round Table" in Bavaria and the "Media Dialog" in Hamburg. The objective of these initiatives by representatives of internet and media policy in state and federal governments, leading German media and internet companies, and the public broadcasters is to analyze the problem together and formulate recommendations for a redesign of media structures. The communication will continue in 2014 in the working group of the federal government and states, which was arranged in the coalition agreement.

Distribution of TV Programs and Technological Conditions

The number of TV households continues to grow, while increasing numbers of consumers in Germany are receiving their television signals via satellite and IPTV. In 2012, the number of households receiving TV programs via satellite rose to 17.6 million and was thus higher than the number of cable-TV households for the first time. An important driver of this shift is the increasing popularity of high-definition (HD) television. This is the finding of the German Entertainment and Media Outlook: 2013-2017 study by PricewaterhouseCoopers (PwC). At the same time, growing numbers of people are willing to pay for attractive content. For example, the number of paying HD customers move to above a million for the first time in 2013, growth of 134 % year on year. In the second quarter of 2013, it was nearly 1.2 million.

Development of Media Usage

Media consumption has grown steadily in recent years. People in Germany use media and media transmission channels for 594 minutes, i.e. nearly 10 hours, every day. Although a large number of media offerings are available to them, for years they have consistently spent around three quarters of their media-consumption time with three media types: TV, radio, and the internet. While radio use has declined considerably in recent years, television is maintaining its high level. Germans devote more than a third of their daily media time (205 minutes) to television. Private stations reach the most viewers with a market share of nearly 70 %. The internet — main driver of the increasing overall consumption time — is used for 115 minutes a day. Newspapers and magazines have been declining continuously for years and have now fallen to 28 minutes. In 2002, it was 41 minutes.

For most users today, digital media are a fixed part of their daily life. In nearly every household, one or more second-screen devices can already be found alongside the television, with a growing pervasion of tablets and smartphones in particular. The increase of internet consumption — according to the ARD/ZDF Online Study 2013 — has not yet resulted in major shifts in media usage time. However, the growing significance of the internet as a separate mass medium is making lasting changes to consumption behavior: Different media are frequently used in parallel. Among the young in particular, the simultaneous use of TV and the internet is already very widespread. At the same time, demand for multimedia offerings from a single source is increasing. TV sets that can connect to the internet, known as smart TVs, now make up the majority of new TV sets sold.

TV remains Germany's most popular medium. For advertisers, television is not only very attractive for its reach and use time, but also for its high advertising impact. Investments in TV advertising are essential for the success of a brand and pay off equally in the short and long term. SevenOne Media demonstrated this in a joint study with GfK Fernsehforschung and the GfK Verein. The study evaluated the effects of TV advertising on all purchases in 30,000 German households over a whole year.

VI. Report on Economic Position

ProSiebenSat.1 Media AG bundles all central administrative services for the Group. For this reason, the key factors impacting the Group also apply to the AG. Thus all further explanations are given at Group level.

In 2013, the ProSiebenSat.1 Group benefited from the generally positive economic climate and increased its revenue and earnings figures to a record level. Especially in the Digital & Adjacent segment, the Company achieved important interim goals on its way to becoming a broadcasting, digital entertainment and commerce powerhouse. With the successful launch of new television stations, the Group simultaneously expanded its customer base and asserted its lead in the TV advertising market.

Business and Industry Environment

Economic Environment

According to the International Monetary Fund (IMF), real economic growth in 2013 was 3.0 % (previous year: 3.1 %). After a moderate start, growth slowly sped up over the course of the year. Supported by a strongly expansionary monetary policy, industrialized nations like the USA in particular increased their gross domestic product. In contrast, important emerging countries fell short of the dynamic growth of the previous years.

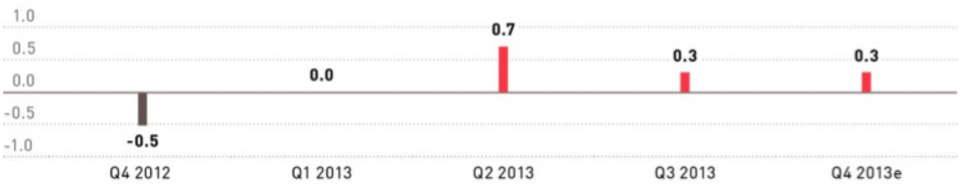
In the euro zone, economic development in the past year continued to be negatively affected by consolidation measures in national budgets, accompanying structural reforms and high unemployment. In the fourth quarter, a slight upturn of 0.2 % is expected after a somewhat weaker previous quarter (-0.1 % vs. previous quarter). Although the outlook brightened toward the end of the year, the IMF estimates that the euro zone's economic output shrank by 0.4 % in 2013 (previous year: -0.7 %). Some European countries are still in recession.

According to the latest calculations of the Federal Office of Statistics (Destatis), the German economy grew by 0.4 % in 2013, which is somewhat more moderate than in the previous year (+0.7 %). After a weak start to the year, in the second quarter economic growth, however, increased considerably by 0.7 % compared to the previous quarter. The upward trend continued in the second half of the year.

Private consumption (+0.9 %) had the greatest positive effect on economic performance alongside stable labor market data, growing household incomes and moderate inflation. This was counteracted by a less dynamic development of exports in Germany (net exports: -0.3 percentage points), triggered by the ongoing crisis among major European trading partners and lower growth in emerging economies.

Development of gross domestic product in Germany

In percent, change vs. previous quarter



Price, season and calendar adjusted; source: Destatis (Q4 2012 - Q3 2013), Ifo Institute (Q4 2013e); e = estimate

Development of the TV and Online Advertising Market

According to Nielsen Media Research, gross investments in TV advertising in Germany increased by 6.9 % to EUR 12.12 billion in 2013 (previous year: EUR 11.34 billion). After an unusually strong third quarter (+9.7 % vs. the previous year), the German TV advertising market continued to grow dynamically in the final quarter of 2013. Compared to the previous year, gross investments grew by 9.4 % in the fourth quarter, rising to EUR 4.04 billion (previous year: EUR 3.69 billion). In this positive market environment, the ProSiebenSat.1 advertising sales house SevenOne Media again increased its gross TV advertising revenues significantly: In the year as a whole, gross revenues increased by 8.9 % to EUR 5.28 billion (previous year: EUR 4.85 billion) and thereby above market level. Due to the strong growth in gross advertising revenues, SevenOne Media extended its lead over other sales companies by 0.8 percentage points to a record level of 43.6 % in 2013 (previous year: 42.8 %). In the same period, the competitor IP Deutschland lost 0.4 percentage points and achieved a market share of 34.2 % (previous year: 34.7 %).

In 2013, the continuous growth of the gross TV advertising market was particularly attributable to higher a level of bookings from customers from the health and pharmaceutical, telecommunications, and business services industries. Nine of the top ten industries increased their gross TV advertising expenditure, four of which in double-digit percentage range. At the same time, the relevance of TV as an advertising medium continued to grow. In 2013, television gained 1.7 percentage points to 45.0 % in the media mix on a gross basis. Online media's share increased by 0.2 percentage points to 11.1 %. The main loser was print media, which dropped 2.3 percentage points in the same period and reached a gross market share of 32.2 %.

The TV advertising markets in Austria and Switzerland developed in a mixed fashion in 2013. In Austria, ProSiebenSat.1 increased its gross advertising market share considerably to 34.8 % (previous year: 31.5 %).

The advertising market of in-stream video ads (i.e. all video advertising shown before, during, or after a video stream), which is particularily important for ProSiebenSat.1, continued to grow in 2013. The market grew by 45.4 % to a volume of EUR 308.7 million (previous year: EUR 212.3 million). By selling in-stream video ads, SevenOne Media generated gross revenues of EUR 146.7 million after EUR 104.1 million in the previous year. With a market share of 47.5 % (IP Deutschland: 32.5 %), SevenOne Media asserted its market leadership. In 2013, gross revenues of EUR 3.00 billion (previous year: EUR 2.86 billion) were generated in the German online advertising market, which also includes traditional banners and buttons. This reflects an increase of 4.8 %.

Development of the Audience Market

The ProSiebenSat.1 Group continued to expand its audience share in 2013. The six free TV stations ProSieben, SAT.1, kabel eins, sixx, SAT.1 Gold and ProSieben MAXX achieved a combined market share of 28.1 % among viewers aged between 14 and 49 (previous year: 27.8 %). This means the station group has once again achieved its goal of being the leader in the German TV market. The RTL Group’s stations (RTL, VOX, SUPER RTL, RTL Nitro, n-tv) closed 2013 with a market share of 26.1 % and were thus 1.2 percentage points down on the previous year (2012: 27.3 %).

The ProSieben station generated a market share of 11.4 % of viewers aged 14 to 49 in 2013 (previous year: 11.3 %). In the relevant target group of 14 to 39 year olds, ProSieben is market leader again with an audience share of 16.0 % (previous year: 15.7 %), achieving its highest share for 15 years. Ratings highlights included the US series “Under the Dome” (up to 23.7 %, 14 – 49 year olds) and the Hollywood blockbuster “Die Tribute von Panem – The Hunger Games” (35.7 %, 14 – 49 year olds).

SAT.1 closed 2013 with an audience share of 9.4 % among 14 to 49 year olds (previous year: 9.9 %). In the second half of 2013, SAT.1 developed positively and increased its market share by 0.2 percentage points to 9.5 %. The station’s growth trend in the second half of the year was primarily due to the successful optimization of the afternoon (1 p.m. to 5 p.m.) with new shows like “Im Namen der Gerechtigkeit” (up to 15.7 %, 14 – 49 year olds) and “Anwälte im Einsatz” (up to 16.5 %, 14 – 49 year olds). In the fourth quarter of 2013, the afternoon market share increased to 10.9 % and was thus 1.5 percentage points higher than in the same quarter of the previous year. Prime time performance was just as good: With “The Voice Kids” (average of 19.8 %, 14-49 year olds) and “Got to Dance” (average of 15.1 %, 14 – 49 year olds), SAT.1 established two new hit shows on German television. In its relevant target group (14 – 59 year olds), the station achieved a market share of 9.5 % in 2013 after 10.1 % in the previous year. In the months to come, SAT.1 will focus on developing new formats for the early evening (5 p.m. to 8.15 p.m.). This time slot is particularly relevant for the overall daily market share due to the prime time period that starts straight afterwards.

In 2013, kabel eins achieved a stable audience share of 5.6 % among viewers aged between 14 and 49 (previous year: 5.6 %). Particularly popular formats were “Rosins Restaurants” (up to 10.0 %, 14 – 49 year olds) and the “ran UEFA Europa League” (up to 12.4 %, 14 – 49 year olds). The two women’s stations, sixx and SAT.1 Gold, performed extremely well in 2013: sixx crossed the one-percent threshold with an annual market share of 1.2 % in the target group of 14 to 49 year olds (previous year: 1.0 %). In the relevant target group of women aged between 14 and 39, sixx grew by 0.6 percentage points to 2.1 % (previous year: 1.6 %). Ratings highlights were the baking show “Sweet & Easy – Enie backt” (up to 2.9 %, 14 – 49 year olds) and the US hit series “Hart of Dixie” (up to 4.1 %, 14 – 49 year olds) and “Vampire Diaries” (up to 4.5 %, 14 – 49 year olds). SAT.1 Gold closed its first year of broadcasting with 0.4 % (14 – 49 year olds) and 0.5 % in the relevant target group (women aged 40 – 64). SAT.1 Gold launched in January and continually increased its market shares over the course of the year. Viewers’ favorites included the telenovela “Verliebt in Berlin” (up to 2.0 %, 14 – 49 year olds) and the magazine “ServiceAKTE” (up to 1.0 %, 14 – 49 year olds).

On September 3, 2013, the new free TV station ProSieben MAXX launched successfully. In its first four months, the station achieved an average market share of 0.6 % both among 14 to 49 year olds and in its relevant target group (men aged 30 – 59). Ratings highlights were blockbuster movies like “Cowboys & Aliens” (3.2 %, 14 – 49 year olds) and “Captain America: The First Avenger” (2.8 %, 14 – 49 year olds). In 2013, the ProSiebenSat.1 Group continued to expand its complementary station portfolio with ProSieben MAXX and SAT.1 Gold, gaining access to new target groups in the audience and TV advertising market.

The Austrian station group ProSiebenSat.1 PULS 4 with SAT.1 Österreich, ProSieben Austria, kabel eins austria, sixx Austria and PULS 4 increased its group market share by 0.3 percentage points to 21.2 % in 2013 (previous year: 20.9 %). The station family thus remains no. 1 in the private TV market. Particularly PULS 4 grew in comparison with the same period of the previous year (+0.3 percentage points) and achieved an annual market share of 4.0 % among 12 to 49 year olds. Among viewers over 12, PULS 4 asserted itself as the most successful private Austrian station. The ratings highlights included the UEFA Champions League semi-final (FC Bayern Munich vs. FC Barcelona) with an average market share of 33.6 % among 12 to 49 year olds. The women's station sixx also performed very well in Austria: Year on year, sixx Austria gained 0.6 percentage points among 12 to 49 year olds, reaching 1.1 % (previous year: 0.5 %).

The Swiss station group, comprising the stations SAT.1 Schweiz, ProSieben Schweiz, kabel eins Schweiz, and sixx Schweiz, achieved a market share of 17.6 % in 2013. The styling show "FACES Studio" (average of 6.2 %, 15 – 49 year olds) and the cooking show "Flavorites" (average of 4.9 %, 15 – 49 year olds) on ProSieben Schweiz were particularly popular. sixx Schweiz went on air in January 2013 and achieved an average market share of 0.9 % among 15 to 49 year olds over the year.

Development of User Numbers

ProSiebenSat.1 Networld is one of the leading online networks in Germany. The portfolio includes strong brands like the websites of the TV stations, games portals and the Internet platform MyVideo. With a monthly average of 28.0 million unique users, SevenOne Media, the ProSiebenSat.1 Group's online sales company in Germany, is one of the sales companies with the highest reach. On the basis of the data collected by the Arbeitsgemeinschaft Online-Forschung (AGOF), SevenOne Media is ahead of its direct competitor IP Deutschland (26.8 million unique users). MyVideo, the first web TV station in Germany, remains the market leader among online video platforms for premium content and is number two in the market in terms of unique users. In 2013, MyVideo registered around seven million active users a month. Video views of premium content rose by more than 15 % year-on-year. The Group operates Germany's biggest video-on-demand portal, maxdome. Since September 2013, the Group has also offered its online video library in Austria, providing users with around 60,000 titles. maxdome increased its numbers of monthly subscribers and video views by more than 50 % in 2013.

ProSiebenSat.1 does not report on the basis of order volumes. Free TV financed by advertising is our core business. 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. In the Content Production & Global Sales segment, the development and production of programming content as well as the worldwide distribution through new or recommissioning is made, as it is customary in the industry, in the short term and continuously throughout the year. Therefore, ProSiebenSat.1 does not report on the basis of order volumes.

VII. Business Performance in 2013

Overall Assessment of the Business Performance — Management View

We closed 2013 with new record figures, at the same time achieving crucial interim targets in our growth plan. The German economy grew moderately in 2013. Against this backdrop, advertising investments in Germany developed positively. The ProSiebenSat.1 Group benefited from this and again grew more strongly than its competitors in the market for TV advertising. At the same time, the company made decisive progress on the way to becoming an integrated broadcasting, digital entertainment and commerce powerhouse by expanding its digital business. The sale of the international holdings in Northern and Eastern Europe was likewise an important interim goal in the attainment of our strategic targets. The integration of our high-reach TV stations in the German-speaking region with the dynamically growing digital services offers us the greatest revenue and synergy potential in the long term. This is the basis of our profitable and sustainable value creation. This also had a positive impact on the operating profits of ProSiebenSat.1 Media AG's subsidiaries, which were transferred to the former via control and profit transfer agreements.

Significant events in 2013

In April 2013, the process of selling the Northern European activities begun in 2012 was completed and the purchase price of EUR 1.3 billion was received. As the sellers were mainly subsidiaries of ProSiebenSat.1 Media AG based in the Netherlands, these transactions gave rise to corresponding intragroup liabilities to the sellers at ProSiebenSat.1 Media AG. The actual selling transaction had no impact on ProSiebenSat.1 Media AG's income statement for the reporting year.

The ProSiebenSat.1 Media AG Annual General Meeting on July 23, 2013, resolved to convert all preference shares into common shares and to remove the restrictions on the transferability of the common shares. In addition, it was resolved to admit both the new common shares resulting from the conversion and the existing common shares for trading on the Regulated Market of the Frankfurt Stock Exchange with simultaneous authorization for trading in the Prime Standard segment, where additional post-listing requirements apply. Since August 19, 2013, the new common shares have been traded under the new security identification number WKN PSM777 and ISIN DE000PSM7770 on the Frankfurt Stock Exchange and on the Luxembourg Stock Exchange respectively under the stock symbol PSM. Furthermore, under a resolution adopted at the Annual General Meeting on July 23, 2013, a dividend of EUR 1,201,354 thousand was paid out to shareholders, out of ProSiebenSat.1 Media AG's distributable profit of EUR 2,679,913 thousand. This figure equated to a distribution of EUR 5.65 per share of preferred stock and EUR 5.63 per share of common stock.

In addition, the debt structure of ProSiebenSat.1 Media AG was optimized further in fiscal 2013. The revolving credit facility was repaid in full over the course of the reporting year and the facility amount of EUR 600.0 million was extended to July 3, 2018. The medium-term term loans were reduced by EUR 196.3 million to EUR 1,859.7 million and also extended to July 3, 2018.

Earnings

Revenues at ProSiebenSat.1 Media AG increased in fiscal 2013 by EUR 5.7 million or 23.4 % to EUR 30.0 million. The year-on-year revenues upturn resulted primarily from higher revenues from the sale of ancillary programming rights.

Other operating income declined by EUR 24.9 million year on year to EUR 100.0 million in 2013. In 2012, income of EUR 22.8 million was realized from the reversal of a provision recognized in 2011 for expected losses for negative market values of interest rate swaps. There was no comparable non-recurring item in fiscal 2013. The decrease in income from currency translation of EUR 8.8 million was nearly offset by higher reversals of other provisions of EUR 5.2 million in fiscal 2013.

Operating expenses amounted to EUR 246.8 million (previous year: EUR 260.9 million). Programming and material expenses (+ EUR 5.5 million) and personnel costs (+ EUR 7.0 million) rose in fiscal 2013 due to increased business volume and higher employee numbers. In the other operating expenses totaling EUR 132.7 million (previous year: EUR 157.5 million), the significant reduction in the reporting year was mainly due to a cartel penalty of EUR 27.7 million included in the previous year.

The financial result increased to EUR 596.4 million in fiscal 2013 (previous year: EUR 125.5 million). The increase of the financial result is attributable to several factors:

- **Investment income,** income from profit transfer agreements netted against expenses from loss absorption, increased by EUR 499.5 million to EUR 701.8 million. In total, income from profit transfer agreements increased by EUR 105.6 million to EUR 788.7 million in fiscal 2013 as a result of the positive business performance of the German subsidiaries. Expenses from loss absorption fell significantly and amounted to EUR 86.8 million (previous year: EUR 480.8 million). This was due to the losses absorbed in the previous year from P7S1 Erste SBS Holding GmbH and P7S1 Zweite SBS Holding GmbH, which resulted from the impairment on their investments in P7S1 Broadcasting S.à.r.l. as of December 31, 2012.

- **The interest result,** interest income netted against interest expenses, worsened by EUR 28.6 million to minus EUR 105.4 million in fiscal 2013. While interest expenses remained nearly constant with an increase of EUR 3.0 million to EUR 134.5 million, interest income from affiliated companies fell by EUR 29.1 million to EUR 23.7 million in fiscal 2013. This was due to the steep decline in receivables from Dutch holding companies following the closing of the sale of the Northern European TV and radio activities in April 2013 and the resulting receipt of the purchase price at ProSiebenSat.1 Media AG.

Against this backdrop, income from ordinary activities saw a considerable increase totaling EUR 465.8 million to EUR 479.6 million. After deducting income taxes of EUR 117.3 million (previous year: EUR 135.4 million) and other taxes, ProSiebenSat.1 Media AG reports net income for fiscal 2013 of EUR 362.2 million (previous year: net loss of EUR 121.8 million).

Group financial position and performance

Principles and objectives of financial management

Risk control and centralized management are key principles of the 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.

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.

- 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 exclusively used for hedging purposes.

- 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

Syndicated facilities agreement

As of December 31, 2013, loan liabilities at ProSiebenSat.1 Media AG totaled EUR 1,859.7 million (previous year: EUR 2,286.7 million).

A major component of the loan liabilities are term loans amounting to EUR 1,859.7 million (previous year: EUR 2,056.0 million). As of the reporting date, this refers to a newly arranged Term Loan D, whose maturity was extended in fiscal 2013 to July 3, 2018. As of December 31, 2012, the loan liabilities comprised the old Term Loan D of EUR 1,799.8 million with a term to July 2016, Term Loan B of EUR 47.7 million with a term to July 2014 and Term Loan C of EUR 208.5 million with a term to July 2015. Overall the term loans decreased by EUR 196.3 million in fiscal 2013.

In addition, the secured syndicated facilities agreement of ProSiebenSat.1 Media AG include a revolving credit facility (RCF), which was extended to July 3, 2018, with a facility amount of EUR 600.0 million in fiscal 2013. This can be drawn on in varying amounts in various currencies for general corporate purposes. These include cash borrowings for necessary capital expenditure as well as bank guarantees for advance payments and warranties. As of December 31, 2013, the credit facility had been drawn at an amount of EUR 0.0 million (previous year: EUR 230.6 million). As of the reporting date, the credit line had been used via guarantees amounting to EUR 0.0 million (previous year: EUR 0.0 million). The loan liabilities are offset by cash funds of EUR 336.0 million (previous year: EUR 649.8 million).

Risks from the change of variable interest rates are hedged on the basis of derivative financial transactions in the form of interest swaps. The hedge ratio at the level of ProSiebenSat.1 Media AG was 86 % (previous year: 78 %).

The average (fixed) swap interest rate amounted to roughly 3.9 % (previous year: 3.9 %).

The term loan 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.

Group-wide corporate financing

The ProSiebenSat.1 Group entered into the loans with an original facilities amount of EUR 4.2 billion in the course of the acquisition of the SBS Broadcasting Group in 2007. In 2011, the ProSiebenSat.1 Group prepaid loans amounting to EUR 1.2 billion with the proceeds from the disposal of the Belgian and Dutch activities and agreed an extension of maturities in the amount of EUR 2.1 billion until July 2016 for the majority of the remaining loans (EUR 2.4 billion). In May 2013, the Group agreed with its lenders various amendments to the syndicated facilities agreement in connection with the prepayment totaling EUR 500.0 million (Term Loan B repaid, Term Loans C and D repaid and/or extended) and the maturity extension for EUR 1.860 billion (Term Loan D) until July 2018. The amendments provide the Group with more flexibility in its operating business and for future financing. The revolving credit facility (RCF) was extended in November 2013 and has a volume of EUR 600.0 million maturing in 2018. The RCF replaces the two previous revolving credit facilities (RCF 1 and RCF 2).

The syndicated facilities agreement for Term Loan D and the revolving credit facility (RCF) 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 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.

Leasing

ProSiebenSat.1 AG has concluded rental contracts for property it uses at the Unterföhring site, which were classified as operating leases. These contracts are not due to expire before 2019.

Off-balance-sheet financing instruments

The ProSiebenSat.1 Group had no material off-balance-sheet financing instruments during the reporting year.

Liquidity and cashflow

Cash is managed centrally. Throughout the Group most of the cash flows go through the cash pooling system with ProSiebenSat.1 Media AG as holding company.

ProSiebenSat.1 Media AG acts as buying agent for the programming assets on behalf of the Group companies, particularly the German stations. In 2013, EUR 415.7 million cash (previous year: EUR 392.0 million) went into investments in programming assets. As of December 31, 2012, the total future financial obligations from program buying agreements which had been already concluded totaled EUR 2,008.1 million (previous year: EUR 1,742.1 million).

In the reporting year, cash outflows for investments in property, plant and equipment at the level of ProSiebenSat.1 Media AG totaled EUR 14.1 million (previous year: EUR 10.2 million).

The following presentation of the cash flow relates to the entire ProSiebenSat.1 Group, as this impacts the liquidity of ProSiebenSat.1 Media AG to a large degree. "Discontinued operations" refers to cash flows of the discontinued entities in Northern and Eastern Europe.

Cash flow from operating activities

In the 2013 financial year, operating cash flow from the ProSiebenSat.1 Group's continuing operations was EUR 1.348 billion after EUR 1.202 billion in the previous year and equates to growth of 12.2 %. This was due to higher consolidated net profit, which had a positive effect on cash flow from operating activities. In addition to the good earnings performance, the lower interest payments and the positive changes in working capital were crucial for the increase. The decrease in interest payments to EUR 137.0 million (previous year: EUR 160.0 million) is attributable to the reduction of loans and borrowings in the second quarter in connection with the sale of the Northern European activities and lower interest rates overall. The change in working capital amounted to minus EUR 14.8 million (previous year: minus EUR 32.8 million). Higher tax payments of EUR 135.6 million counteracted this positive development slightly (previous year: EUR 129.1 million).

Cash flow from investing activities

Investing activities of continued operations resulted in outflows of EUR 1.018 billion, an increase of 7.7 % or EUR 72.4 million compared to 2012. The core area of investing activities within the ProSiebenSat.1 Group is the acquisition of programming rights. The Group secures attractive programs through three different channels: by purchasing licensed formats, through commissioned productions and through in-house formats that are based on the development and implementation of own ideas. In contrast to commissioned productions, in-house formats 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 in-house productions sharpen the station profile and contribute to improving Group-wide cost efficiency and using synergies effectively. For this reason, the expansion of the Red Arrow Entertainment Group, which after acquisitions in the USA and the UK in particular in recent years is now focusing more on organic growth in the core markets, is an important step. In the reporting period, cash outflow for the acquisition of programming rights amounted to EUR 860.2 million, up 2.0 % or EUR 16.9 million (previous year: EUR 843.3 million). Programming investments were made predominantly for the acquisition of licensed programming and were almost exclusively attributable to the Broadcasting German-speaking segment at EUR 857.5 million or 99.7 % (previous year: EUR 842.7 million or 99.9 %.

In addition, in the 2013 financial year, ProSiebenSat.1 made investments of EUR 61.8 million in intangible assets (+3.3 % year-on-year) and EUR 32.0 million in property, plant and equipment (+12.1 % year-on-year). With a share of at 59.2 %, the majority of investments in intangible assets were made in the Digital & Adjacent segment (previous year: 65.7 %). They mainly went into the acquisition of marketing licenses in the context of mandate business, software, and IT, and online games licenses. With a share of 88.6 %, investments made in property, plant and equipment predominantly were in the Broadcasting German-speaking segment (previous year: 91.1 %). They mainly related to improvements to the building structure at ProSiebenSat.1 Media AG and the extension of the playout center.

Free cash flow

Free cash flow as the surplus cash generated is a key figure for assessing the financial strength of the ProSiebenSat.1 Group. In the 2013 financial year, on the basis of continuing operations this figure increased by 28.8 % to EUR 330.1 million (previous year: EUR 256.3 million). The increase reflects the significant rise in cash inflow from operating activities.

Cash flow from financing activities

In the last financial year, cash outflow from financing activities was EUR 1.953 billion after EUR 30.9 million in the previous year. The high cash outflow was due to the payment of the dividend for the 2012 financial year amounting to EUR 1.201 billion in July 2013. In addition, the partial prepayment of the syndicated term loan of EUR 500.0 million in the second quarter of 2013 in connection with the disposal of the Northern European activities had a significant effect. Furthermore, the cash drawings of the revolving credit facilities were fully repaid in the fourth quarter.

Financial position and performance

As of December 31, 2013, total assets at ProSiebenSat.1 Media AG shrank by EUR 338.1 million to EUR 7,047.7 million (-4.6 %).

Non-current assets increased by EUR 253.4 million year-on-year to EUR 5,523.6 million (+4.8 %). The increase was the result of capital increases performed at subsidiaries in the reporting year, which led to an increase in shares in affiliated companies of EUR 253.2 million.

Against December 31, 2012, current assets decreased by EUR 593.6 million to EUR 1,502.5 million (-28.3 %). This development was primarily due to the EUR 302.4 million decline in receivables from affiliated companies following the closing of the sale of the Northern European activities and the decline in cash funds by EUR 313.8 million (-48.3 %) to EUR 336.0 million as of December 31, 2013. As of December 31, 2012, EUR 230.0 million of the revolving credit facility had been drawn.

As of December 31, 2013, prepaid expenses increased by EUR 2.1 million year on year to EUR 21.6 million (+10.8 %).

As of December 31, 2013, equity at ProSiebenSat.1 Media AG declined by EUR 821.7 million year on year to EUR 2,665.1 million (-23.6 %). This decline was due to the dividend payment of EUR 1,201.4 million in July 2013. In contrast, equity increased by EUR 379.7 million due to the net income of EUR 362.2 million generated in fiscal 2013 and to the effects of granting and exercising of stock options and stock awards of EUR 17.5 million.

As of December 31, 2013, the equity ratio deteriorated to 37.8 % after 47.2 % as of the previous year's reporting date, mainly because of the high dividend payment.

Provisions increased by EUR 4.7 million to EUR 100.4 million as of December 31, 2013.

At EUR 4,258.4 million, liabilities as of December 31, 2013, are a significant EUR 488.7 million higher than the previous year's level of EUR 3,769.6 million. This development is attributable to various, opposing causes. The increase in liabilities to affiliated companies of EUR 929.3 million to EUR 2,178.9 million is primarily attributable to the receipt of the purchase price for the sale of the Northern European activities in April 2013 at ProSiebenSat.1 Media AG, which resulted in corresponding intragroup liabilities to the Dutch sellers. Due to the complete repayment of the revolving credit facility and the partial repayment of the loans, loan liabilities to banks fell by a total of EUR 426.9 million to

EUR 1,859.7 million. The decline in other liabilities of EUR 19.4 million resulted primarily from the cartel penalty paid in January 2013, which was recognized as a liability on the previous year's reporting date.

For further information on the balance sheet and income statement, refer to the Notes of the annual financial statements of ProSiebenSat.1 Media AG.

VIII. Employees

In the financial year 2013, on average 493 people were employed at ProSiebenSat.1 Media AG, 424 employees as well as 69 trainees, volunteers and interns. In the previous year, on average 458 people were employed at ProSiebenSat.1 Media AG (400 employees as well as 58 trainees, volunteers and interns).

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. Therefore, we base the recruitment of employees on a holistic diversity concept, in which we consider criteria such as age, ethnic background/nationality, gender or sexual orientation. 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 2013, 47.2 % of ProSiebenSat.1 employees were female (previous year: 46.8 %) and 52.8 % were male (previous year: 53.2 %).

In the core market of Germany, the proportion of women increased to 46.4 % (previous year: 46.0 %). This matches the average proportion of women in German commercial enterprises, which was according to the Federal Office of Statistics likewise 46.4 % in 2013.

At the management level, the ProSiebenSat.1 Group considerably increased the proportion of women both in the Group as a whole and in the German core market. At Group level, the proportion of women in management positions increased to 33.7 % (previous year: 28.4 %). In Germany, the proportion of women at the management level was 33.0 % (previous year: 26.9 %) and thus above the national average. According to the Federal Office of Statistics, the proportion of women in management positions in German companies averages 28.6 % in 2013.

The average age in Germany was 38.2 in the 2013 financial year (previous year: 37.9 years).

IX. The ProSiebenSat.1 Share

In August 2013, the ProSiebenSat.1 Group converted its previously non-voting bearer preference shares into voting registered common shares. Since then, all ProSiebenSat.1 shares have been eligible to vote and tradable on the stock exchange — both the previous common shares and the common shares resulting from the conversion of the preference shares. The Group therefore has a single share class with one voting right per share for the first time since it has been listed on the stock exchange. This makes the share even more attractive for the capital market. In the reporting year, the share price increased by 69.0 % in a generally positive stock market environment. Most analysts recommend the share as a buy. The free float, which is relevant for the MDAX, and therefore the weighting of the share in the MDAX, increased considerably over the course of the year.

The ProSiebenSat.1 share on the capital market. In a favorable stock market environment overall, the important share indices reached new highs in 2013. The considerable price gains were due to the Federal Reserve's expansionary monetary policy and positive economic data overall. Prices also benefited from signs of recovery in the euro zone. At the beginning of the year, the parliamentary elections in Italy and the debt and banking crisis in Cyprus initially subdued stock market performance. Factors such as the situation in Syria, the US budget debate and the government crisis in Italy again had only a short-term impact on the stock markets in the second half of the year. After signs of a trend reversal in the US monetary policy again triggered uncertainty among market participants in the course of the year, the indications of economic recovery and the accompanying reduction of the US bond-purchase program were seen as a positive signal at the end of the year while base rates remained low. This development provided a positive stimulus to the stock markets again.

In this market environment, the German stock indices reached their all-time high towards the end of the year and closed the year almost on this level: The DAX reached 9,552 points on the last trading day, an increase of 25.5 % compared to the end of the previous year. The MDAX closed the year at its all-time high of 16,574 points. This equates to an increase of 39.1 % compared to the end of 2012. The relevant sector index for European media stocks, the Euro Stoxx Media, also gained considerably and listed at 202 points on the last trading day of 2013 (+33.0 %).

The ProSiebenSat.1 share benefited from the generally positive stock market environment and closed the reporting period at EUR 36.00 (previous year: EUR 21.30). This is a price gain of 69.0 %. The share thus marked its annual high and its highest value for more than 12 years. The ProSiebenSat.1 share therefore again performed considerably better than the above mentioned comparative indices.

The significant stock price gains primarily reflect the good business performance and the resulting positive analyst recommendations. In the second half of the year, the ProSiebenSat.1 share price also increased due to the announcement of the conversion of non-voting preference shares into voting common shares and an attractive dividend for the 2012 financial year. After the increase of the 2015 revenue growth target and the announcement of the financial targets for 2018, at the end of October the share already returned to the price level it was at before the dividend payment of EUR 5.65 per preference share. In the last two months of the year, the share was affected by slight price fluctuations, but benefited at the end of the year from the general upward trend on the stock markets and the projected growth of the advertising market.

A total of 170.0 million shares (previous year: 134.1 million shares) were traded over the XETRA trading system in the reporting period. This corresponds to an average daily trading volume of 671,740 shares (previous year: 527,835 shares).

ProSiebenSat.1 share: key data[1]

		2013	2012	2011	2010	2009
Share capital at reporting date	EUR	218,797,200	218,797,200	218,797,200	218,797,200	218,797,200
Number of common shares at reporting date	Units	218,797,200	109,398,600	109,398,600	109,398,600	109,398,600
Number of preference shares at reporting date[2]	Units	-/-	109,398,600	109,398,600	109,398,600	109,398,600
Free float market capitalization at end of financial year (according to Deutsche Börse)	EUR m	6,024	4,660	3,089	4,923	1,764
Close at end of financial year (XETRA)	EUR	36.00	21.30	14.12	22.50	8.06
High (XETRA)	EUR	36.00	23.83	24.80	23.88	8.98
Low (XETRA)	EUR	21.85	14.19	11.49	8.13	0.90
Dividend per dividend-entitled common share	EUR	-/-[3]	5.63	1.15	1.12	0.00
Dividend per dividend-entitled preference share	EUR	-/-	5.65	1.17	1.14	0.02
Total dividend	EUR m	-/-[3]	1,201.4	245.7	241.2	2.07
Underlying earnings per share[4]	EUR	1.60	1.97	3.23	1.69	0.88
Dividend yield per preference share on basis of closing price	%	-/-[3]	26.5	8.3	5.1	0.25
Total XETRA trading volume	Units	170.0	134.1	233.4	196.5	278.7
XETRA trading volume (average daily trading volume)	Units	671,740	527,835	908,214	767,439	1,097,195

1 The share capital of ProSiebenSat.1 Media AG amounts to EUR 218,797,200.00 and since August 2013 is divided into 218,797,200 registered common shares with a nominal share in the share capital of EUR 1.00 each. As a result of the conversion of the 109,398,600 non-voting bearer preference shares into 109,398,600 voting registered common shares, all (218,797,200) of the company's registered common shares are now tradable, i.e. both the formerly unlisted registered common shares and the registered common shares resulting from the conversion of the bearer preference shares. Until August 16, 2013, only the bearer preference shares of ProSiebenSat.1 Media AG were publicly traded.

2 Incl. treasury shares.

3 Dividend proposal, see chapter Outlook .

4 For the financial years 2009 to 2012, the basic earnings per bearer preference share are shown. After the merger of the share classes in August 2013, the basic earnings per registered common share are shown. The calculation is based on underlying net income.

The majority of analysts (58.4 %) recommended the ProSiebenSat.1 share as a buy at the end of 2013; the analysts' median price target at the end of the year was EUR 34.00. In the year under review, a total of 24 brokerage firms and financial institutions actively covered the ProSiebenSat.1 share and published research reports. For investors, recommendations by financial analysts are an important basis for decision making.

Share class merger. The conversion of the formerly non-voting bearer preference shares into voting registered common shares was resolved at the Annual General Meeting of ProSiebenSat.1 Media AG and the separate meeting of the company's preference shareholders on July 23, 2013. All preference shares were converted into common shares by way of a corresponding change to the articles of association, which took effect on August 16, 2013 when entered in the commercial register. ProSiebenSat.1 Media AG therefore has a single share class for the first time since it has been listed on the stock exchange: Each share has one voting right. This has further increased the attractiveness of the ProSiebenSat.1 share. The conversion ratio was 1:1, so the ratio of participation in the share capital remained the same for all shareholders. All registered common shares of ProSiebenSat.1 Media AG, i.e. both the existing registered common shares and the registered common shares resulting from the conversion of the bearer preference shares, have since been tradable on the Frankfurt stock exchange in the regulated market (Prime Standard) and on the Luxembourg stock exchange in the regulated market.

ProSiebenSat.1 Share: Basic Data

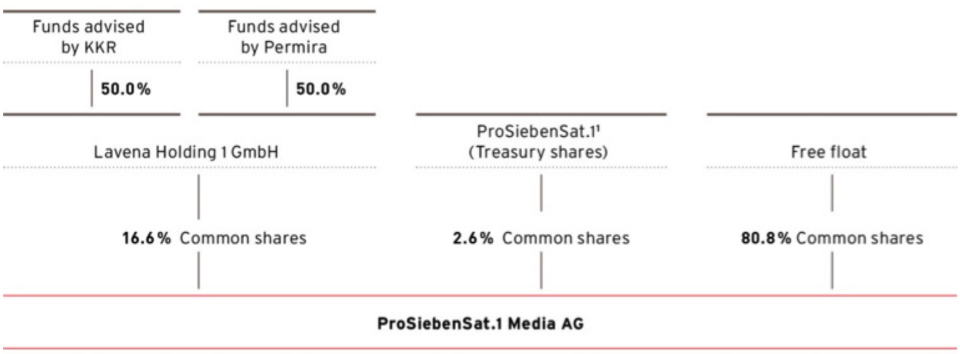
Name	ProSiebenSat.1 Media AG
Type of share	Registered common share
Stock exchange listing	Frankfurt Stock Exchange: Prime Standard/regulated market Luxembourg Stock Exchange: Regulated market
Sector	Media
ISIN	DE000PSM7770
WKN	PSM777
WKN	PSM777

In addition to the share class merger, the payment of a dividend of EUR 5.65 per dividend entitled bearer preference share and EUR 5.63 per dividend entitled registered common share for the 2012 financial year was resolved at the Annual General Meeting. In total, the dividend amounted to EUR 1.201 billion. The dividend was paid out on July 24, 2013. All other proposed resolutions put to a vote at the Annual General Meeting were also approved unanimously. 100.0 % of the common shareholders were represented at the Annual General Meeting. In total, attendance corresponded to around 73 % of the share capital. Around 300 shareholders, shareholder representatives, and guests took part in the event at the Event Arena in Munich.

Shareholder structure of ProSiebenSat.1 Media AG. The share capital amounts to EUR 218,797,200 and since the conversion consists entirely of registered common shares. As of December 31, 2013, the largest shareholder remained Lavena Holding 1 GmbH, which is controlled by funds advised by Kohlberg Kravis Roberts & Co. L.P. (KKR) and Permira Beteiligungsberatung GmbH (Permira). Over the course of 2013, Lavena Holding 1 GmbH sold a large part of its stake in ProSiebenSat.1 Media AG via various placements: On February 13, Lavena Holding 1 GmbH sold all its preference shares (19.7 million shares). Another 25 million common shares were sold on the stock exchange on September 6. An additional 35 million common shares followed on November 15. As of December 31, 2013, Lavena Holding 1 GmbH still held around 36.3 million (16.6 % of the share capital) of the common shares (December 31, 2012: 53.0 % of the share capital including preference shares). Telegraaf Media Groep N.V. (TMG) sold its entire shareholding of 13.1 million shares on September 10, 2013. The proportion of ProSiebenSat.1 Media AG treasury shares also decreased, amounting to 2.6 % of the common shares at the end of the year (December 31, 2012: 3.0 % of the share capital). Against this backdrop, the free float nearly doubled, amounting to 80.8 % of the common shares at the end of the year (December 31, 2012: 41.0 % of the share capital). Due to the increase of the free float, the weighting of the ProSiebenSat.1 share in the MDAX has increased considerably.

At the end of 2013, the majority of ProSiebenSat.1 shares were held by institutional investors in the USA, UK and Germany.

Shareholder Structure of ProSiebenSat.1 Media AG as of December 31, 2013



1 Including 5,707,400 common shares held in treasury as of December 31, 2013 (December 31, 2012: 6,505,750 preference shares held in treasury). This corresponds to 2.6% of the common shares (December 31, 2012: 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 these common shares held in treasury; shares that the Company holds either directly or indirectly are not entitled to receive dividends.

After the end of the reporting period, on January 21, 2014, Lavena Holding 1 GmbH sold another 36.3 million common shares and thus its entire remaining shareholding. Following this transaction, 97.4 % of the shares of ProSiebenSat.1 Media AG are held in free float.

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 business figures and growth prospects. For this reason, ProSiebenSat.1 held its Capital Markets Day again on October 15, 2013. At this event, the Executive Board and business unit heads provided a detailed insight into current business and announced new growth targets for 2018. Around 60 analysts, investors, and bank representatives attended the event at headquarters in Munich/Unterföhring. In addition, the Executive Board and the Investor Relations team held numerous individual and group meetings with over 600 one-on-ones, including analysts, investors and bank representatives. In 2013, the company presented at a total of 14 roadshows in Europe and the USA and at 6 reverse roadshows in Unterföhring (previous year: 10 roadshows and 2 reverse roadshows) and attended 16 investor conferences in Europe and the USA (previous year: 12). The Investor Relations activities were complemented by the ProSiebenSat.1 investor hotline.

The quality of our capital market communication was again rewarded in 2013: In the competition "The Best Annual Report," the ProSiebenSat.1 Group won first place among MDAX companies for the second time in a row. In the overall ranking of the different stock market indices, our company took second place again. Once again, in terms of the quality of the content, the report was deemed particularly worthy of recognition — in this category, ProSiebenSat.1 emerged as the overall winner of all stock market indices. In total, around 160 annual reports were evaluated based on the criteria of content and design. The competition "The Best Annual Report" is held every year under the academic leadership of Prof. Dr. Dr. h.c. Jörg Baetge of the University of Münster. In the "German Investor Relations Award 2013," the ProSiebenSat.1 Group climbed to 2nd place in the MDAX (previous year: 3rd 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.

X. Other Non-Financial Performance Indicators

Long-term profitable growth is our key target. Responsible conduct, strong brands, enduring customer relationships, public engagement, and ecological efficiency are inextricably linked with the long-term success of our Group.

Organizational advantages, own brands, stable customer relations and creativity are important success factors. For the most part, they are not assessed financially. Human resources potential is another important intangible value 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.

Non-financial performance indicators, which management uses as parameters for achieving profitability and growth targets, are described under “Intragroup Management System” and included in the analysis of business performance and the position of the company in the “Report on Economic Position”.

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 portfolio. 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 undergoing advancing fragmentation, the popularity of brands is an important success factor. With a quantitative analysis conducted in 2013, ProSiebenSat.1 TV Deutschland GmbH again investigated the correlation between station diversity 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 audiences in Germany mostly use established brands, despite an extremely extensive range averaging 79 freely available TV stations per household. Occupying the second and third positions in the so-called “relevant set,” ProSieben and SAT.1 remain among the most viewed TV channels in Germany. kabel eins was again ranked no. 8. sixx has already made it to 15th place. The women’s station SAT.1 Gold, which launched in January 2013, ranked among the top 40 within just a few months.

Image of the major ProSiebenSat.1 stations. The ProSiebenSat.1 Group regularly examines the image, popularity and relevance of the major free TV stations in Germany. In the study representing the general population in 2013, the ProSiebenSat.1 stations achieved the following results:

- **ProSieben** is the most popular and appealing free TV station, to which the target group relevant for advertising of 14 to 49 year olds has the greatest emotional attachment. 52 % of those surveyed like or very much like to watch ProSieben. The TV channel is thus ahead of the public stations (ZDF: 50 %; ARD: 46 %) and the private market leader RTL (39 %). In the so-called “desert island question”, the participants were asked which station they would select if only one were possible. ProSieben performed best, at 21 %, and was thus ahead of RTL (15 %) and ARD (14 %). In addition, viewers credited ProSieben with the highest competence in the genres movies, evening series and shows, mystery series, American and British comedy series, entertainment, comedy shows, and science magazines.

- **SAT.1** is rated as a modern, entertaining family station with emotion. The viewers’ emotional attachment to the station remains high — SAT.1 is one of the top 5 most popular TV channels. Viewers see the station as a leader in the genres breakfast television and investigative documentaries. The station is ranked second for American crime series and dating shows behind RTL. SAT.1 also achieved the best results among all private stations for self-produced television films.

- **kabel eins**, among the second-generation stations, is viewed as the most family-friendly but also most exciting TV channel. The younger generation in particular ranks the station highly. This also honors the fact that the range of programming has grown in the past year. The majority of those surveyed described kabel eins as an entertainment station for the whole family with good mystery series and the best movie classics.

As well as the results of regular studies, another indicator of the popularity and quality of our formats is numerous awards. In 2013, SAT.1 and ProSieben again won numerous awards for their programs and artists. The winners included the dancing show “Got to Dance” (SAT.1 and ProSieben) and the comedy format “Pastewka” (SAT.1).

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 applications “ProSieben Connect” and “SAT.1 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, all ProSiebenSat.1 Facebook pages have 16 million fans and thus remain well ahead of its private competitors. The most successful are the station and show pages of ProSieben and the science program “Galileo”. The ProSieben show “Circus HalliGalli” that started in 2013 gained around 850,000 Facebook fans before the end of the year. In terms of Facebook posts, the new TV show ranked fourth in a ranking published by MediaCom with 136,061 posts, ahead of “Wetten, dass..?”. This is evidence that the ProSieben brand has great appeal for the young target group, even outside of traditional television. In the same analysis by MediaCom, six ProSieben shows featured in the top 20 of the social TV ranking in 2013. ProSieben is thus the most successful German TV station in direct dialog with the target group, reaching most people via Twitter, where it has 650,000 followers. As comparison, RTL has 305,000 followers.

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 2013, the marketing expenses amounted to EUR 58.7 million (previous year: EUR 44.8 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 increase in marketing expenses in 2013 is primarily attributable to the further expansion of the Digital & Adjacent activities. The Company works continuously on increasing the success of its media offerings. For this reason, it will continue to invest in high-reach 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. The most important include Warner Brothers, CBS, Disney, Paramount, and Sony Pictures International. In 2013, the contract with Constantin Film for all own-productions and co-productions was extended. In addition, ProSiebenSat.1 concluded a multi-year contract with the Hollywood studio DreamWorks SKG Studios via Constantin Film. It secures the TV Group all the Hollywood giant's feature films that begin shooting by the end of 2016. Moreover, the ProSiebenSat.1 Group also secured attractive licenses for the video-on-demand portal maxdome thanks to its good supplier relationships. In 2013, the Group concluded contracts for maxdome with Sony Pictures International, Twentieth Century Fox, the Tele München Group, and Warner, among others. ProSiebenSat.1 also works with local TV producers and creative partners such as John de Mol from the Netherlands, who has developed formats such as “The Voice of Germany” and licensed them to the TV Group.

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 marketing and research services are the essential pillars.

As well as maintaining the existing customer base, the new customer business is vital for the sustainable financial success of the ProSiebenSat.1 Group. The advertising sales company SevenOne Media and the ProSiebenSat.1 subsidiary SevenOne AdFactory succeeded in growing the new customer business again in 2013. Gross revenues from new customers amounted EUR 54.0 million (previous year: EUR 47.3 million). SevenOne AdFactory offers its advertising customers individual and cross-media marketing concepts, 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.

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 116,000 contacts in 2013 (previous year: 110,000). Each contact was dealt with individually. Viewers most often had questions about the program. In the viewer service departments, a clear shift away from traditional means of communication (letter, fax, telephone) towards social networks could be seen in 2013. 28.3 % of all written communication was received on Facebook (previous year: 11.6 %). As a result, the number of enquiries by e-mail also fell (-11.6 %). Comments and suggestions constitute important feedback for editors and those responsible for programming at the ProSiebenSat.1 Group, because they contribute to the optimization of programming.

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 according to IAS 38.8 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 2013, expenses for Group-wide market research activities in continuing operations totaled EUR 7.2 million (previous year: EUR 6.0 million).

At ProSiebenSat.1, 35 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. In 2013, SevenOne Media examined the financial impact of TV advertising for 84 brands with the analytical tool “ROI-Analyzer”. An average long-term ROI of 2.2 (i.e. the additional revenues generated by net TV advertising investments over longer periods) shows that advertising investments in the medium of TV pay off in the long term. With its studies, the Company provides advertisers with valuable knowledge for marketing and advertising planning, which constitute an important basis for investment decisions.

It is enormously important for the ProSiebenSat.1 Group to bring new promising formats quickly to air. For this reason, program research is assigned a decisive role — as early as in 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.

Sustainability as a Factor for Success

As a company from the TV industry, ProSiebenSat.1 does not count among the traditional manufacturing industries with high consumption of fossil fuels, raw materials and 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 and using resources sparingly is an important guarantor of future corporate success.

At ProSiebenSat.1, the largest energy requirement results from the production of TV content and the transmission of the TV stations. The Company therefore converted its power supply at the Munich/Unterföhring location to use renewable energy sources on January 1, 2012. Since then, the Group has borne additional costs of around EUR 40,000 per year for green energy. The TV group has thus reduced its CO2 emissions considerably. Compared to the reference value from 2011, CO2 emissions are around 8,000 tons less in 2012 and 2013. In both years, radioactive waste fell by 11 kilograms compared to the reference value from 2011. ProSiebenSat.1 thus makes a valuable ecological contribution. Under the motto "Green World", the Group also 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.

Media company with a high social responsibility. The ProSiebenSat.1 Group reaches around 42 million TV households in Germany, Austria and Switzerland every day with its TV stations. The content distributed via TV stations, internet platforms and mobile services has a direct impact on shaping the opinions of viewers and users. The ProSiebenSat.1 Group faces up to this responsibility both in its reporting and its extensive social engagement. We see the reach and popularity of our media as an opportunity to get young people in particular excited about important topics like environmental protection, tolerance, and politics, and to impart relevant values to them. In this way, we use our media offerings to make an active contribution to strengthening Germany's democratic society.

Engagement increased continuously. Since the ProSiebenSat.1 Group was founded, social engagement has become continuously more relevant, and the Group has launched numerous projects. For example, ProSiebenSat.1 founded the initiative “startsocial – Hilfe für Helfer” together with other companies in 2001; the fund-raising campaign “RED NOSE DAY” followed 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 established an Advisory Board and thus placed its corporate social responsibility activities in a larger social context. Since then, an interdisciplinary body chaired by Bavaria’s former Minister-President Dr. Edmund Stoiber has supported the media group in the implementation of relevant socio-political and ethical issues. The Advisory Board also provides 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, politics, 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
- Bodo Hombach, former publishing house manager and politician (Bodo Hombach has been a member of the Board since December 3, 2013)

In the 2013 financial year, the Advisory Board met four times. The members of the Executive Board and other decision-makers in the ProSiebenSat.1 Group participated in these events. The main topic of the Advisory Board meetings was the station group’s political engagement in the 2013 federal election year. The Board had previously recommended to the ProSiebenSat.1 Group to use its media reach to commit itself particularly to communicating politics to young people, as private stations such as SAT.1 and ProSieben play a crucial role here. For many years, they have been reaching significantly more young viewers than the public television channels from the ARD and ZDF group.

The station group has therefore continuously increased its reporting on political issues in recent years, for example in 2012 by introducing the ProSieben political talk show “Absolute Mehrheit — Meinung muss sich wieder lohnen”. In 2013, the Group focused on reporting on the federal election in a manner geared to the target group. In close cooperation with the Advisory Board, the ProSiebenSat.1 Group developed suitable concepts for sparking young people’s interest in politics and democracy, thus motivating them to exercise their right to vote in the 2013 federal election.

Comprehensive non-voter study carried out. As a basis for its engagement, the ProSiebenSat.1 Group published the representative study “Wähler und Nichtwähler im Wahljahr 2013” (Voters and Non-Voters in the Election Year 2013) in collaboration with the polling institute Forsa in February 2013. A total of 2,013 people were surveyed for the study. The aim of the survey was to investigate the causes for the decline in voter turnout in German Bundestag elections in the previous years and to issue a forecast for the 2013 election. According to the study, voter turnout could have dropped below 70 %, the lowest figure since the foundation of the Federal Republic of Germany. Other key conclusions of the study were:

- Many non-voters have no access to the language of politics. Only 29 % of the non-voters surveyed understand politicians’ statements. By contrast, media reporting is understood by the majority of non-voters (76 %). As a result, media can play a communicative intermediary role.

- Many non-voters are generally interested in politics. Although interest among undecided and non-voters is lower than among voters, 59 %, i.e. considerably more than half, of the non-voters surveyed said they were engaged in German politics. This suggests the lack of voting participation is not the result of a fundamental lack of political interest.

- So far there is no large number of permanent non-voters. Most non-voters see themselves as “voters on vacation”, who can be brought back to political discourse and active participation in democracy. For example, more than half of the non-voters surveyed said they participated in the last local and state election.

- A great distance can be identified between many non-voters and the political system. For example, only 48 % of non-voters rank the importance of elections as high and consider it important that as many people vote as possible. This distance is a result of the estrangement between politics and the population, which can be alleviated with the help of the media.

- 85 % of the non-voters surveyed are dissatisfied with practical politics. Above all, the impact of politics on personal life and the communication of political issues are named as points of criticism here.

Symposium for Voter Mobilization organized. On June 27, 2013, ProSiebenSat.1 Media AG organized a "Symposium for Voter Mobilization" in Berlin. In the capital, the Group presented the results of the study to an audience comprising people from the world of politics and journalists. Alongside Dr. Edmund Stoiber, Chairman of the Advisory Board of ProSiebenSat.1 Media AG, the speakers and panel participants included renowned guests such as Franz Müntefering, former Federal Minister, and Forsa Managing Director Prof. Manfred Güllner. The goal was to make the study available to a broad section of the public and in a joint discussion derive recommendations for politicians and the media that can counter the negative trend in voter turnout. Around 300 people took part in the symposium at the Hertie School of Governance.

Political programs doubled for the federal election. For the ProSiebenSat.1 Group, the Forsa results served as a starting point for the development of its programs and a campaign for the 2013 federal election. The most important aspect here was the fact that there is often a language-related communication problem between politicians and voters, and the citizens are unable to identify the individual effects of politics on their lives. This gives the ProSiebenSat.1 Group numerous opportunities for action. The Group is familiar with the lives and needs of young viewers, which enables it to prepare political content in a way that is suitable for the target group and to act as an intermediary between politicians and young voters. An example of this is the ProSieben format "Task Force Berlin", in which the rapper Gentleman interviews German politicians. The show was broadcast in the run-up to the federal election and demonstrates how political content can be conveyed seriously and entertainingly at the same time. This also applies to the cross-media "Geh wählen!" (Go vote!) campaign, in which celebrities called on people to vote.

In 2013, the ProSiebenSat.1 Group broadcast twelve TV shows that dealt with the federal election. The Group thus doubled the number of political programs compared with the 2009 federal election. In addition, the Group reported on political issues in detail in its news shows and magazines.

Political formats generate positive response in the audience market. With its programs for the 2013 federal election, the ProSiebenSat.1 Group generated a positive response in the audience market, especially among young viewers. The station ProSieben achieved an average market share of 15.0 % with its political formats, reaching more young people between the ages of 14 and 29 than all other TV stations combined. The "TV total Bundestagswahl 2013" on ProSieben was once again the most successful political show for the federal election with a market share of 19.1 % among 14 to 29 year olds. The "Task Force Berlin" format, developed at the suggestion of the Advisory Board, achieved market shares of up to 17.0 % among 14 to 29 year olds. Moreover, Stefan Raab increased the reach of the TV debate among young viewers with his first appearance as moderator: 12.0 % of 14 to 29 year olds watched the verbal slugfest between the chancellor candidates on ProSieben; four years earlier, it was 3.7 % on SAT.1.

Second Forsa study attests to ProSiebenSat.1's contribution to voter mobilization. The Group was similarly successful with its "Geh wählen!" campaign on television and the internet. The homepage www.deine-stimme-kann-mehr.de was visited one million times. Furthermore, users urged others to vote with over 21 million shouts in the viral #millionshouts campaign on Facebook and Twitter. To accompany the campaign, ProSiebenSat.1 collaborated with Forsa to carry out a study of eligible German voters aged 18 to 49. Shortly after the election, over 72 % of first-time voters aged 18 to 22 and nearly two thirds of young voters aged 18 to 29 indicated that they had come into contact with the "Geh wählen!" campaign. Over 81 % of those familiar with the campaign agreed that the "Geh wählen!" campaign was well suited to raising awareness of the federal election. Nearly 72 % thought that the campaign would be able to strengthen people's resolve to take part in the federal election. The 18 to 49 year olds familiar with the campaign were nearly 10 % more likely to vote than those unfamiliar with it. A similar effect was seen among young voters.

In addition to its voter mobilization efforts, the ProSiebenSat.1 Group dedicated itself to numerous other projects in 2013 and continued its long-standing initiatives such as "Green Seven Week", "Tolerance Day" and RED NOSE DAY.

Independence and Transparency

Transparency and independence are important values for our management and for us particularly 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. The media group's journalists are free to shape their contributions and report independently of social, economic or political interest groups.

Youth protection: 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 age-appropriate programming in the legally prescribed broadcasting times. 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. Independently, the ProSiebenSat.1 Group's TV and online editors receive regular training on youth protection requirements. The ProSiebenSat.1 Group is also represented on the Board of the Voluntary Self-Regulation of Television Association (Freiwillige Selbstkontrolle Fernsehen e.V., FSF). The FSF is an organization for the voluntary self-regulation of private television broadcasters and is recognized as an independent supervisory body by the Commission for the Protection of Minors in the Media (Kommission für Jugendmedienschutz, KJM).

Internet offerings must also meet various requirements for the protection of young people. The ProSiebenSat.1 Group is therefore represented on the Board of the Voluntary Self-Monitoring of Multimedia Service Providers Association (Freiwillige Selbstkontrolle Multimedia-Diensteanbieter e.V., FSM). In addition, in early 2013, the Group was one of the first major providers of online games in Europe to join the German Entertainment Software Self-Regulation Body (Vereinigung Unterhaltungssoftware Selbstkontrolle, USK).

XI. Events after the Reporting Period

Acquisition of Aeria Games Europe GmbH. By contract of February 19, 2014, ProSiebenSat.1 Media AG acquired 100 % of the shares in the games publisher Aeria Games Europe GmbH via ProSiebenSat.1 Games GmbH. The Berlin-based company is a provider of online multiplayer and mobile games. The closing of the transaction is expected for the second quarter of 2014. With the acquisition, the ProSiebenSat.1 Group strengthened its position in the online games business.

Acquisition of leading online travel providers completed. On December 4, 2013, the ProSiebenSat.1 Group acquired 100 % of the shares in COMVEL GmbH via ProSieben Travel GmbH. The transaction was closed on January 7, 2014. COMVEL GmbH, which is based in Munich, operates the travel sites weg.de and ferien.de and is one of Germany's most successful online travel agencies. The company was established in 2005. With this acquisition, the ProSiebenSat.1 Group has further expanded its portfolio in the online travel market.

Closing of the sale of the TV portfolio in Hungary expected. The disposal of the Hungarian activities will probably be completed on February 25, 2014. The ProSiebenSat.1 Group had signed the relevant contracts on December 20, 2013. In addition to the Hungarian activities, the ProSiebenSat.1 Group also sold its subsidiaries in Romania on December 19 and 23, 2013. The legal closing of this transaction is expected for the second quarter of 2014. Back in December 2012, the ProSiebenSat.1 Group had sold its North European TV and radio activities. By selling the Northern and Eastern European portfolio, the ProSiebenSat.1 Group is shifting its future focus even more to the expansion of the German-speaking television and digital business.

Beyond this, no reportable events materially impacting the earnings, financial position and performance of the ProSiebenSat.1 Group or ProSiebenSat.1 Media AG respectively occurred between December 31, 2013 and February 24, 2014, the date of authorization of this report for publication and forwarding to the Supervisory Board. The Group report for the 2013 financial year will be published on March 17, 2014.

XII. Risk Report

As a holding company, ProSiebenSat.1 Media AG is itself subject to a wide variety of its own risks as well as via its operating investments with their broadly based business operations. Due to the holding functions assumed, the opportunities and risks of the overall group are largely identical with the opportunities and risks of ProSiebenSat.1 Media AG.

Identifying and managing potential risks is just as important for a company as recognizing and taking opportunities. In order to deal with risks early and consistently, the ProSiebenSat.1 Group uses effective management and control systems. This keeps the overall risk situation at a manageable level. No threat to the Company is currently foreseen.

Overall Assessment of the Risk Situation — Management View

The global media industry is subject to constant market change and intense competition. We are in a good operational and strategic position to benefit from the market's dynamism and to use it as an opportunity to grow the TV business. At the same time, our business approach focuses on identifying and actively managing potential risks.

In recent years we have consistently diversified our value chain around the advertising-financed TV business, thus paving the way for future revenues growth outside the TV business. In 2013, we already generated 29.5 % of our revenues outside the traditional TV advertising business. At the same time, we have made the Group more efficient in recent months and continued to optimize our corporate portfolio. The Group continues to have a solid basis financially and in balance sheet terms. As of the date of preparation of the management report, we consider risks to be limited and the overall risk situation to be manageable. There has been no fundamental change in the overall risk situation compared with December 31, 2012. Currently no risks are evident which, individually or in combination with other risks, could have a material or lasting adverse effect on the ProSiebenSat.1 Group's earnings, financial position and performance. No such risks present a threat over the two year forecast period.

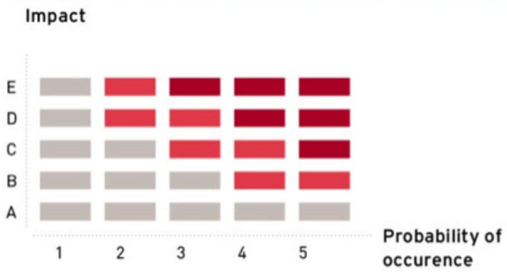
Risk Management

Our business is influenced by a number of external and internal factors, which entail risks as well as abundant opportunities. Risk is defined in this report as a potential future development or event that could result in a negative deviation from targets or forecasts. The risk indicators that we have already taken into account in our financial planning do not therefore come under this definition of risk and are therefore not explained in this Risk Report.

Clear decision-making structures, standardized guidelines, and a methodical approach are a fundamental requirement for secure risk handling across the Group. In view of the momentum of the media sector and the increasing diversity of the ProSiebenSat.1 Group's business areas, processes and organization must be flexible enough to allow an appropriate response to new situations at all times. The ProSiebenSat.1 Group has therefore established a systematic risk management system, which focuses on the Group's specific circumstances and involves our subsidiaries in the process. The major steps of the risk management process are described below:

The process begins with the identification of material risks. The "Group Risk and Compliance Officer" reports risks that exceed a specific materiality threshold to the Executive Board and Supervisory Board on an ad hoc basis. Reporting on relevant risks throughout the year is geared towards specific indicators and based on a target/actual comparison. To this end, early warning indicators have been defined for all significant areas of risk. In the risk assessment, all relevant risks are analyzed with regard to the severity of their impact on earnings, financial position and performance and their estimated probability of occurrence. The following table shows the scales used to measure the two assessment criteria (probability of occurrence and severity of impact) and the resulting risk classification matrix.

Risk classification



Impact	Probability of occurence
A very low	1 very unlikely
B low	2 unlikely
C medium	3 possible
D high	4 likely
E very high	5 very likely

Low risk ■ Medium risk ■ High risk

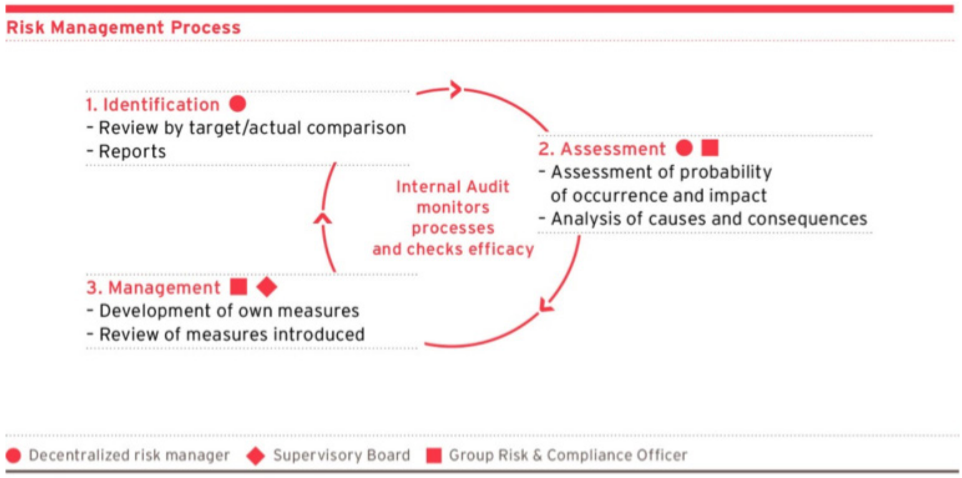
In accordance with the potential severity of the impact on earnings, financial position and performance and the estimated probability of occurrence, the risk is classified as “low”, “medium” or “high”.

Risk assessment also includes analyzing causes and interactions. Opportunities are not included in the measurement; they are recorded in budget planning. The third and final step involves risk management. As soon as an indicator reaches a certain tolerance limit, countermeasures are developed and implemented. The defined measures and risks are documented and tracked in reports throughout the year.

Decentralized risk managers in the various corporate units are responsible for identification and reporting risks. The managers categorize the risks according to a Group-wide catalog and document their results in a database every quarter. The “Group Risk and Compliance Officer” reports the identified risks to the Executive Board and Supervisory Board regularly. In addition to quarterly reporting, the risks are reported on an ad hoc basis when necessary. In this way, the Executive and Supervisory Boards receive all decisive analyses and data in order to respond proactively to emerging threats. However, the Risk and Compliance Office not only supports the various corporate units in identifying risk at an early stage. It also ensures the efficacy and timeliness of the system by training the decentralized risk managers and continuously monitoring the scope of risk consolidation. Moreover, the Internal Audit unit regularly reviews the quality and compliance of the risk management system. It reports the results directly to the Group CFO.

In 2013, the audit of the risk management system again generated a positive result. The system itself has not changed in the past financial year. The basis for the audit is the Risk Management Manual, which summarizes company-specific principles and is based on the internationally recognized COSO (Committee of Sponsoring Organizations of the Treadway Commission) standard.

The following chart provides an overview of the individual steps involved in the risk management process:



Development of Risk Clusters

Risk Categories and Overall Risk Situation

The overall risk situation is determined by assessing the risk clusters 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) and is the result of an aggregate analysis of the Group's three risk categories: operating risks, financial risks, and compliance risks. Risk clusters that could materially impact our earnings, financial position and performance as from today's perspective are outlined below. These are not necessarily the only risks that the Group faces. However, we are not currently aware of any additional risks that could impact our business activities, or we consider them as not material. We consider the overall risk situation for the Group and its segments to be manageable.

Development of risk clusters and the overall risk situation of the group as of December 31, 2013

Change 2013 vs. 2012

External risks	Sales risks	Content risks	Technological risks	Organizational risks	Financial risks	Compliance risks	Overall risk situatiuon
→	→	→	→	→	→	→	→

→ unchanged

Operating risks	
Key management measures	**External risks:** Ongoing analysis of economic and industry trends, strategic brand positioning **Sales risks:** Regular and systematic assessment of adverting revenues and market position, diversified customer base **Content risks:** Long-term relationships with licensors and close contact with producers, contractually securing exclusive rights, development of an in-house production unit **Technological 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
	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 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. In addition, we optimize our risk profile by consistently investing in growth areas to reduce our dependency on individual markets and simultaneously leveraging digitalization as a growth opportunity for our TV and online business.

External Risks

Macroeconomic risks. Research institutes currently estimate that the German TV advertising market is likely to grow by around 3 % net in 2014. This growth is attributable firstly to the positive economic outlook and secondly to the structural weakness of print media. High growth rates of close to 10 % are still expected for online advertising. The European Commission's economic forecasts for Austria and Switzerland are also quite optimistic at 1.6 % and 1.8 % growth in gross domestic product respectively. As a result, the advertising markets are expected to develop positively. The TV advertising markets are characterized by comparatively low market visibility and often react in a procyclical manner to macroeconomic developments, owing to their close link to the economic environment. When the economic outlook is positive, companies are more willing to invest and advertising expenditure increases. Conversely, in a period when the economy slows, companies often react at extremely short notice by reducing their advertising budgets. In addition to the short-term booking patterns, the great importance of the fourth quarter, when the Group realizes the majority of its revenues, also limits visibility. We cannot therefore completely rule out the possibility of a potentially high impact on our revenues and earnings performance if there is a major slowdown in the economy. In view of the positive economic outlook, however, we consider it unlikely that this risk will materialize in 2014. Overall, we classify this risk as a medium risk.

To optimize our risk profile sustainably, the Group invests consistently in new growth markets. In 2013, the Group already generated 29.5 % of its revenues outside the traditional TV advertising business, an increase of 5.2 percentage points year on year.

General industry risks (media usage behavior). Television remains the ProSiebenSat.1 Group's core business. With the emergence of digital media at the end of the 1990s, the assumption spread that traditional media such as television could experience a significant loss of importance. Due to the diversification of screen-based media, video content can be downloaded on an increasing number of devices, such as laptops, smartphones, and tablet PCs. Migration to mobile devices and a decline in the usage of television therefore constitutes a potential risk for the ProSiebenSat.1 Group. However, while print media are actually at high risk of being substituted as a result of digitalization, television remains the medium that is used most. According to a study by SevenOne Media GmbH, media consumption in 2013 climbed to 594 minutes and reached a new record high at just under 10 hours a day. More than a third of the media budget is spent on TV. Owing to technological innovations such as HD, we anticipate that television will be the main form of screen-based media in future as well. However, the main driver of the increase in total consumption is the internet at 115 minutes. Two trends are emerging in the wake of digitalization: The usage of mobile devices such as tablet PCs and smartphones and the consumption of video content at any time and place are increasing in Germany continuously. At the same time, TV and online are increasingly being used together. Parallel use is particularly widespread among digital natives. Four out of five 14 – 29-year-olds watch TV and use the internet at the same time.

TV also remains the medium with the greatest advertising impact. On many occasions, television provides the initial stimulus to order content online. For example, one in four viewers (24 %) have purchased a product online directly following TV contact. For this reason, advertisers invested the majority of their budgets in TV with a share of 45.0 % in the German grossadvertising market again in 2013 (previous year: 43.3 %).

Television is not negatively affected by the range of new media, but instead remains the no. 1 medium in both the audience and advertising markets. At the same time, the internet is firmly integrated into everyday life. 95 % of those surveyed now own one or more second-screen devices. The conditions for integrating TV and internet are therefore present in nearly all German households. In recent years, the ProSiebenSat.1 Group has established Germany's leading online-video portal, maxdome, built up a broad online network and positioned MyVideo as a web channel. Today, the company has an attractive online portfolio, which acts synergistically with the TV channels and serves the changed requirements of media users. ProSiebenSat.1 is therefore very well positioned to utilize the change in media usage as an opportunity for the traditional TV business and the digital activities. We therefore believe it is unlikely that this risk will occur. However, we cannot completely rule out a potentially very high impact on our revenues and earnings performance. We therefore classify this risk as a medium risk.

To meet competitive challenges in the future, ProSiebenSat.1 maintains ongoing market research and invests in strategic positioning for its brands.

Sales Risks

Selling advertising time. The ProSiebenSat.1 Group generates the biggest share of its revenues from the sale of advertising space, especially of TV advertising time. The Group holds leading positions in the advertising market in both the TV and the online sectors in Germany. Despite our strong market position, we face a potential risk from declining advertising budgets, the possible loss of major customers and falling prices for the sale of advertising time. However, SevenOne Media, the advertising sales company for ProSiebenSat.1 for the German market, has for years had a stable customer base from a wide range of sectors. The sectors with the highest TV advertising expenditure and thus the greatest relevance to advertising in 2013 included food, personal care, commerce, services and telecommunications. These top 5 sectors account for the majority of the ProSiebenSat.1 Group’s TV advertising revenues. Our diversified customer portfolio enables us to compensate for potential defaults by individual advertising customers. As well as expanding our existing customer relationships, we have in recent years substantially expanded our business with new customers, and in 2013 we likewise generated higher advertising revenues with the largest advertising agencies. In addition to higher income from traditional advertising spots, we also marketed more free TV advertising space according to the model of advertising time in exchange for a revenues or equity share. In this way, the company not only makes efficient use of programming and advertising inventory — we also free up additional advertising budgets. The medium-term objective is to increase the share of TV advertising in the overall advertising market. In order to identify potential sales risks early, advertising revenues and advertising market shares are analyzed regularly. Comparing actual and budgeted figures with the corresponding figures for the previous year allows budget deviations to be recognized and countermeasures to be implemented at short notice. This could include cost adjustments or changes in program planning and price policy.

Despite our leading position on the market, we believe it is possible that this risk can occur. We cannot completely rule out the possibility of a potentially high impact on our revenues and earnings performance in the event of a decline in advertising budgets and falling prices. We therefore classify this risk as a medium risk.

Audience shares. Ratings are another early warning indicator: They reflect how the programming offer meets the taste of the audience — and thus the reach of a show or an advertising spot. Daily audience shares are an important performance indicator for our advertising customers. However, short-term fluctuations of market share ratings do not influence advertising bookings. To monitor risks, audience shares are analyzed daily on the basis of data from the Working Group of Television Research (AGF). In this way, we are able to monitor the success of our formats extremely closely and if necessary to take countermeasures at any time. In addition to quantitative analyses, qualitative studies are also an important control instrument. In 2013, program research at ProSiebenSat.1 again cooperated closely with various institutes on this. ProSiebenSat.1 commissioned them to carry out numerous telephone and online interviews and group discussions with viewers in Germany. In this way, stations obtain direct feedback from their audience and thus can optimize and further develop their programs on an ongoing basis. In 2013, the ProSiebenSat.1 Group continued to expand its share of the audience market. It succeeded in carrying through moderate price increases in all markets. The market share of the German station portfolio increased to 28.1 % in 2013 (previous year: 27.8 %). This means the station family is the market leader ahead of the RTL Group, not only among advertising customers but also among viewers. Our portfolio comprises complementary TV stations that address different core target groups. Possible market share weaknesses or short-term fluctuations at individual TV stations can thus be offset by the others.

In the wake of digitalization, the barriers to market entry for new competitors have lowered considerably due to falling production and transmission costs, which means the number of TV stations is growing continuously. However, it can be assumed that established station brands like ProSieben and SAT.1 will continue to dominate the market thanks to their name recognition. At the same time, we are successively expanding our complementary station family with new stations with their own brand profiles. After the women's channel sixx, which was launched in 2010, quickly generated audience shares of up to 1.2 % (2013 as a whole, E14 - 49), two additional stations went on air in 2013. In total, the Group has successfully established six new stations in Germany, Austria, and Switzerland in the last few years. Our young TV stations also have a programming profile and unique selling point specific to their target group. For example, ProSieben MAXX primarily targets men and has closed a gap in the market with the exclusive broadcast of hit English-language series with the original audio and subtitles. Despite the extensive measures we have taken to identify risks at an early stage and the success we have achieved, we believe it is possible that this risk could occur. We cannot completely rule out a potentially high impact on our revenues and earnings performance if this risk materializes. We therefore classify this risk as a medium risk.

Media convergence. The high market penetration of convergent devices such as tablets and smartphones means that video content can be accessed online without the use of a TV set. This means that television is increasingly competing with new media formats, which involves both opportunities and risks. Consumption of video content could shift increasingly to mobile devices, which could lead to a decline in the use of television. This could have a negative impact on TV bookings by our advertising customers and thus also negatively affect prices for TV advertising time. Although we have a strong market position in both TV and digital business and make consistent use of synergies between the two areas, we believe it is possible that this risk could occur and cannot completely rule out a potentially high impact on our revenues and earnings performance. We therefore classify this risk as a medium risk.

The active control of sales risks is the focus of the management of operating risks. In view of growing market fragmentation, reach and brand awareness will continue to be crucial competitive factors in future.

Content Risks

As well as strong brands, the quality of content is an important unique selling point for the ProSiebenSat.1 Group. The Group has attractive programs, works closely with more than 100 renowned licensors and has established its own production unit, Red Arrow, for the development of attractive programs

License purchases. The ProSiebenSat.1 Group acquires many of its feature films, TV films, and series as licensed content from third parties, with a strong focus on the major US studios. In addition to currency risks, the Group is therefore also confronted with the risk of potential price increases. This applies primarily to the ProSiebenSat.1 Group's smaller stations, which are competing with the well-financed digital TV offshoots of the public broadcasters. While individual purchases are becoming a more frequent necessity for the growing number of small free TV stations due to their focused target group profiles, price competition for the large program bundles remains limited. Our close, long-term business relationships with licensors and our high purchasing volume secure our strong negotiating position.

In order to stay informed about new productions and trends at an early stage, our license purchasing department is in constant dialog with international and national licensors. New programs and exclusivity are an important competitive factor. Exclusive agreements in the form of contractual blocking periods, known as hold-back clauses, protect our rights against other licensees and program licensing forms. Programming contracts are often signed on the basis of a script and thus some time ahead of production and broadcast. Signing programming contracts early of course harbors a certain risk with regard to quality and success. For this reason, the company signs programming contracts exclusively with film studios and production companies that can demonstrate an appropriate reputation and successful track record. In view of this, we classify the probability of occurrence of this risk as very unlikely. However, we cannot completely rule out the possibility of a medium negative impact on our revenues and earnings performance. Overall, we classify this risk as low.

Commissioned and own productions. With its TV 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 station and in some cases can even be created more economically. For this reason, it is becoming increasingly important for a media group to produce high-quality programming itself. The Group laid the foundation for this, while simultaneously extending its value chain, by founding its own production arm, the Red Arrow Entertainment Group. Because reference figures such as ratings are sometimes unavailable, the prospects for the success of in-house and commissioned productions tend to be less certain than for purchased format or programming licenses that have already been successful in other countries or in the movie theaters. In order to assess the appeal of its in-house productions as reliably as possible, ProSiebenSat.1 conducts intensive market analysis. Researchers accompany the development of new programs 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. Another measure to limit risk is “format management”. This involves an improvement to the program approval process, which has two key aims: Firstly to design customized program ideas for specific slots, and secondly to establish uniform development and production processes, without restricting creative scope. Although we believe it is unlikely that this risk will occur, we cannot completely rule out a medium negative impact on our revenues and earnings performance. Overall, we classify this risk as low.

Competition for attractive content has also increased on the web as a result of growing professionalization. As a TV company, ProSiebenSat.1 is benefiting from this development. Due to our extensive library of rights, we also provide viewers/users with premium video online. This service is mostly free for users and is financed by means of online video advertising. Since 2013, the company has also produced formats especially for the online target group. With measures such as these, the Group is strengthening its leading market position while securing its competitive advantage over purely online suppliers such as Google, which have distribution channels but not their own content.

Technological Risks

Ensuring uninterrupted transmission has high priority for the ProSiebenSat.1 Group. This also applies to system failures and data protection. Faulty technological infrastructure can have negative effects on our revenues and costs.

Broadcasting equipment and studio operations. Damage to studio and broadcasting equipment can have financial consequences for the ProSiebenSat.1 Group: In the event of temporary failures or program changes at short notice, advertising customers could make guarantee and goodwill claims. We counter this risk with a comprehensive security plan. Back-up systems guarantee a broadcasting process without interruptions, even in cases of malfunction. The redundancy systems are kept at separate locations. Ongoing maintenance and upgrades when needed keep the systems state-of-the-art.

The ProSiebenSat.1 Group fully digitalized its transmission operations some years ago and transferred the content of the TV stations and online platforms to a shared platform. With this digital pool of materials, the Group has not only set the benchmark in the media industry, but has also leveraged time, quality, and cost advantages. As a second step, the company upgraded the technical studio equipment in 2013. The automation of technical processes reduces dependency on manual procedures and thus contributes to minimizing risk.

In view of our extensive back-up solutions and systematic controls, we believe that this risk is unlikely to occur. However, we cannot completely rule out the possibility of a low negative impact on our revenues and earnings performance. We therefore classify this risk as low.

IT risks. The growing complexity of the system architecture presents the Group with various challenges. Failures of systems, applications, or networks are as much potential risks as violations of data integrity and data confidentiality. The effectiveness of the security standards is examined regularly by the Internal Audit department. Drills of crisis scenarios help to simulate potential weaknesses and further improve the IT system. 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. In order to prevent losses, the Group also has multiple computer centers at separate locations, which assume each other's tasks in the event of a system failure. In 2013, the Group subjected all relevant business applications to extensive tests, which confirmed the redundancy of the systems. As well as information technology risks, production processes could also be adversely affected by unforeseeable events such as natural disasters. Clear responsibilities and instructions are crucial, especially in an emergency. For this reason, the ProSiebenSat.1 Group has adopted a comprehensive safety guideline for dealing with emergencies and established a crisis management organization.

Although we believe it is unlikely that this risk will occur, we cannot completely rule out a low negative impact on our revenues and earnings performance. We therefore classify this risk as low.

Organizational Risks

Personnel risks. It is our employees who are shaping the transformation of the ProSiebenSat.1 Group into a broadcasting, digital entertainment, and commerce powerhouse with their dedication and skill. The loss of specialist and managerial staff in key positions as well as bottlenecks in recruiting staff represent potential risks for ProSiebenSat.1.

In the course of digitalization, the need for qualified specialists and managers is rising, particularly in our growth areas. Proactive recruitment, targeted appeals for applicants and close relationships with universities are therefore crucial in the competition for talented employees. Other components in our personnel management include skills development in accordance with requirements and a long-term performance and talent management system that, among other points, begins succession planning for key positions at an early stage. In recent years, the Group has expanded the in-house ProSiebenSat.1 Academy's offerings and developed special support programs such as the learning expeditions. 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. This is reflected by the average turnover rate, which fell by another 0.8 percentage points to 10.6 % in 2013. The average period of employment remained stable at 7.3 years. In addition to the relevant HR figures, various external studies document ProSiebenSat.1's attractiveness as an employer.

In view of our extensive personnel measures, we believe it is unlikely that personnel risks will occur, but cannot completely rule out a medium negative impact on our revenues and earnings performance. We therefore classify these risks as low.

Risks associated with the outsourcing of business processes. The Group has outsourced selected IT divisions and other business processes to external service providers in order to improve costs and efficiency. At the same time, this outsourcing involves potential risks, including the possibility of dependence on our strategic partner or the loss of expertise. To minimize risks, ProSiebenSat.1 cooperates exclusively with selected service providers of good standing. As well as close and continuous coordination, the agreed services are monitored on the basis of a monthly reporting system that covers all key criteria relating to operational reliability. This allows us to identify critical business processes at an early stage and implement countermeasures if necessary. Strict compliance with the international standard for IT security ISO 27001 further minimizes IT security risks. Although we believe it is unlikely that this risk will occur, we cannot completely rule out a medium negative impact on our revenues and earnings performance. Overall, we classify this risk as low.

Financial Risks

In its operating business and due to its borrowings, the ProSiebenSat.1 Group is exposed to various financial risks. Changes in exchange rates and liquidity shortages can also have a negative impact on earnings, financial position and performance. Overall, however, we still regard the probability of occurrence of financial risks as very unlikely. In December 2012, the ProSiebenSat.1 Group sold its TV and radio activities in Northern Europe. The transaction was completed in April 2013. The Group used EUR 500.0 million of the proceeds to prepay term loans. The Group thus further reduced its financing risk, which is its potentially highest financial risk. In 2011, the Group had already prepaid a significant part of its term loans. In the course of reducing the loans, the Group extended the maturities of all remaining term loans of EUR 1.860 billion and the revolving credit facility to July 2018. This further improved the Group's capital structure on a sustained basis.

The ProSiebenSat.1 Group has a solid financial and operating basis, but nevertheless monitors its financial risk positions intensively. 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.

Financing risk. The availability of existing borrowing depends in particular on compliance with specific contractual conditions, which are subject to regular assessment. The financial covenants of the facilities agreements were complied with once again in 2013; on the basis of our current corporate planning, a violation in the future is not foreseen. The Group monitors changes on the money and capital markets on an ongoing basis in order to ensure availability of and access to sufficient funds and the cost efficiency of the financial instruments used at all times. We believe it is very unlikely that this risk will occur, but cannot completely rule out a potentially very high impact on our earnings performance and financial position. Overall, we classify the financing risk as low.

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. As well as carrying out an assessment of the credit standing, ProSiebenSat.1 limits the probability of occurrence of counterparty risks through a broad diversification of its counterparties. Although we believe it is very unlikely that this risk will occur, we cannot completely rule out a potentially high impact on our earnings performance and financial position. Overall, we classify counterparty risks as low.

Interest rate risks. The ProSiebenSat.1 Group uses interest rate swaps and interest rate options to hedge its variable-interest loans against interest rate risks. To a minor degree, interest rate risks can arise in connection with cash drawings on the revolving credit facility. As of December 31, 2013, there were no cash drawings on the RCF. 86 % of the term loans was hedged by interest rate derivatives. In the wake of the extension to July 2018 of the maturities of the financing loans amounting to EUR 1.860 billion, derivative interest rate hedging transactions were concluded with a volume of EUR 1.350 billion in the period from 2016 to 2018. We believe it is unlikely that this risk will occur. However, we cannot completely rule out a low negative impact on our earnings performance and financial position if this risk nevertheless materializes. We therefore classify the interest rate risks as low.

Currency risks. Currency fluctuations can influence the ProSiebenSat.1 Group's operating business. Currency risks occur primarily if revenues are generated in a different currency from the related costs (transaction risk). This is particularly relevant for license purchasing, as 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. The Group manages this risk by using derivative financial instruments, primarily currency forwards. Due to the high hedging rate, the impact of currency fluctuations is assessed as manageable. We believe it is unlikely that these risks will occur, but cannot completely rule out a low negative impact on our earnings performance and financial position. We therefore classify currency risks as low.

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. No larger cash investments are planned. With media-for-equity and media-for-revenue-share, the Group has developed an attractive model to tap into new markets—without making major cash investments. Although we believe it is very unlikely that this risk will occur, we cannot completely rule out a potentially very high impact on our financial and earnings performance. Overall, we classify liquidity risks as low.

Financial Risks	
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
	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 to be very unlikely.

Disclosures on the internal controlling and risk management system in relation to the (consolidated) reporting process (section 289 no. 5 of the german commercial code) with explanatory notes

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 financial statements of ProSiebenSat.1 Media AG (prepared in line with HGB) and that assets and liabilities are recognized, measured and presented appropriately. This presupposes Group compliance with 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 single-entity and 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.

Disclosures on the internal controlling and risk management system in relation to the (consolidated) reporting process (section 289 no. 5 of the german commercial code) with explanatory notes continued

Structural organization	› The material single-entity financial statements that are incorporated into 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 provided with adequate 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 is updated as 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	› For the planning, monitoring, and optimization of the process of compiling the consolidated financial statements, there is a user-friendly web-based tool that includes a detailed calendar and all important activities, milestones, and responsibilities. All activities and milestones are assigned specific deadlines. Compliance with reporting duties and deadlines is monitored centrally by Group Accounting. › In all accounting-related processes, controls are implemented such as the separation of functions, the dual-control principle, approval and release procedures, and plausibility testing. › Tasks for the preparation of the consolidated financial statements are clearly assigned (e.g. reconciliation of intragroup balances, capital consolidation, monitoring of reporting deadlines and reporting quality with regard to the data of consolidated companies, etc.). Group Accounting is the central point of contact for specific technical questions and complex accounting issues. › All material information included in the consolidated financial statements is subjected to extensive systematic validation to ensure the data is complete and reliable. › Risks that relate to the (consolidated) accounting process are recorded and monitored continuously as part of the risk management process described in the Risk Report.

Compliance Risks

Our 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 brands as well as cause considerable costs. Ways we limit legal risks include cooperation with highly qualified legal experts and targeted staff training. The Group also 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.

We classify the risks of individual legal and media policy changes or legal offenses differently, with regard to both their probability of occurrence and their potential financial consequences.

General compliance

The objective of compliance is to ensure seamless 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 with 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 have been implemented. Regular exchange of experience and information about current trends in different corporate areas has reduced the level of risk. The processes were analyzed by an independent consultant. The result of this risk assessment demonstrated that the Compliance processes in place are effective. In respect to implementing current antitrust law, ProSiebenSat.1 has been assessed as “best in class.”

In view of our effective compliance structures, we believe it is unlikely that this risk will occur, but cannot completely rule out a medium negative impact on the Group’s earnings performance. Overall, we classify the risk associated with general compliance as low.

Other Legal Risks

Media law/broadcasting licenses

Windows for regional programs. To ensure plurality of opinion, companies such as SAT.1 Satelliten Fernsehen GmbH are legally required, in accordance with the Interstate Broadcasting Treaty (RStV), to finance regional programs for a total of five broadcast areas and to broadcast these simultaneously during prime time. The federal states have also each adopted their own media laws, which can stipulate the obligation to provide such a window. For example, the media law of the Saarland stipulates that at least the two nationwide private television stations with the largest technical reach must broadcast regional programs state-wide, which must be financed by the operator of the nationwide stations. ProSiebenSat.1 Media AG and SAT.1 Satelliten Fernsehen GmbH respectively have taken legal action against the obligation to offer a regional program for the Saarland and have won the case for formal reasons. A decision has not yet been reached on the content of the case. It may therefore be the case that the Saarland maintains its demands and institutes further legal proceedings. Media policy discussions with federal states may also give rise to requests from states in which there have not been any regional program obligations to date. It is estimated that it would cost around EUR 5 million per year to finance a new window for regional programs. To help prevent the extension of regional TV obligations, ProSiebenSat.1 Media AG actively participates in dialog relating to society, media policy and the law.

Regulatory risks. The ProSiebenSat.1 Group is exposed in particular to risks in connection with tightened regulations, for example with regard to advertising, forms of advertising, broadcasting licenses and competitions. Any unforeseen changes to the legal and regulatory environment could have a significant impact on individual business activities. The ProSiebenSat.1 Group actively monitors all relevant developments and is in constant contact with the regulators concerned, to ensure that its interests are taken into account as far as possible.

We believe it is unlikely that these risks will occur. However, we cannot completely rule out a medium negative impact on our earnings performance if this risk nevertheless materializes. Overall, we classify these risks as low.

Claims for disclosure and actions for damages by RTL 2 Fernsehen GmbH & Co. KG and El Cartel Media GmbH & Co. KG. Claims for disclosure and action for damages by RTL 2 Fernsehen GmbH & Co. KG and El Cartel Media GmbH & Co. KG against 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 the marketing of advertising time by SevenOne Media GmbH. On April 13, 2012, the Regional Court resolved to obtain an expert appraisal on the probability of loss. An expert has since been appointed. It is not yet known when the expert's report will be submitted. The outcome of the case cannot currently be predicted. As a consequence, no provision was recognized as of the reporting date. We believe that this risk may possibly occur and cannot completely rule out a medium negative impact on our earnings performance. We therefore classify this risk as medium.

Conclusion of the suit by TM-TV GmbH and MTV/VIMN against SevenOne Media GmbH and the ProSiebenSat.1 station companies. From November 10, 2008, various legal actions for disclosure and damages against SevenOne Media GmbH and the ProSiebenSat.1 station companies were pending in relation to previous marketing of TV advertising time by SevenOne Media GmbH. However, the actions by TM-TV and MTV/VIMN have since been dismissed by the Munich Regional Court with final and binding effect. The Munich Higher Regional Court dismissed TM-TV's appeal. MTV/VIMN withdrew its appeal after the Higher Regional Court announced its intention to dismiss this appeal also. At the same time, MTV/VIMN withdrew a legal action brought against IP Deutschland. SevenOne Media GmbH and the ProSiebenSat.1 station companies were involved in these proceedings as interveners for IP.

Section 32a German Copyright Act ("bestseller"). Authors of TV programs 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. ProSiebenSat.1 has since developed a model for additional compensation to copyright owners and other beneficiaries under Section 32a and agreed "Common Compensation Rules" with two organizations (directors and actors) under Section 36 of the Copyright Act. For this issue, a provision of EUR 13.8 million was recognized as of December 31, 2013 (December 31, 2012: EUR 6.1 million). This is based on best estimates considering the current state of negotiations. We believe it is very unlikely that this risk will occur. However, we cannot completely rule out a high one-off impact on our earnings performance if this risk nevertheless materializes, i.e. if payments are required that exceed the provisions that have been established. We therefore classify this risk as low.

Tax risks in connection with the disposal of subsidiaries in Sweden. The Swedish tax authorities completed the tax audit of a former Swedish branch of the ProSiebenSat.1 Group in December 2013. In the judgment of the tax authorities, interest payments connected to the financing of shares in the former TV and radio companies of the SBS Group are not tax deductible in Sweden. The concluding report of the tax audit therefore earmarks additional payments totaling approximately EUR 31 million for the assessment periods from 2008 to 2011. According to the same judgment, additional payments of approximately EUR 11 million would be added to this for the 2012 assessment period, which has not yet been audited. The ProSiebenSat.1 Group appealed against the tax assessments within the deadline. In accordance with the request, a suspension of the enforcement of the assessments was granted at the end of January 2014. As things stand, a judicial dispute before the Swedish Administrative Court is likely. The ProSiebenSat.1 Group continues to consider an actual claim unlikely and is supported in this opinion by corresponding assessments of renowned Swedish tax and legal consultants. As a consequence, no provision was recognized as of the reporting date. We believe it is possible that this risk will occur. If this is the case, we cannot completely rule out a very high, one-off impact on our earnings performance up to the maximum amount stated above. Overall, we classify this risk as high.

Warranties from the disposal of the Belgian TV activities. By sale and purchase agreement of April 20, 2011, the ProSiebenSat.1 Group sold its Belgian TV operations to De Vijver NV ("DV"). ProSiebenSat.1 Media AG acted to guarantee the disposal. On the basis of alleged infringements of the accounting and rental contract guarantee included in the purchase agreement, DV has asserted claims for damages against the company. The contractually agreed maximum liability from all guarantees totals EUR 19.8 million. On the basis of the current status, the company does not anticipate being obligated to make the relevant payments to DV. As a consequence, no provisions were recognized as of the reporting date of December 31, 2013. We believe it is very unlikely that this risk will occur. If the risk were nevertheless to materialize, it would have a one-off negative impact on our results up to the maximum amount of liability stated above. Overall, we classify this risk as low.

Claims relating to patent law. The Kudelski Group claims that business activities of maxdome GmbH and SevenOne Media GmbH in particular infringe patent rights to which it is entitled. Based on current circumstances and the information currently available, it is not possible to conduct a reliable assessment of the likelihood that any claims would be enforced. In view of this, we consider the relevant provisions established as sufficient. We believe it is likely that this risk will occur. In this case we cannot completely rule out a low negative impact on our earnings performance. We therefore classify this risk as a medium risk.

Compliance Risks	
Key management measures	**General compliance risks:** Group compliance structures and targeted training of employees **Other legal risks:** Close cooperation with legal experts
	We see different levels of impact for the potential financial consequences of individual legal and media policy changes as well as legal offenses, as the differences between compliance risks are in some cases considerable.

XIII. Outlook

A key factor impacting business at ProSiebenSat.1 Media AG is the development of its subsidiaries. This is because a material share of the result at ProSiebenSat.1 Media AG is determined by income from the equity holdings position and thus from possible subsidiary distributions. For this reason, the development of key ratios at Group level is dealt with below.

Overall Assessment of Future Development — Management View

For the ProSiebenSat.1 Group, 2013 marked another year of growth, in which we achieved our highest figures for revenues and earnings to date. We have also had a successful start to 2014: Our revenues in the core business of advertising-financed television and in our strategic growth areas are developing as planned, so we expect consolidated revenues to increase significantly by a mid- to high-single-digit percentage in 2014. In the 2015 planning period, revenues at Group level are likely to grow in this range too, while recurring EBITDA is likely to increase slightly. We assume that all segments will again contribute to the increase in revenues and earnings. Our profitable growth is thanks to the consistent integration of our TV activities with the digital business area. This strategy forms the foundation of our vision of an integrated broadcasting, digital entertainment and commerce powerhouse. We will continue to use our prospective revenues in the core free TV business in future and at the same time consistently advance the dynamic development in the Digital & Adjacent and Content Production & Global Sales segments. Our high operating cash flow puts us in good position to make additional investments in growth. By 2018, we expect Group revenues to increase by EUR 1 billion compared to 2012, of which 25 % to 30 % will originate in the Digital & Adjacent segment. We have a strong financial foundation and will involve our shareholders adequately in the Company’s success in future. At the same time, we will adhere to the targeted leverage factor of 1.5 to 2.5.

Opportunity Report

Successful business conduct comprises two elements: The conscious handling of risks and consistent use of opportunities for additional revenue and earnings potential. The early identification and well-founded analysis of growth prospects are therefore a central task of management at ProSiebenSat.1.

In the ProSiebenSat.1 Group, the management of opportunities is centrally organized and controlled by the "Strategy & Operations" 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. Relevant opportunities are prioritized and strategic objectives derived. Opportunity management is part of the intragroup management system. It is linked to the budget preparation process and is included in both the twelve-month and the multi-year plan.

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 in these categories are described below. Some of these are opportunities whose probability of occurrence we consider so high that we have already included them in our outlook for 2014 and the medium-term targets for 2018. We also report additional chances here, defined as potential future developments or events that could lead to a positive deviation from forecasts or targets for the Company and that have not yet been budgeted for.

Overview of opportunities

	Budgeted growth potential	Additional opportunities
Development of general conditions	› TV is the no. 1 medium, the Internet and TV mutually complement each other › Increasing market penetration of pay TV, video-on-demand and HD television	› Economic, regulatory or technological conditions change more rapidly or more favorably than expected
Corporate strategy decisions	› Value creation through diversification and especially digitalization	› Expansion of the station portfolio
The Group's economic performance	› Adequate price/performance ratio for our ratings › Cost efficiency and potential synergies	

Additional Opportunities

Macroeconomic factors such as the development of gross domestic product and private consumption have a significant influence on the advertising industry's investment behavior. This applies both to our TV and our online advertising business. Macroeconomic developments that turn out better than originally forecast could increase bookings from the advertising industry, driving our revenue and earnings growth. In particular, if the German TV advertising market grows more strongly than expected, this could positively affect the ProSiebenSat.1 Group's attainment of its targets for 2014 and up to 2018. The institutes are currently forecasting growth in German economic output of just under 2 % (ifo Institut). The German TV advertising market is expected to grow by around 3 % net in 2014. For 2014, we also expect net TV advertising investment in our core market to grow by a low-single-digit percentage.

Alongside additional growth prospects from the economic environment, the expansion of the station family could give rise to potential that is not currently included in our planning. This includes both the establishment of new TV stations in Germany and expansion to Austria or Switzerland. In 2013, the ProSiebenSat.1 Group founded two new TV stations in Germany: SAT.1 Gold and ProSieben MAXX. The Group thus gained access to new target groups in the audience and TV advertising market.

Due to technical innovations such as large flat screens as well as HD-ready and internet-enabled television sets, the appeal of television has continued to grow in the last few years. Technological innovations open up growth opportunities for the ProSiebenSat.1 Group, such as in the distribution of its HD stations. HD television is becoming increasingly popular and has now reached critical mass: According to a media use study by SevenOne Media, 58 % of those surveyed have an HD-ready device. From 2013 to 2018, the market research institute TNS Infratest expects the number of HD households in Germany to double to 20 million. If HD spreads more rapidly than ProSiebenSat.1 expects, this would positively affect the ProSiebenSat.1 Group's target attainment and result in a revenue and earnings contribution greater than the one forecast.

In addition to ongoing digitalization, a liberalization of the regulatory environment would offer growth prospects that are not currently reflected in our budget. While the TV industry is going through a dynamic change process, the German television market is comparatively heavily regulated. New revenue sources for ProSiebenSat.1 could result from a ban on advertising for the public broadcasters. The additional volume for private TV providers could amount up to EUR 50 million until 2018. Due to a change to the Interstate Broadcasting Treaty, a sponsorship ban already came into force at the start of 2013, which applies on public television on workdays after 8 p.m. and on Sundays and public holidays, with the exception of large sports events. The Broadcasting Commission of the German Federal States is currently negotiating changes in view of the current development of fees. Thereafter, a decision is to be made on the issue of a general advertising ban and other structural modifications.

Opportunities from the Development of General Conditions

Television remains one of the Germans' most popular pastimes. This is shown by the latest results of the "Mediennutzung" study series by ProSiebenSat.1 advertising sales company SevenOne Media. On average, 14 to 49 year olds spend around ten hours (594 minutes) per day consuming media. At 35 %, a large majority of this time is spent on TV, the no. 1 medium, followed by radio (23 %) and the internet (19 %).

- **Television:** Year-on-year, the duration of daily use remained stable at a high level: At an average of 205 minutes a day, television is still by far the most important medium used for the longest amount of time. Nearly three quarters of Germans watch TV every day (73.1 %). Penetration is correspondingly high: A TV set is standard in nearly all households (95.8 %). Television is the only traditional medium credited with growth potential in the future: 37 % of Germans believe that TV will increase in importance, whereby younger people (aged 14 to 29) have the highest growth expectations (46 %).

- **Internet and games:** With a penetration level of 93.8 %, the internet also has very high coverage among German households. The internet is the main driver of total time of use and has maintained its share in the overall media use budget at around a fifth since 2010. This equates to an average of 115 minutes a day. In addition, the study series revealed that two thirds of those surveyed use TV and the internet in parallel, smartphone owners the most (77 %). PC and video games have now gained a significant share in media use. The average use time of games has risen to 47 minutes a day.

- **Print:** While TV and the Internet are benefiting from the changes in media use, print media have come under pressure of substitution in the last few years. Since 2002, the daily use time of newspapers, magazines, and books has declined by around one third to 64 minutes per day (2012: 60 minutes).

Since television is benefiting more from digitalization than any other traditional medium, 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. Video is the key driver on TV as on the Internet. In the years to come, the demand for media-compatible video content will therefore increase further. Around 13 minutes of daily online use is spent consuming internet videos. Two thirds of smartphone users and three quarters of tablet users watch video content on their portable devices in addition to traditional TV use, so this does not result in the cannibalization of TV. The ProSiebenSat.1

Group has a comprehensive library of rights with 13,000 hours of own and commissioned productions and 50,000 hours of licensed US programming. This gives the Group the opportunity to utilize its programming inventory efficiently via its various TV stations. The Group can also serve new target groups and user preferences on the internet with premium content. This is a strategic advantage over mere Internet providers who own distribution channels but not their own content.

In addition, the ProSiebenSat.1 Group has built up a media portfolio in recent years that serves both linear and non-linear forms of use thanks to the close integration of TV and online. The successful TV stations are the centerpiece and are flanked by numerous digital offerings. Taking TV, the no. 1 medium, as a starting point, content is aligned to the use behavior of the viewers and the strengths of the individual channels as early as the development and production stage in order to produce additional content for the individual media. With extensive offerings like backstage information, exclusive video clips, social TV services, episode guides and actor profiles, the Group extends its TV content onto the internet, thus strengthening the connection between consumers and content.

At the same time, the Group is benefiting from the fact that its media portfolio reflects various revenue models. While the Group generates revenues from websites and video portals via traditional online advertising, the revenues from the basic pay TV stations and the video-on-demand portal maxdome are based on fees for subscriptions or pay-as-you-go views. Willingness to pay for TV and online content is increasing all the time: According to the “Mobile Barometer” study by SevenOne Media, people under 30 and especially male users are willing to pay a fee for added value such as live TV streams or HD content. Moreover, in the years to come, dynamic development is expected for the pay-video-on-demand business (pay-VoD), which includes the ProSiebenSat.1 platform maxdome. Up to 2018, the pay-VoD market is expected to grow by an average of 20 % a year to EUR 480 million. The revenues in the overall video market, which includes DVD and Blu-ray sales and traditional video rental, amounted to around EUR 3 billion in 2012. It can be assumed that market shares will increasingly transfer to digital platforms in future. The ProSiebenSat.1 portal maxdome would benefit from this greatly and offer the Group high growth potential. maxdome is already market leader in Germany with more than 60,000 titles and a market share of 36 %. In addition, the online video library is already directly available on 80 % of all new smart TVs and intends to increase this figure to 90 % in the next five years. In the last few years, we have concluded contracts with all major manufacturers relating to the integration of the service on their devices. In addition, we have launched our own app for Apple iOS, which is available on smartphone and tablet. maxdome is also available on the Android operating system. In 2014, the ProSiebenSat.1 Group will focus on increasing maxdome’s mobile coverage. For this purpose, the Group has already concluded a contract with T-Entertain in early 2014.

Opportunities in Corporate Strategy

Among European media corporations, the ProSiebenSat.1 Group is a pioneer and market leader in the digital field. In order to consolidate this strong position, the company will continue pushing the integration of its traditional TV activities with the digital business areas and invest in dynamically growing markets. We have identified major growth areas in digital commerce, where we focus on sectors that target a mass market and have high affinity with TV. On the basis of this strategy, we added digital portals to our existing travel portfolio in 2013 and now cover the entire travel-booking cycle, from flights, hotels, and rental cars to local climate data. Approximately 40 % of travel bookings are now processed by online portals. This share is likely to grow dynamically in the years to come and offer the ProSiebenSat.1 Group attractive opportunities for growth. Following the travel model, the Group will build up additional digital commerce areas in the next few years, for example fashion and home & living. Strong growth prospects are forecast for digital commerce: E-commerce business in Germany is expected to grow by 12 % a year up to 2018. Here, too, it can be assumed that market shares will transfer from traditional commerce to the digital field, meaning that the market could cover revenues of approximately EUR 430 million in 2018. In addition to the strategic investments, we also extended our value chain in 2013 by founding several start-up companies such as the pet products website Petobel via our incubator EPIC Companies. The objective is to establish e-commerce portals using the incubator model and to participate in their growth.

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. Opportunities from operating business result in particular from the possibility to capitalize sufficiently on our ratings successes and to generate additional revenues on the basis of innovative sales concepts. The largest 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.

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.

Besides the growth perspectives from operating business, performance opportunities arise from the optimization of costs. The implementation of efficient processes and structures and the identification of synergies between the individual areas form 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 includes future events in its cost planning as far as possible.

Future Business and Industry Environment

After the global economy had a real growth of 3.1 % and 3.0 % in 2012 and 2013, the International Monetary Fund (IMF) forecasts a further upturn in the years to come. The primary reason for this is the growing economic momentum in industrialized nations, for which the IMF forecasts a 2.2 % increase in economic output in 2014 (2013: 1.3 %). Globally, a growth rate of 3.7 % is expected.

In the eurozone, signs of an end to the recession appeared in mid 2013. Compared with the previous year, the year as a whole will still end with a contraction of approximately 0.4 %, but a slight recovery of investment activity and exports is expected in 2014. Domestic demand could also increase slightly. For the current year, the IMF forecasts real economic growth of 1.0 % in the eurozone.

A significant upturn is expected in 2014 for the German economy. Exports are expected to be revived by the brightening global economic climate and stabilization within the eurozone. At the same time, the domestic consumer climate remains positive with good labor market data and incomes expected to rise. The forecasts for 2014 are currently between 1.5 % (Rheinisch-Westfälisches Institut für Wirtschaftsforschung) and 1.9 % (ifo Institut) real growth.

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. If the economy performs well, companies and consumers are more willing to invest additional money in advertising or consumption than in phases of economic weakness. 2013 ended with relatively low economic growth of 0.4 %. At the same time, the net advertising market fell by 1.4 %, according to the forecast of the Association of German Advertisers (Zentralverband der deutschen Werbewirtschaft, ZAW). In contrast, the TV market showed a contrary trend: The World Advertising Research Center (WARC) forecasts growth of 1.1 % (2014: +3.2 %) in TV net advertising revenues in 2013. This development clearly shows that the effect of the economy is outweighed by the structural changes among media types, namely the shift of print as an advertising medium to TV. Because television can count on economic support as well as further gains in the media mix in 2014, the TV advertising market has good prospects on the whole.

The advertising market forecasts for Austria and Switzerland, the international TV markets for the ProSiebenSat.1 Group, are likewise positive.

Company Outlook

Basis for Forecast

Due to a positive economic environment, the forecasts for the German advertising market remain optimistic: The ZenithOptimedia agency group and the World Advertising Research Center (WARC) predict net growth of around 3 % for the German TV advertising market in 2014. The ProSiebenSat.1 Group also expects net growth by a low single-digit percentage in 2014. In 2013, the ProSiebenSat.1 Group generated around 63 % of its revenues by selling traditional TV advertising in Germany. The development of the TV advertising market therefore is our most important planning assumption.

The ProSiebenSat.1 Group has concluded framework agreements on volumes to be taken and conditions with a large number of its advertising customers. However, final budgets are sometimes confirmed only on a month-by-month basis, as the price level is aligned to current audience shares, among other things. The advertising industry reacts not only very quickly but also extremely sensitively to positive and negative changes in the economy. This Company Outlook can therefore only provide a qualitative forecast for the relevant key financial figures of the 2014 to 2015 projection period. The qualitative indicators “slight increase”, “mid single-digit increase”, “mid to high single-digit increase”, “high single-digit increase”, and “significant increase” described below are based on expected percentage deviations from the respective previous year. Further specification or quantification is impossible in view of the limited visibility in the industry at this time.

Expected Group and Segment Revenue and Earnings Performance

We had a positive start to the financial year 2014 and continued to benefit from a favorable economic climate. Our revenues in the core business of advertising-financed television and in our strategic growth areas are developing as planned, consequently we expect consolidated revenues to increase significantly by a mid to high-single-digit percentage in 2014. In the 2015 projection period, Group revenues are also likely to increase by at least a mid single-digit percentage.

The extension of our value chain is part of our growth strategy. In the core business of TV, the ProSiebenSat.1 Group will benefit from the expansion of the station portfolio that took place in 2013, and the Distribution business is likely to continue developing dynamically. In addition, we will not only grow organically in the Digital & Adjacent and Content Production & Global Sales segments, but also strengthen our competitive position with strategic investments. The associated cost increase will be offset by additional growth in revenues, therefore we expect recurring EBITDA to increase by a mid single-digit percentage. Compared to the relevant European peer group companies, we are likely to continue achieving above-average margins. We expect underlying net income to grow by a high single-digit percentage in 2014 and 2015.

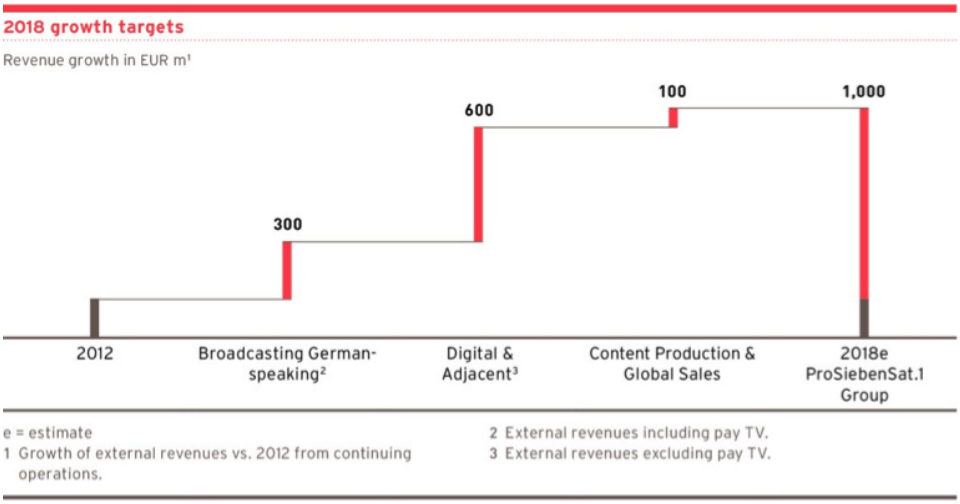
Forecast for Group key figures – 2-year view

EUR m	2013	Forecasts[1] for 2014 and 2015
Revenues	2,605.3	medium to high single-digit increase
Recurring EBITDA	790.3	medium single-digit increase
Underlying net income	379.7	high single-digit increase
Leverage factor[2]	1.8[2]	1.5 – 2.5

1 Percentage change vs. previous year; continuing operations.
2 After reclassification of cash and cash equivalents from the Eastern European business. Adjusted for LTM recurring EBITDA from the Northern and Eastern European business.

With our strategy, we have set a course for sustainable profitable growth. In 2013, we increased our revenues in all segments and again achieved high profitability. In the 2014 to 2015 forecast period, our revenue growth will again form the basis for a continued increase in earnings. By 2018, we expect revenues on the basis of continuing operations to increase by at least EUR 800 million compared with 2010. Originally, the Group had forecast a revenue increase of at least EUR 600 million by 2015 compared to 2010. Due in particular to the dynamic developments of the Digital & Adjacent activities, however, we raised our 2015 growth target by EUR 200 million in October 2013. We expect additional potential revenues primarily from the segments Digital & Adjacent (+ EUR 175 million) and Content Production & Global Sales (+ EUR 25 million). At the same time, we announced our financial targets for 2018.

At Group level, we expect revenues growth of EUR 1 billion by 2018 compared to 2012. We expect to generate over 40 % of our consolidated revenues outside of traditional TV advertising in 2018. The Digital & Adjacent segment is expected to contribute 25 % to 30 % of consolidated revenues in the medium term. The Group has identified the biggest potential in the interlinking of the high-reach TV offering and the dynamically growing digital industry. The Group is thus diversifying its business areas and tapping into new sources of revenues that are independent of the advertising market which is sensitive to the economy.



- **Broadcasting German-speaking segment:** In view of the positive start to the year and the optimistic economic forecasts, we expect a further increase of revenues in the German market. We based our planning assumptions for 2014 on net growth of a low single-digit percentage in the German TV advertising market and expect to grow at around market level. Net prices for TV advertising are expected to develop at least stably or to increase slightly.

  In 2013, the Group launched two new free TV stations, SAT.1 Gold and ProSieben MAXX, and further extended its lead in the German TV market. For 2014 and 2015, the Group plans at least to maintain or to slightly improve its leading position in both the audience market and the advertising market. In addition, the ProSiebenSat.1 Group has established another dynamically growing business area within its core business with the distribution of its HD stations. Against this backdrop, we expect to continue our profitable growth in the Broadcasting German-speaking segment and anticipate a slight increase in revenues and recurring EBITDA in the next two years.

- **Digital & Adjacent segment:** The successes of 2013 are proof to our digital strategy. We will continue our dynamic growth in the Digital & Adjacent segment and again expect double-digit growth rates in 2014 and 2015. Due to diverging business models, the recurring EBITDA margins of the Digital & Adjacent segment are slightly lower than in the core TV business at the expected level of around 20 %. We see the biggest growth opportunities in the Digital Commerce and Digital Entertainment with home entertainment and online video advertising. In 2014 and 2015, we will continue to strengthen our good competitive position both by organic growth and acquisitions.

- **Content Production & Global Sales segment:** Also in the Content Production & Global Sales segment we aim to continue our dynamic development in the next two years. After an intense phase of expansion, in which we became an established player in important TV markets such as the USA and the UK, our focus in the 2013 reporting year was on the consolidation of our investments and organic growth. We will continue this in 2014 and promote the implementation of synergies and economies of scale between the individual subsidiaries. At the same time, we will increase the number of our strategic partnerships and use opportunities for strategically useful acquisitions.

Forecast for segment key figures – 2-year view

	2013		2014 und 2015 forecasts[1]	
EUR m	External Revenues	Recurring EBITDA	Revenues	Recurring EBITDA
Broadcasting German-speaking	1,997.8	678.6	Slight increase	Slight increase
Digital & Adjacent	483.7	105.4	Significant increase	Significant increase
Content Production & Global Sales	123.8	10.6	Significant increase	Significant increase

1 Percentage change vs. previous year; continuing operations.

Future Financial Position and Performance

We let our shareholders participate in the Company's success appropriately. We intend to continue our dividend policy and distribute an annual dividend of 80 % to 90 % of underlying net income. For 2013, we will propose a dividend of EUR 1.47 per dividend entitled registered common share. This represents an estimated payout of EUR 313.2 million or 82.5 % of underlying net income. This results in an attractive dividend yield of 4.1 % in relation to the closing price at the end of 2013. We will also continue to pursue an earnings-oriented dividend policy while maintaining to our defined leverage factor target range of 1.5 to 2.5. At the end of 2013, the leverage factor on the basis of continuing operations was 1.8.

For 2012, EUR 5.65 was paid per dividend entitled bearer preference share and EUR 5.63 per dividend entitled registered common share. In total, the dividend amounted to EUR 1.201 billion. After the successful completion of the sale of the Northern European activities in April 2013, the ProSiebenSat.1 Group reinvested part of the proceeds in the Group's operating business. As a result, the operating cash flow was largely available for other purposes, such as the dividend payment.

The ProSiebenSat.1 Group also used a portion of the proceeds from the disposal of the Northern European portfolio to repay financial indebtedness of EUR 500.0 million. However, the Company not only repaid loans in 2013, but also extended the remaining portion of its term loans and its revolving credit facility to July 2018.

With an equity ratio of 16.4 % as of December 31, 2013, the Group shows a solid balance sheet structure, even though the equity base decreased due to the dividend payment at the end of the year. On the basis of the forecast earnings increase, we anticipate an equity ratio of around 20 % by the end of 2014. The expected operating performance is also likely to have a positive impact on our liquidity level and our free cash flow before M&A activities. We therefore expect sufficient financial headroom and liquidity for investments and dividend payments in 2014 and 2015. In the future, the largest part of our investments — between EUR 800 and EUR 900 million — will continue to be made into the programming assets of the Broadcasting German-speaking segment. Another focus is the Digital & Adjacent segment. Here, investments will be used in particular for acquisitions and intangible assets. In addition to further investments, this also includes media-for-equity deals.

By developing strategically relevant areas, the ProSiebenSat.1 Group is investing in its future growth. In recent years, we have gained an early foothold in markets that offer high revenues potential in the long term. These include ecommerce business and the market for online video advertising and digital home entertainment. We have forcefully established our own brands here in recent years. We will benefit from this in the next few years.

Note on forward-looking statements on future earnings, financial position and performance

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

XIV. Takeover-related Disclosures in Accordance with Sections 289 (4) of the German Commercial Code

As a publicly traded company whose voting shares are listed in an organized market within the meaning of Section 2 (7) of the German Securities Acquisitions and Takeover Act (WpÜG), ProSiebenSat.1 Media AG is obliged to record the information stipulated in Sections 289 (4) of the German Commercial Code (HGB) in the management report and Group management report. The disclosures are intended to enable a third party interested in taking over a publicly traded company to inform itself about the company, its structure, and any obstacles to the takeover. In addition to these statutory disclosures, the following extract also includes the related explanations in accordance with Section 176 (1) Sentence 1 of the German Stock Corporation Act (AktG):

Composition of the subscribed capital

As of December 31, 2013, the share capital of ProSiebenSat.1 Media AG amounted to EUR 218,797,200. It is divided into 218,797,200 no par registered common shares with a pro rata share in the share capital of EUR 1.00 each. All shares entail the same rights and obligations; there are no longer shares of different classes due to the conversion of non-voting preference shares into voting common shares, which took effect when a corresponding change to the articles of incorporation was entered in the company's commercial register on August 16, 2013. Each share in ProSiebenSat.1 Media AG now grants one vote at the Annual General Meeting and an identical share in profits.

Restrictions affecting voting rights or the transfer of shares

The Executive Board has no information on any restrictions on the exercise of voting rights or the transferability of shares that go beyond the legal requirements of the law governing the capital market and the Interstate Broadcasting Treaty (Rundfunkstaatsvertrag).

Share holdings that exceed 10 % of the voting rights

Information about capital holdings that exceed 10 % of the voting rights are presented in the notes of the annual financial statements as of December 31, 2013 of ProSiebenSat.1 Media AG.

Shares with special rights that confer controlling powers

No shares with special rights that confer controlling powers have been issued.

Voting control with regard to shareholdings of employees

There is no control over voting rights in the event that employees hold a share in the capital of ProSiebenSat.1 Media AG and do not exercise their controlling rights directly.

Appointment and removal of Executive Board members; amendments of the articles of incorporation

In accordance with Section 6 (1) Sentence 1 of the company's articles of incorporation, the Executive Board of ProSiebenSat.1 Media AG comprises several people; the exact number is determined by the Supervisory Board in accordance with Section 6 (1) Sentence 1 of the articles of incorporation. Members of the Executive Board are appointed and removed by the Supervisory Board in accordance with Section 84 AktG. On this basis, Executive Board members are appointed for a maximum period of five years. Reappointments for a maximum of five years are permitted. Executive Board members can be removed by the Supervisory Board prematurely for good cause (wichtiger Grund). The appointment and removal of Executive Board members require a simple majority of the votes cast in the Supervisory Board; in the event of a tie, the vote of the Supervisory Board Chairman shall prevail (Section 10 Sentence 3 of the company's articles of incorporation). If the Executive Board does not have the required number of members, in urgent cases the court shall appoint a member upon petition by a party concerned (Section 85 (1) Sentence 1 AktG).

The Annual General Meeting must decide on changes to the articles of incorporation (Section 179 (1) Sentence 1 AktG). In the case of ProSiebenSat.1 Media AG, a resolution of the Annual General Meeting resolution to change the articles of incorporation requires the simple majority of the votes cast and of the share capital represented at the passing of the resolution (Section 179 (2) AktG in conjunction with Section 16 (2) of the articles of incorporation), unless a greater majority is required by mandatory legal provisions. For example, this is the case for changing the purpose of the company (Section 179 (2) Sentence 2 AktG) and creating an authorized capital (Section 202 (2) Sentences 2 and 3 AktG) or contingent capital (Section 193 (1) Sentences 1 and 2 AktG), for which a majority of at least three quarters of the share capital represented at the passing of the resolution is required. The Supervisory Board is authorized to pass amendments that relate solely to the wording of the articles of incorporation (Section 179 (1) Sentence 2 AktG in conjunction with Section 11 of the articles of incorporation).

Executive Board’s powers to issue or repurchase shares

On the basis of the resolution of the Annual General Meeting of July 23, 2013, the Executive Board is authorized, subject to the consent of the Supervisory Board, to increase the share capital of ProSiebenSat.1 Media AG on or before July 22, 2018, by not more than EUR 109,398,600 by issuing new no-par shares in return for contributions in cash and/or in kind on one or more occasions (Authorized Capital 2013). Subject to the consent of the Supervisory Board, the Executive Board is authorized to determine the further content of the rights attached to the shares and the conditions of the share issue. Shareholders are granted a preemptive right.

By resolution of the Annual General Meeting of June 4, 2009, the Executive Board is authorized, subject to the consent of the Supervisory Board, to issue bearer or registered convertible and/or option bonds with limited or unlimited terms on one or more occasions on or before June 3, 2014, with a total nominal value of no more than EUR 1 billion and to grant the holders or creditors of bonds, respectively, conversion rights or options to subscribe to up to 109,398,600 new shares of the company in the total national amount of up to EUR 109,398,600 in the share capital in accordance with the terms and conditions of the convertible options or bonds.

As a general rue, shareholders have a subscription right to the convertible and option bonds; however, the Executive Board is authorized, subject to the consent of the Supervisory Board, to partially or fully preclude the subscription right in certain cases described in more detail in the resolution of the Annual General Meeting.

To help the company service these conversion options or rights, the Annual General Meeting of June 4, 2009, created a contingent capital of EUR 109,398,600.

By resolution of the Annual General Meeting of May 15, 2012, amended by resolution of the Annual General Meeting of July 23, 2013 with respect to the conversion of preference share into common shares, ProSiebenSat.1 Media AG is authorized to purchase its own shares, or before May 14, 2017 in the total amount of up to 10 % of the share capital as of the date of the resolution. The company can utilize this authorization in full or in part, on one or more occasions, and for one or more purposes. The purchase can — also with the use of derivatives — be made via the stock exchange or by means of a tender offer directed to all shareholders and/or by way of a public solicitation to submit sales offers. Purchased own shares can be sold again or cancelled (eingezogen werden) without an additional Annual General Meeting resolution. On the resale of own shares, the Executive Board is authorized, subject to the consent of the Supervisory Board, to partially or fully exclude the shareholders' preemptive rights in certain cases described in more detail in the resolution of the Annual General Meeting.

Significant agreements subject to a change of control resulting from a takeover bid

ProSiebenSat.1 Media AG concluded the following significant agreements that entail regulations for the event of a change of control, which could result from a takeover bid:

The ProSiebenSat.1 Group has a secured syndicated facilities agreement that, as of December 31, 2013, includes a term loan of EUR 1.860 billion and a revolving credit facility (RCF) with a facility amount of EUR 600 million. In the event that the control over ProSiebenSat.1 Media AG changes (change of control) by way of direct or indirect acquisition of more than 50% of the voting rights in ProSiebenSat.1 Media AG by a third party, 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, some license agreements for films, TV series and other programs important for the Company include regulations that, in the event of a change of control, entitle the provider of the program content to terminate the corresponding license agreement prematurely.

Company's compensation agreements with Executive Board members or employees for the event of a takeover bid

There are no compensation agreements of ProSiebenSat.1 Media AG with members of the Executive Board or employees for the event of a takeover bid.

Unterföhring, February 24, 2014

Thomas Ebeling

Chief Executive Officer

Axel Salzmann
Chief Financial Officer

Conrad Albert
Vorstand Legal, Distribution & Regulatory Affairs

Heidi Stopper
Vorstand Human Resources

Dr. Christian Wegner
Vorstand Digital & Adjacent

Annual Financial Statements of ProSiebenSat.1 Media AG

ProSiebenSat.1 Media AG, Unterföhring

Balance sheet as of December 31, 2013

Assets

	Dec 31, 2013		Dec 31, 2012	
	EUR	EUR	EUR	EUR
A. Fixed assets				
I. Intangible assets				
1. Licenses, trademarks and patents as well as licenses to such assets and rights for a consideration	1,539,469.00		2,019,329.00	
2. Advances paid on intangible assets	115,052.55	1,654,521.55	0.00	2,019,329.00
II. Property, plant and equipment				
1. Buildings on land owned by others	34,884,291.52		26,713,080.52	
2. Other equipment, fixtures, furniture and equipment	3,492,881.50		3,453,621.50	
3. Advances paid on tangible assets under construction	9,095,398.43	47,472,571.45	9,509,913.32	39,676,615.34
III. Financial Assets				
1. Interests in Group companies	5,329,474,642.28		5,078,300,060.92	
2. Loans to Group companies	116.716,380.85		125,324,407.60	
3. Interests in associated companies	196,771.80		196,771.80	
4. Long-term investments	13,373,994.72		11,167,289.90	
5. Other loans	14,689,979.64	5,474,451,769.29	13,476,500.03	5,228,465,030.25
		5,523,578,862.29		5,270,160,974.59
B. Current assets				
I. Receivables and other current assets				
1. Trade accounts receivable	29,631,635.56		19,626,434.98	
2. Receivables from Group companies	1,060,967,964.24		1,363,359,261.11	
3. Receivables from companies in which equity investments are held	746,258.33		1,710.63	
4. Other assets	75,130,213.06	1,166,476,071.19	63,245,445.36	1,446,232,852.08
II. Cash, cash at banks		335,986,342.00		649,823,957.69
		1,502,462,413.19		2,096,056,809.77
C. Prepaid expenses		21,663,917.02		19,553,016.79
		7,047,705,192.50		**7,385,770,801.15**

ProSiebenSat.1 Media AG, Unterföhring

Balance sheet as of December 31, 2013

Liabilities and shareholders' equity

	Dec 31, 2013		Dec 31, 2012	
	EUR	EUR	EUR	EUR
A. Equity				
I. Subscribed capital	218,797,200.00		218,797,200.00	
./. Nominal amount of treasury shares	-5,707,400.00		-6,505,750.00	
Issued share capital		213,089,800.00		212,291,450.00
II. Capital reserves		602,297,003.01		594,564,180.27
III. Retained earnings		8,935,966.34		0.00
IV. Distributable profit		1,840,738,499.13		2,679,912,842.56
		2,665,061,268.48		3,486,768,472.83
B. Provisions				
1. Pension provisions and similar obligations		13,808,903.82		11,757,517.00
2. Tax provisions		11,496,683.57		11,342,486.81
3. Other provisions		75,092,093.63		72,570,000.00
		100,397,681.02		95,670,003.81
C. Liabilities				
1. Liabilities to banks				
a. Loan liabilities		1,859,709,464.83		2,286,655,641.12
b. Interest liabilities		11,666,750.55		11,347,869.45
2. Deposits received		5,000.00		31,250.00
3. Trade accounts payable		160,339,607.94		154,831,189.16
4. Liabilities to Group companies		2,178,920,269.83		1,249,619,524.78
5. Other liabilities		47,727,366.35		67,152,942.42
--thereof for taxes EUR 44,864,726.34 (previous year: EUR 37,535,399.99)--				
--thereof for social security EUR 264.00 (previous year: EUR 264.00)--				
		4,258,368,459.50		3,769,638,416.93
D. Deferred income		123,333.20		141,833.25
E. Deferred taxes		23,754,450.30		33,552,074.33
		7,047,705,192.50		**7,385,770,801.15**

ProSiebenSat.1 Media AG, Unterföhring

Income Statement for the period from January 1 to December 31, 2013

		2013		2012	
		EUR	EUR	EUR	EUR
1	Revenues		29,992,949.75		24,300,829.98
2.	Other operating income		99,961,489.62		124,890,952.44
	--thereof from currency conversion EUR 11,479,058.56 (previous year: EUR 20,303,826.10)--				
3.	Programming and material expenses				
	a) Cost of licenses, transmisson fees and materials	36,230,399.42		30,482,653.01	
	b) Cost of purchased services	334,557.63	36,564,957.05	611,542.21	31,094,195.22
4.	Personnel expenses				
	a) Wages and salaries	65,019,173.76		58,510,878.03	
	b) Social security contributions and other employee benefits	5,229,154.54	70,248,328.30	4,695,478.48	63,206,356.51
	--thereof for old age pensions EUR 681,484.00 (previous year: EUR 434,708.34)--				
5.	a) Amortization and depreciation of tangible assets and intangible assets	7,281,270.90		5,760,337.18	
	b) Amortization and depreciation of current assets in excess of normal depreciation	0.00	7,281,270.90	3,329,084.91	9,089,422.09
6.	Other operating expenses		132,715,183.55		157,544,911.46
	--thereof from currency conversion EUR 10,122,140.49 (previous year: EUR 10,442,044.45)--				
7.	Income from profit transfer agreements		788,662,421.39		683,060,495.69
8.	Other interest and similar income		29,104,812.05		54,699,633.09
	--thereof from Group companies EUR 23,725,226.00 (previous year: EUR 52,847,604.64)--				
9.	Expenses from loss absorption		86,847,378.79		480,751,107.33
10.	Interest and similar expenses		134,514,025.58		131,554,738.58
	--thereof from group companies EUR 1,798,309.81 (previous year: EUR 3,969,455.73)--				
	--thereof from accumulation EUR 605,708.00 (previous year: EUR 504,417.00)--				
11.	Income from ordinary business activities		479,550,528.64		13,711,180.01
12.	Extraordinary income		0.00		1,588,346.18
13.	Extraordinary expenses		0.00		1,588,346.18
14.	Extraordinary result		0.00		0.00
15.	Income taxes		117,325,740.07		135,398,792.71
	--therof income for deferred taxes EUR 9,797,624.03 (previous year: expenses for deferred taxes EUR 18,106,885.35)				
16.	Other taxes		45,009.00		73,509.50
17.	Result of the year		362,179,779.57		-121,761,122.20
18.	Profit carried forward from the previous year		1,478,558,719.56		2,801,673,964.76
19.	**Distributable profit**		**1,840,738,499.13**		**2,679,912,842.56**

Notes to the Financial Statements for Fiscal 2013

Basis and methodology

The annual financial statements of ProSiebenSat.1 Media AG were prepared in compliance with the relevant requirements of the German Commercial Code and the German Stock Corporation Act.

In the income statement, the historically employed cost of production method has been retained.

The accounting methods applied in the previous year were applied unchanged. ProSiebenSat.1 Media AG prepares and publishes the annual financial statements in euro.

Due to rounding, it is possible that individual figures in these 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.

In March 2013, 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 ProSiebenSat.1 Media AG website (www.prosiebensat1.com).

Accounting policies

Intangible assets acquired for consideration are capitalized at cost and are amortized on a straight line basis over no more than ten years. Unscheduled write-downs are taken if a permanent impairment of value can be expected. Internally generated intangible non-current assets are not recognized.

Tangible fixed assets are valued at cost, less straight-line depreciation based on wear and tear. Unscheduled write-downs are taken if a permanent impairment of value can be expected. Economic goods with acquisition costs of up to EUR 150 are recognized in full as expenses in the year of acquisition. Economic goods with acquisition costs of between EUR 150 and EUR 1,000 are combined into a single item, which is depreciated on a straight-line basis over five years.

Buildings on land not owned by the Company are depreciated over their normal useful life or, if shorter, the term of the lease. Other facilities, as well as office furniture and equipment, are depreciated over a term of three to 20 years, depending on the item in question.

Financial assets are recognized at cost or at their lower fair value if the impairment is expected to be permanent. If the reasons for a permanent impairment no longer apply, write-ups to the acquisition cost are taken in compliance with the rules for recovery of value.

Receivables and other assets are measured at their nominal amount or, if applicable, at cost or at their lower fair value on the reporting date. In the valuation of receivables and other current assets, adequate allowances have been made to cover known risks through valuation allowances.

Credit balances at banks are shown at their nominal value. Short-term foreign currency balances and liabilities are converted at the exchange rates on the reporting date.

Treasury stock is deducted from equity in accordance with Article 272 (1a) of the German Commercial Code.

Expenses for the stock option plan and stock awards are allocated in full to the capital reserves in accordance with Article 272 (2) No. 2 of the German Commercial Code. The capital reserve is built up proportionally during the period the employees carry out work. The stock options issued are measured on the date granted in accordance with the binomial model from Cox/Ross/Rubinstein, which measures stock awards at fair value on the date granted.

Pension provisions and similar obligations are recognized at the amount payable deemed necessary according to prudent business judgment. This amount payable is calculated using actuarial techniques in accordance with the Projected Unit Credit Method. They are calculated on the basis of biometric data from the 2005 G guideline tables prepared by Prof. Dr. Klaus Heubeck, using an interest rate of 4.89 %, based upon a standard remaining term of 15 years and a pension trend of 0.0 % to 1.0 % a year. The interest component of pension expenses is reported under interest and similar expenses.

Tax provisions and other provisions are to be measured at the expected amount payable deemed necessary according to prudent business judgment, taking into account price and cost increases. Long-term provisions (remaining term of more than a year) are to be discounted at the average market interest rate of the past seven fiscal years appropriate for the duration, which is calculated and published by Deutsche Bundesbank.

Liabilities are measured at their amount payable as of the reporting date.

ProSiebenSat.1 Media AG uses derivative financial instruments to hedge against risks of changes in interest rates and foreign exchange rates in its operating activities, and in the resulting financing needs. If there is a direct hedging relationship, hedge accounting is applied to the derivative financial instruments together with their underlying transaction in accordance with Article 254 of the German Commercial Code. If there is no sufficient hedging relationship, the hedging transactions are measured under the principle of unequal treatment of losses and income; in other words, provisions are formed for negative market values, but positive market values are not recognized.

If there are differences between the valuations of intangible assets, liabilities, prepaid expenses and deferred items under German commercial law and fiscal law, which are expected to decline in future fiscal years, any overall surplus of deferred tax liability which remains after offsetting is recognized on the balance sheet, taking into account the loss and interest carried forward. An overall surplus of deferred tax assets arising after offsetting is not recognized by exercising the option of Article 274 (1) of the German Commercial Code. Deferred tax assets are netted out to the extent that they correspond to the existing deferred tax liabilities.

Loss and interest carried forward and tax credits are taken into account to the extent that they are expected to be offset or used within the next five years. Temporary differences between the measurement of intangible assets, liabilities, prepaid expenses and deferred items of consolidated tax group subsidiaries under German commercial law and fiscal law are included if there are expected to be tax burdens and tax relief from reducing the respective temporary differences at the tax group parent, ProSiebenSat.1 Media AG.

Deferred taxes are measured on the basis of the applicable corporate tax rate and according to the local business income tax assessment rates of the income tax consolidation group of ProSiebenSat.1 Media AG. Corporate tax, the solidarity surcharge and local business income tax resulted in a tax rate for the last fiscal year of 28 %.

Receivables and liabilities in foreign currencies with a remaining term of up to one year are measured at the exchange rate on the reporting date. Foreign currency receivables with a remaining term of more than one year are converted at the exchange rate on the booking date or the lower exchange rate on the reporting date; foreign currency liabilities with a remaining term of more than a year are converted at the exchange rate on the booking date or the higher exchange rate on the reporting date.

Notes to the Balance Sheet

Fixed assets

Changes in fixed assets can be found in the appended statement of changes in fixed assets.

Intangible assets and tangible fixed assets

In the last fiscal year, no unscheduled write-downs (previous year: EUR 185 thousand) were taken on tangible fixed assets.

Financial assets

The ProSiebenSat.1 Media AG Group of companies is listed at the end of these Notes.

In fiscal 2013, shares in affiliated companies increased by a total of EUR 251,174.6 thousand due to capital increases in the form of contributions to the capital reserve or conversions of existing loans into equity. In the previous year, the carrying amounts of shares in affiliated companies decreased due to a partial reversal of the capital reserves at P7S1 Erste SBS Holding GmbH of EUR 560,000.0 thousand and at P7S1 Zweite SBS Holding GmbH of EUR 140,000.0 thousand and the subsequent distribution of these amounts to the sole shareholder ProSiebenSat.1 Media AG.

As in the previous year, no write-downs were reversed in the last fiscal year.

Loans to affiliated companies involve intragroup loans that will not be repaid within a year. The decline in fiscal 2013 is the result of the described conversion of loans into equity at a subsidiary.

Long-term securities include shares in investment funds which serve to cover pension obligations. The conditions for netting out with pension provisions in accordance with Article 246 (2) Sentence 2 of the German Commercial Code are not met as of the reporting date.

Other loans essentially comprise loans to the landlords of the properties at Gutenbergstraße 1–3, Gutenbergstraße 4, and Medienallee 7 at the Unterföhring site.

Receivables and other current assets

EUR thousand	Dec 31, 2013 Remaining term 1 year or less	Dec 31, 2013 Remaining term more than 1 year	Total Dec 31, 2013	Dec 31, 2012 Remaining term 1 year or less	Dec 31, 2012 Remaining term more than 1 year	Total Dec 31, 2012
Trade accounts receivable	28,466	1,166	**29,632**	19,013	613	19,626
Receivables from Group companies	1,060,968	- / -	**1,060,968**	1,363,359	- / -	1,363,359
Receivables from companies in which equity investments are held	746	- / -	**746**	2	- / -	2
Other current assets	66,653	8,477	**75,130**	52,257	10,989	63,246
Total	**1,156,833**	**9,643**	**1,166,476**	**1,434,631**	**11,602**	**1,446,233**

Receivables from Group companies comprise receivables under profit and loss transfer agreements (EUR 788,663 thousand; previous year: EUR 683,060 thousand), short-term loan receivables (EUR 89,093 thousand; previous year: EUR 515,561 thousand), cash pooling receivables (EUR 57,171 thousand; previous year: EUR 70,803 thousand), and receivables from internal transactions (EUR 126,042 thousand; previous year: EUR 93,935 thousand).

The other current assets primarily comprise advance payments made on licenses of EUR 35,844 thousand (previous year: 44,474 thousand) and corporate tax credits with a term of more than one year of EUR 8,477 thousand (previous year: EUR 10,989 thousand)

Prepaid expenses and deferred items

Prepaid expenses and deferred items primarily include bank charges from loan liabilities amortized over the term of the loans.

Deferred taxes

The following overview details the balance sheet items that include deferred tax receivables and liabilities for the income tax consolidation group of ProSiebenSat.1 Media AG.

EUR thousand	Deferred tax assets	Deferred tax liabilities
Intangible assets	5,380	- / -
Fixed assets	120	- / -
Financial assets	- / -	39,397
Receivables and other current assets	134	40
Provisions	13,350	- / -
Liabilities	27	3,328
Total	**19,011**	**42,765**
Netting	-19,011	-19,011
Balance		**23,755**

Deferred tax assets and tax liabilities are calculated using a combined tax rate of corporate tax, the solidarity surcharge, and local business income tax of 28 %, which is derived from a weighted average of the tax rates of the subsidiaries. Temporary differences to financial assets are measured at an effective tax rate of 1.4 %.

The surplus deferred tax liabilities calculated are recognized in accordance with Article 274 of the German Commercial Code.

Subscribed capital

The subscribed capital of ProSiebenSat.1 Media AG was EUR 218,797,200 as of the reporting date. It consisted of 218,797,200 registered shares of common stock with a pro rata amount of the share capital of EUR 1.00 per share. As of December 31, 2013, the capital issued amounted to 213,089,800 shares, as the company held 5,707,400 (previous year: 6,505,750) common shares.

The Annual General Meeting on July 23, 2013 resolved to convert all preference shares into common shares and to remove the restrictions on the transferability of the common shares. In addition, it was resolved to admit the new common shares resulting from the conversion and the existing common shares for trading on the Regulated Market of the Frankfurt Stock Exchange with simultaneous authorization for trading in the Prime Standard segment, where additional postlisting requirements apply. Authorization for trading took place on August 19, 2013.

Equity

	Subscribed capital		Capital	Retained	Distributable	Total
EUR thousand	Common stock	Preferred stock	reserve	earnings	profit	Equity
December 31, 2012	**109,398.6**	**102,892.9**	**594,564.2**	**0.0**	**2,679,912.8**	**3,486,768.5**
Option exercise regarding preferred shares	- / -	747.9	- / -	8,341.1	- / -	**9,088.9**
Share class merger	103,640.7	-103,640.7	- / -	- / -	- / -	**- / -**
Paid dividends	- / -	- / -	- / -	- / -	-1,201,354.1	**-1,201,354.1**
Result of the year	- / -	- / -	- / -	- / -	362,179.8	**362,179.8**
Option exercise regarding common shares	50.5	- / -	- / -	594.9	- / -	**645.4**
Expenses stock options and stock aw ards	- / -	- / -	7,732.8	- / -	- / -	**7,732.8**
December 31, 2013	**213,089.8**	**- / -**	**602,297.0**	**8,936.0**	**1,840,738.5**	**2,665,061.3**

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 would have expired on June 3, 2014. The Annual General Meeting on July 23, 2013 approved a new authorized capital, together with an authorization to exclude preemptive 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 July 22, 2018, by not more than EUR 109,398,600, in return for contributions in cash and/or in kind, by issuing new common stock (authorized capital 2013).

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 the issuing of not more than 109,398,600 registered shares of common stock or bearer shares of preferred stock. The contingent capital increase will serve 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 stock

The Company is authorized by an authorization adopted by the Annual General Meeting on May 15, 2012 to acquire common stock and/or preferred stock in the Company for a total notional amount of up to 10 % of the Company's share capital according to Article 71 (1) No. 8 German Corporation Code at the time of authorization up to May 14, 2017.

The authorization of May 15, 2012 allows the Executive Board, with the Supervisory Board's consent, to exercise its right for any legally permissible purpose, in particular to serve stock options with subscription rights on preferred stock of ProSiebenSat.1 Media AG that are issued as part of the stock option program.

In fiscal 2011, 2,500,000 shares in preferred stock were acquired at an average price of EUR 13.01 to secure the stock option plan and stock awards. In fiscal 2009, 4,900,000 shares in preferred stock were acquired at an average price of EUR 3.14. In fiscal 2008, 1,127,500 shares in preferred stock were acquired at an average price of EUR 13.40. In fiscal 2013 and in the previous year, no treasury stock was acquired.

In fiscal 2013, because of option holders' exercise of stock options, ProSiebenSat.1 Media AG sold 798,350 shares in the Company's own preferred stock or common stock at an option price averaging EUR 12.19. In the previous year, 1,134,250 shares in the Company's own preferred stock were sold to option holders in the context of exercising stock options after receiving the average option price of EUR 4.51.

ProSiebenSat.1 Media AG thus held 5,707,400 (previous year: 6,505,750) shares in preferred treasury stock as of December 31, 2013. This is equivalent to 2.6 % of the share capital.

Capital reserves

Capital reserves amount to EUR 602,297 thousand (previous year: EUR 594,564 thousand). These reserves include premiums from the new stock issue in fiscal 1997 and the capital increase in 2004 as well as the effects on results arising in connection with the granting of stock options of the corresponding Long Term Incentive Plans (LTIPs) and with stock awards.

Retained earnings

Retained earnings include the effects of the exercise of stock options. In fiscal 2013, EUR 8,936 thousand was allocated to retained earnings.

Distributable profit

Last fiscal year, under a resolution adopted at the Annual General Meeting on July 23, 2013, a dividend of EUR 1,201,354 thousand was paid out to shareholders, out of ProSiebenSat.1 Media AG's distributable profit of EUR 2,679,913 thousand as of December 31, 2012. This figure represents a distribution of EUR 5.65 per share of preferred stock and EUR 5.63 per share of common stock.

Provisions

EUR thousand	**Dec 31, 2013**	Dec 31, 2012
Provisions for onerous contracts	29,749	3,956
Personnel provisions	18,324	19,482
Provisions for pension and similar obligations	13,809	11,758
Provision for outstanding invoices	12,989	26,510
Tax provisions	11,497	11,342
Other miscellaneous provisions	14,030	22,622
Total	**100,398**	95,670

Provisions for expected losses of EUR 24,799 thousand relate to contractually agreed transfers of programming assets that are not yet part of ProSiebenSat.1 Media AG's assets on the reporting date. The company is obliged to receive the licenses at the lower of remaining book value and anticipated air revenues. The provision was calculated as the difference between purchasing and selling amount.

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

The tax provisions were formed primarily for corporate income tax and local business income taxes. The potential impact of a current tax audit has been taken into account.

Liabilities

	Dec 31, 2013				Dec 31, 2012			
	Remaining term				Remaining term			
EUR million	**1 year or less**	**From 1 to 5 years**	**More than 5 years**	**Total Dec 31, 2013**	1 year or less	From 1 to 5 years	More than 5 years	Total Dec 31, 2012
Liabilities to banks								
a) Loan liabilities	- / -	1,859.7	- / -	1,859.7	230.6	2,056.0	- / -	2,286.7
b) Interest liabilities	11.7	- / -	- / -	11.7	11.3	- / -	- / -	11.3
Trade accounts payable	139.3	21.1	- / -	160.3	154.8	- / -	- / -	154.8
Liabilities to Group companies	2,178.9	- / -	- / -	2,178.9	1,249.6	- / -	- / -	1,249.6
Other liabilities	47.7	- / -	- / -	47.7	67.2	- / -	- / -	67.2
Total	**2,377.6**	**1,880.8**	**- / -**	**4,258.4**	1,713.6	2,056.0	- / -	3,769.6

As of December 31, 2013, the reissued Term Loan D amounted to EUR 1,859,709 thousand with final maturity on July 3, 2018. The loan was granted by an international banking syndicate and institutional investors.

As of December 31, 2012, loan liabilities reported under liabilities to banks included various term loans with terms to July 3, 2016 (Term Loan D: EUR 1,799,784 thousand), to July 3, 2015 (Term Loan C: EUR 208,497 thousand) and to July 3, 2014 (Term Loan B: EUR 47,729 thousand).

Under the loan agreement, the Company has pledged as security its ownership interests in various subsidiaries categorized as significant.

The available portion of the revolving credit line as of December 31, 2013, which can be utilized variably for general corporate purposes, was EUR 600,000.0 thousand (previous year: EUR 590,000.0 thousand). No draw-down had been made on the reporting date. As of the reporting date, the credit line had been used via guarantees amounting to EUR 0.0 thousand (previous year: EUR 0.0 thousand). In fiscal 2013, the entire revolving credit facility was extended to July 3, 2018.

Liabilities to Group companies include in particular liabilities from cash pooling (EUR 2,048,354 thousand, previous year: EUR 748,072 thousand), liabilities from internal transactions (EUR 43,713 thousand, previous year: EUR 20,797 thousand) and liabilities from profit and loss transfer agreements (EUR 86,847 thousand, previous year: EUR 480,751 thousand). The considerable decline in liabilities from profit and loss transfer agreements is attributable to the negative results of P7S1 Erste SBS Holding GmbH and P7S1 Zweite SBS Holding GmbH in the previous year due to impairment of their interest in P7S1 Broadcasting S.à.r.l. As of December 31, 2013, these liabilities were allocated to cash pooling. In addition to this, liabilities from cash pooling also increased due to the payment of the purchase price for the sale of the Northern European activities, which was collected by ProSiebenSat.1 Media AG and resulted in a corresponding liability to the Dutch sellers.

Notes to the Income Statement

Revenues

Revenues are generated for the most part in Europe outside Germany and derive primarily from the sale of ancillary programming rights.

Because the Company functions as a holding company, no further breakdown of revenues by business segment or geographic segment has been provided.

Other operating income

The income relating to other periods that is included under other operating income amounting to EUR 13,076 thousand (previous year: EUR 28,032 thousand) relates primarily to the reversal of provisions (particularly in relation to personnel) and the reversal of specific valuation allowances recognized in previous years. The decline resulted in particular from the reversal of the provision for expected losses for derivatives due to the overcollateralization in the previous year.

Other operating income particularly includes income from services charged to other Group companies.

Write-downs of current assets

In fiscal 2013, current receivables from foreign affiliated companies of EUR 0 thousand (previous year: EUR 3,329 thousand) were written down.

Programming and material expenses

Expenses for licenses, transmission fees and materials primarily include transmission fee expenses and satellite rental, which are passed on to other companies within the Group.

Other operating expenses

In addition to expenses relating to other periods of EUR 196 thousand (previous year: EUR 38 thousand), the other operating expenses of EUR 132,715 thousand (previous year: EUR 157,545 thousand) particularly include charges passed on by Group companies, rent and other office expenses, and legal and consulting fees. The decrease in fiscal 2013 primarily results from the EUR 27,650 thousand fine from the antitrust proceedings in the previous year.

Income from profit transfer agreements

Income from profit transfer agreements of EUR 788,663 thousand (previous year: EUR 683,060 thousand) include primarily transferred profits of the German family of stations amounting to EUR 588,170 thousand (previous year: EUR 577,045 thousand).

Expenses from loss absorption

Expenses due to loss absorption came to EUR 86,847 thousand, compared to EUR 480,751 thousand for the previous year. Fiscal 2012 was dominated by the absorption of the negative results of P7S1 Erste SBS Holding GmbH and P7S1 Zweite SBS Holding GmbH following the impairment on the carrying amounts of their investments in P7S1 Broadcasting S.à.r.l.

Interest and similar expenses

Interest and similar expenses include interest on an allocation of EUR 606 thousand to pension provisions (previous year: EUR 504 thousand).

Extraordinary result

In the previous year, the extraordinary result exclusively contained effects resulting from the fire damage to ProSiebenSat.1 Media AG premises in August 2011.

Income taxes

In addition to the taxable income generated by the Company itself, ProSiebenSat.1 Media AG has a tax liability for the tax assessment bases attributable to the subsidiaries affiliated with it under profit and loss transfer agreements for tax purposes (tax group).

Taxes on income include income relating to other periods of EUR 3,098 thousand (previous year: EUR 8,133 thousand).

Other Information

Contingent liabilities

EUR thousand	**Dec 31, 2013**	Dec 31, 2012
Contingent liabilities from guarantees	4,407	5,546
(therof amounts due to Group companies)	(4,407)	(5,546)
Liabilities for provision of collateral for external liabilities	- / -	303,699

Liabilities from guarantees are predominantly related to credit guarantees for Group companies.

On the basis of ongoing risk assessment of the contingent liabilities entered into and considering all knowledge gained up to the preparation of the annual financial statements, ProSiebenSat.1 Media AG expects that the obligations underlying the contingent liabilities can be fulfilled by the relevant principal debtors. Therefore, the risk of utilization of contingent liabilities is estimated to be low.

Other financial obligations

EUR thousand	**due in following year**	**due in 2nd to 5th year**	**due after 5th year**	**Total Dec 31, 2013**	Total Dec 31, 2012
Program assets	302,769	1,335,969	369,337	**2,008,075**	1,742,130
(therof amounts due to Group companies)	(0)	(0)	(0)	**(0)**	(0)
Distribution	40,110	125,252	24,400	**189,762**	189,619
(therof amounts due to Group companies)	(0)	(0)	(0)	**(0)**	(0)
Leasing and rental commitments	14,779	51,953	17,657	**84,389**	97,863
(therof amounts due to Group companies)	(0)	(0)	(0)	**(0)**	(0)
Other obligations	28,624	4,092	0	**32,716**	36,901
(therof amounts due to Group companies)	(19,013)	(0)	(0)	**(19,013)**	(10,588)
Total	**386,282**	**1,517,266**	**411,394**	**2,314,942**	2,066,513

Purchase commitments from program assets result from contracts for the acquisition of film and series licenses concluded before December 31, 2013 and commissioned programs. The majority of the contracts are concluded in US dollars.

Financial obligations for satellite rental, obligations under contracts for terrestrial transmission facilities and cable feed charges are reported under Distribution.

Leasing and rental commitments particularly include building leases for office and editorial space at the Unterföhring sites. The terms of the major contracts end between 2019 and 2023.

Other liabilities essentially comprise obligations for memberships and for other third-party service agreements.

In accordance with the regulations of the German Commercial Code and the principles of proper accounting, there are transactions that are not to be shown on the balance sheet. At ProSiebenSat.1 Media AG, these mainly include leasing contracts and contracts for outsourcing operational functions. The latter relate primarily to IT functions. These transactions do not have a significant financial impact on ProSiebenSat.1 Media AG. No significant risks or rewards from these transactions on ProSiebenSat.1 Media AG's financial position can be identified.

With a purchase agreement dated December 14, 2012, and the closing of the transaction in May 2013, the Group's Scandinavian free TV and radio activities were sold to Discovery Communications. The purchase agreement includes a tax exemption for specific tax risks of the companies sold. It cannot currently be judged whether ProSiebenSat.1 Media AG will utilize this tax exemption. Under the purchase agreement, ProSiebenSat.1 Media AG's liability from the tax exemption is limited to EUR 40 million.

Average number of employees during the year

	2013	2012
Employees	424	400
Trainees, volunteers and interns	69	58
Total	**493**	458

Stock option plans and stock awards

As of December 31, 2013, 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.

	LTIP 2008 Cycle 2008	LTIP 2008 Cycle 2009	LTIP 2010 Cycle 2010	LTIP 2010 Cycle 2011	Total All Cycles
As of January 1, 2013	636,500	953,500	563,500	1,112,900	3,266,400
Options exercised in 2013	621,100	487,250	- / -	- / -	1,108,350
Reclassified options previous year	6,000	- / -	- / -	2,250	8,250
Otpions expired or forfeited in 2013	- / -	109,250	53,000	97,050	259,300
As of December 31, 2013	**21,400**	**357,000**	**510,500**	**1,018,100**	**1,907,000**
Therof eligible for exercise on December 31, 2013	21,400	357,000	n.y.e*	n.y.e*	
Exercise price in EUR	12.12	0.00	13.62	17.96	
Absolute exercise hurdle in EUR	22.40	0.00	17.71	23.35	
Maximum exercise gain in EUR	36.36	20.00	40.86	53.88	
Vesting period **	Dec 31, 2008	Dec 31, 2009	Dec 31, 2010	Dec 31, 2011	
End of exercise period	Dec 31, 2014	Dec 31, 2015	Dec 31, 2016	Dec 31, 2017	

* not yet exercisable

** LTIP 2008 and 2010: Earliest end of vesting period for the first fifth of issued options (each additional fifth is one year later)

The stock option plans are share-based remuneration, whereby ProSiebenSat.1 Media AG holds the option on the type of settlement. Since ProSiebenSat.1 Media AG currently has no obligation to provide a cash alternative, the options are recognized as remuneration by using equity instruments. 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.

In fiscal 2013, an additional incentive program was set up in the form of stock awards (Group Share Plan). Depending on the attainment of earnings targets of the ProSiebenSat.1 Group for the fiscal years 2013 to 2016, the beneficiaries receive free shares in ProSiebenSat.1 Media AG in 2017 at the earliest. In fiscal 2013, a total of 366,851 (previous year: 477,299) performance share units were issued.

Professional fees of the independent auditor

The information required under Article 285 No. 17 of the German Commercial Code, regarding the total fees charged by our independent auditor, KPMG AG Wirtschaftsprüfungsgesellschaft, in fiscal 2013 is provided in the consolidated financial statements of ProSiebenSat.1 Media AG as of December 31, 2013.

Derivative financial instruments

ProSiebenSat.1 Media AG is exposed to a variety of financial risks through its business operations and financing requirements. These risks are managed by the Group Finance & Treasury central area as part of financial risk management. The goals of financial risk management are to ensure solvency and manage market price risks in a risk-adequate manner. The derivative financial instruments used here serve exclusively to hedge existing risks and are not used for speculation purposes.

The market value of interest rate swaps is calculated by discounting the expected future cash flows. The market values of interest rate caps and swaptions are calculated based on option price models reflecting the current market situation. The market values of currency forwards are derived from the forward exchange rate set by the market. Other methods may lead to deviations.

The nominal and market values of derivative financial instruments held by ProSiebenSat.1 Media AG as of December 31, 2013, are shown below:

in thousand	Year of maturity 2014	2015 - 2018	from 2019	Nominal amount as of Dec 31, 2013	Market value as of Dec 31, 2013
Currency hedging	USD	USD	USD	USD	EUR
Currency forwards	497,707	1,063,000	- / -	1,560,707	-36,537
Interest hedging	EUR	EUR	EUR	EUR	EUR
Interest hedging	100,000	1,500,000	- / -	1,600,000	-94,961

The derivative financial instruments reportable under the German Commercial Code are recognized under the following items on the balance sheet at the indicated carrying amounts. These financial instruments are used for hedging purposes, but are not part of a macro hedge according to Article 254 of German Commercial Code.

EUR	**Other current assets**		**Liabilities to banks**		**Other liabilities**		**Other provisions**	
thousand	**Dec 31, 2013**	Dec 31, 2013	**Dec 31, 2013**	Dec 31, 2013	**Dec 31, 2013**	Dec 31, 2013	**Dec 31, 2013**	Dec 31, 2013
Currency forwards	- / -	- / -	- / -	- / -	- / -	- / -	**4,950**	3,956
Interest cap	**2,980**	40	- / -	- / -	- / -	- / -	- / -	- / -
Interest swaps	- / -	- / -	**5,996**	5,877	- / -	- / -	- / -	- / -
Total	**2,980**	40	**5,996**	5,877	**0**	0	**4,950**	3,956

Macro hedges to hedge foreign currency risk

ProSiebenSat.1 Media AG concludes a significant portion of its license agreements with production studios in the U.S. ProSiebenSat.1 Media AG fulfills its financial obligations for purchasing these program rights in U.S. dollars. Exchange rate fluctuations between the EUR and the USD may therefore adversely impact ProSiebenSat.1 Media AG's financial and earnings situation. The low volume of receivables and liabilities in other currencies or for other purposes results in negligible currency risk.

ProSiebenSat.1 Media AG pursues a Group-wide portfolio approach. The term foreign currency exposure includes the total volume of all future U.S. dollar payments which result from existing license agreements and will be due within a period of five years. As part of foreign currency management, ProSiebenSat.1 Media AG employs various derivatives and original financial instruments to hedge against currency fluctuations. These include currency forwards, currency options and currency holdings (spot currency positions) in U.S. dollars.

Derivative financial instruments which fulfill the accounting prerequisites of a hedging relationship are reported under hedge accounting, in accordance with Article 254 of the German Commercial Code. ProSiebenSat.1 Media AG's gross foreign currency exposure is combined with the opposing currency hedging transactions into one portfolio macro hedge. The underlying and hedging transactions are each measured using the respective underlying cash flows for this purpose.

The following table shows the Company's net foreign currency exposure:

Risk of foreign currency analysis

USD million	**Dec 31, 2013**	Dec 31, 2012
Gross foreign currency exposure	-1,946.3	-1,911.1
Hedge accounting	1,389.7	1,395.0
Held for trading	171.0	150.5
Currency holdings	3.3	38.7
Net exposure	**-382.3**	**-326.9**
Hedge ratio	80%	83%

Macro hedges to hedge interest rate risk

ProSiebenSat.1 Media AG understands interest rate risk as the risk of rising financing costs caused by an increase in the interest rate. The Company is exposed to interest rate risk through its floating interest rate financing loans. ProSiebenSat.1 Media AG has hedged these loans via interest rate swaps. In the case of interest rate swaps, floating-rate interest payments are exchanged for fixed-rate interest payments. These are used to compensate for future, floating-rate and thus uncertain interest payments on the loans by replacing those payments with fixed-rate interest payments. Interest rate options (e.g. interest rate caps, swaptions) are another hedging instrument. As the buyer of an interest rate option, ProSiebenSat.1 Media AG has the right, but not the obligation, to swap future floating-rate interest payments for fixed-rate interest payments. These are used to compensate for future, floating-rate interest payments on the loans by replacing those payments with fixed-rate interest payments, if the latter are favorable for ProSiebenSat.1 Media AG. The market values of interest rate options are calculated based on option price models reflecting the current market situation. Other valuation methods may lead to deviations. However, because the interest derivatives serve exclusively to hedge interest rate risk, there is no intention to close out.

As of December 31, 2013, the interest rate swaps had a total volume of EUR 1,600 million (previous year EUR 1,600 million) and average fixed-rate interest of 3.9 % (previous year 3.9 %), with a volume of EUR 550 million with a term to July 3, 2014, and EUR 1,050 million to May 24, 2016. Moreover, ProSiebenSat.1 Media AG has additional interest rate hedges with a nominal volume totaling EUR 450 million, which hedge interest rate risk for the period between 2014 and 2016. In August 2013, ProSiebenSat.1 Media AG concluded interest rate swaps amounting to EUR 850 million and swaptions amounting to EUR 500 million to hedge the interest rate risk in the period from 2016 to 2018. Since the interest rate swaps fulfill the accounting prerequisites of a hedging relationship, they are combined with the underlying transaction to form a macro hedge in accordance with Article 254 of the German Commercial Code.

Medium and long-term loan liabilities as of December 31, 2013, amounted to EUR 1,859.7 million (previous year: EUR 2,056.0 million). This means the hedging ratio as of December 31, 2013, is 86 % (previous year: 78 %).

Executive Board and Supervisory Board

The members of the Executive Board and Supervisory Board of ProSiebenSat.1 Media AG are listed at the end of these Notes, together with their memberships on other statutorily required supervisory boards and comparable bodies.

Details on the individual remuneration of members of the Executive Board and the Supervisory Board, in accordance with Article 285 (1) No. 9 (a) Sentences 5 to 8 of the German Commercial Code, can be found in the information in the Compensation Report, which forms part of the Management Report.

The members of the Executive Board participate in a ProSiebenSat.1 Media AG stock option plan (the Long-Term Incentive Plan, or LTIP), which was first introduced in 2005 and was most recently renewed in 2010. For the first time, members of the Executive Board do not qualify for LTIP 2010 (2010 cycle and 2011 cycle). Therefore, under LTIP 2010, no stock options were issued to Executive Board members who were active at that time. In fiscal 2013, the active members of the Executive Board exercised or disposed of a total of 225,000 (previous year: 165,000) stock options. The stock options issued in 2008 may be exercised progressively from July 2010 at the earliest and the stock options issued in 2009 may be exercised progressively from July 2011 at the earliest, taking into account the respective vesting period.

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

Compensation paid to active members of the Executive Board of ProSiebenSat.1 Media AG in office as of December 31, 2013, came to EUR 6,676 thousand in the reporting year (previous year: EUR 5,308 thousand). This remuneration includes a variable component totaling EUR 3,435 thousand (previous year: EUR 2,449 thousand) and benefits totaling EUR 65 thousand (previous year: EUR 58 thousand). Expenses from share-based remuneration amounted to EUR 2,877 thousand in the reporting year (previous year: EUR 1,949 thousand).

No Executive Board members left the Company in fiscal 2013. In the previous year, total expenses of EUR 787 thousand were incurred for an Executive Board member who left the Company in 2012.

ProSiebenSat.1 Media AG set aside pension provisions totaling EUR 5,126 thousand (previous year: EUR 3,365 thousand) for pension commitments to members of the Executive Board who were in office at December 31, 2013. A total of EUR 8,683 thousand (previous year: EUR 8,392 thousand) in provisions was set aside at December 31, 2013, for pension obligations to former members of the Executive Board.

The accrued pension entitlement as of December 31, 2013, was EUR 185 thousand per year (previous year: EUR 147 thousand) for active members of the Executive Board. Pension payments of EUR 336 thousand were made to former members of the Executive Board in 2013 (previous year: EUR 332 thousand). Funds have been endowed to secure these pension provisions, which are not to be classified as plan assets because the prerequisites for this are not fulfilled.

Payments to the Executive Board – except for pension entitlements – are all payable within short terms.

Expenses for the Supervisory Board of ProSiebenSat.1 Media AG came to EUR 630 thousand in the year under review (previous year: EUR 690 thousand). The members of the Supervisory Board receive a fixed compensation. The Chairman and Vice Chairman of the Supervisory Board each receive twice the amount of this fixed base figure. Members of the Supervisory Board's committees are compensated with a separate meeting honorarium, payable for participating at each committee meeting. Committee chairs receive twice the standard meeting honorarium. The compensation of the Supervisory Board is set in the articles of incorporation of ProSiebenSat.1 Media AG.

Members of the Supervisory Board received no remuneration or other consideration for personal services, especially consulting and mediation services, during financial year 2013, nor the previous year.

Altogether, the current members of the Executive Board and Supervisory Board directly held 237,000 shares of common stock (previous year: 552,180 shares of preferred stock) of ProSiebenSat.1 Media AG as of December 31, 2013. This is equivalent to 0.1 % of the share capital (previous year: 0.3 %).

Pursuant to Article 15a of the German Securities Trading Act (WpHG) and Paragraph 6.6 of the German Corporate Governance Code, members of the Executive Board and Supervisory Board of ProSiebenSat.1 Media AG must disclose securities transactions relating to ProSiebenSat.1 shares. In addition, securities transactions of close relatives are also subject to disclosure. In fiscal 2013, a total of three transactions were reported to ProSiebenSat.1 Media AG, in which members of the Executive Board sold a total of 304,180 shares in preferred stock of ProSiebenSat.1 Media AG, and one transaction, in which a member of the Supervisory Board sold a total of 7,500 shares in common stock of ProSiebenSat.1 Media AG. In fiscal 2012, a total of 13 transactions were reported to ProSiebenSat.1 Media AG, in which members of the Executive Board sold a total of 579,000 shares in preferred stock of ProSiebenSat.1 Media AG. ProSiebenSat.1 Media AG disclosed these transactions without delay on its website (www.prosiebensat1 .com) pursuant to Article 15a of the German Securities Trading Act.

Group affiliation

The consolidated financial statements of Lavena 1 S.à.r.l. for fiscal 2012 were submitted to and published on the electronic German Federal Gazette (Bundesanzeiger). As of December 31, 2013, ProSiebenSat.1 Media AG no longer had any reportable group affiliation.

Notification of voting rights

In the past financial year, Lavena Holding 1 GmbH reduced its stake in ProSiebenSat.1 Media AG from 53.0 % to 16.6 %. ProSiebenSat.1 AG is therefore no longer fully consolidated and included in the consolidated financial statements of Lavena 1 S.à.r.l., Luxembourg.

As of December 31, 2013, Lavena Holding 1 GmbH was still the largest shareholder of ProSiebenSat.1 Media AG. Lavena Holding 1 GmbH is controlled by funds advised by Kohlberg Kravis Roberts & Co. L.P. ("KKR") and Permira Beteiligungsberatung GmbH ("Permira").

The following voting rights notifications were published in financial year 2013 by ProSiebenSat.1 Media AG in line with Section 26 (1) of the Germany Securities Trading Act and are available on the Company's website.

On September 6, 2013, the company named below reported the following pursuant to Section 21 (1) of the German Securities Trading Act with regard to interest in ProSiebenSat.1 Media AG:

1. The share of Capital World Growth and Income Fund, Inc., Los Angeles (California)/USA, in the voting rights of ProSiebenSat.1 Media AG rose above the threshold of 3 % of the voting rights on September 4, 2013, and now amounts to approximately 3.56 % of the voting rights (equivalent to 7,787,000 voting rights).

On September 10, 2013, the companies named below reported the following pursuant to Section 21 (1) of the German Securities Trading Act with regard to interest in ProSiebenSat.1 Media AG:

2. The share of Stichting Administratiekantoor van Andelen Telegraaf Media Groep N.V., Amsterdam/Netherlands, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 5 % and 3 % of the voting rights on September 10, 2013, and now amounts to 0.0 % of the voting rights (equivalent to 0 voting rights).

3. The share of Telegraaf Media Groep B.V., Amsterdam/Netherlands, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 5 % and 3 % of the voting rights on September 10, 2013, and now amounts to 0.0 % of the voting rights (equivalent to 0 voting rights).

On October 3, 2013, the company named below reported the following pursuant to Section 21 (1), Section 22 of the German Securities Trading Act with regard to interest in ProSiebenSat.1 Media AG:

4. The share of BlackRock, Inc., New York (New York)/USA, in the voting rights of ProSiebenSat.1 Media AG rose above the threshold of 5 % of the voting rights on October 1, 2013, and now amounts to approximately 5.01 % of the voting rights (equivalent to 10,961,359 voting rights). This share in the voting rights is attributed to BlackRock, Inc. in accordance with Section 22 (1) Sentence 1 No. 6 in conjunction with Section 22 (1) Sentence 2 of the German Securities Trading Act.

On October 4, 2013, the companies named below reported the following pursuant to Section 21 (1), Section 22 of the German Securities Trading Act with regard to interest in ProSiebenSat.1 Media AG:

5. The share of BlackRock Financial Management, Inc., New York (New York)/USA, in the voting rights of ProSiebenSat.1 Media AG rose above the threshold of 5 % of the voting rights on October 2, 2013, and now amounts to approximately 5.04 % of the voting rights (equivalent to 11,020,400 voting rights). This share in the voting rights is attributed to BlackRock Financial Management, Inc. in accordance with Section 22 (1) Sentence 1 No. 6 in conjunction with Section 22 (1) Sentence 2 of the German Securities Trading Act.

6. The share of BlackRock Holdco 2, Inc., Wilmington (Delaware)/USA, in the voting rights of ProSiebenSat.1 Media AG rose above the threshold of 5 % of the voting rights on October 2, 2013, and now amounts to approximately 5.04 % of the voting rights (equivalent to 11,020,400 voting rights). This share in the voting rights is attributed to BlackRock Holdco 2, Inc. in accordance with Section 22 (1) Sentence 1 No. 6 in conjunction with Section 22 (1) Sentence 2 of the German Securities Trading Act.

On November 19, 2013, the companies named below reported the following pursuant to Section 21 (1), Section 22 of the German Securities Trading Act with regard to interest in ProSiebenSat.1 Media AG:

7. The share of Capital Research and Management Company, Inc., Los Angeles (California)/USA, in the voting rights of ProSiebenSat.1 Media AG rose above the threshold of 10 % of the voting rights on November 13, 2013, and now amounts to approximately 10.03 % of the voting rights (equivalent to 21,952,205 voting rights). This share in the voting rights is attributed to Capital Research and Management Company in accordance with Section 22 (1) Sentence 1 No. 6 of the German Securities Trading Act. Voting rights are attributed via Capital World Growth and Income Fund, Inc., whose share in the voting rights of ProSiebenSat.1 Media AG amounts to approximately 3.56 % of the voting rights (equivalent to 7,787,000 voting rights).

8. The share of The Capital Group Companies, Inc., Los Angeles (California)/USA, in the voting rights of ProSiebenSat.1 Media AG rose above the threshold of 10 % of the voting rights on November 13, 2013, and now amounts to approximately 10.03 % of the voting rights (equivalent to 21,952,205 voting rights). This share in the voting rights is attributed to Capital Research and Management Company in accordance with Section 22 (1) Sentence 1 No. 6 in conjunction with Section 22 (1) Sentences 2 and 3 of the German Securities Trading Act. Voting rights are attributed via Capital World Growth and Income Fund, Inc., whose share in the voting rights of ProSiebenSat.1 Media AG amounts to approximately 3.56 % of the voting rights (equivalent to 7,787,000 voting rights).

On November 19, 2013, the companies named below reported the following pursuant to Section 21 (1), Section 22 of the German Securities Trading Act with regard to interest in ProSiebenSat.1 Media AG:

9. The share of Lavena Holding 1 GmbH, Munich/Germany, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30 %, 25 % and 20 % of the voting rights on November 15, 2013, and now amounts to approximately 16.58 % of the voting rights (equivalent to 36,270,768 voting rights).

10. The share of Lavena 3 S.à.r.l., Luxembourg/Luxembourg, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30 %, 25 % and 20 % of the voting rights on November 15, 2013, and now amounts to approximately 16.82 % of the voting rights (equivalent to 36,795,568 voting rights). This share in the voting rights is attributed to Lavena 3 S.à.r.l. in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the company named in number 9.

11. The share of Lavena 2 S.à.r.l., Luxembourg/Luxembourg, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30 %, 25 % and 20 % of the voting rights on November 15, 2013, and now amounts to approximately 16.82 % of the voting rights (equivalent to 36,795,568 voting rights). This share in the voting rights is attributed to Lavena 2 S.à.r.l. in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the companies named in numbers 9 and 10.

12. The share of Lavena 1 S.à.r.l., Luxembourg/Luxembourg, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30 %, 25 % and 20 % of the voting rights on November 15, 2013, and now amounts to approximately 16.82 % of the voting rights (equivalent to 36,795,568 voting rights). This share in the voting rights is attributed to Lavena 1 S.à.r.l. in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the companies named in numbers 9 to 11.

13. The share of P4 Sub L.P.1, St Peter Port (Guernsey)/Channel Islands, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30 %, 25 % and 20 % of the voting rights on November 15, 2013, and now amounts to approximately 16.82 % of the voting rights (equivalent to 36,795,568 voting rights). This share in the voting rights is attributed to P4 Sub L.P.1 in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the companies named in numbers 9 to 12.

14. The share of P4 Co-Investment L.P., St Peter Port (Guernsey)/Channel Islands, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30 %, 25 % and 20 % of the voting rights on November 15, 2013, and now amounts to approximately 16.82 % of the voting rights (equivalent to 36,795,568 voting rights). This share in the voting rights is attributed to P4 Co-Investment L.P. in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the companies named in numbers 9 to 12.

15. The share of Permira Investments Limited, St Peter Port (Guernsey)/Channel Islands, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30 %, 25 % and 20 % of the voting rights on November 15, 2013, and now amounts to approximately 16.82 % of the voting rights (equivalent to 36,795,568 voting rights). This share in the voting rights is attributed to Permira Investments Limited in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the companies named in numbers 9 to 12.

16. The share of Permira IV L.P.2, St Peter Port (Guernsey)/Channel Islands, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30 %, 25 % and 20 % of the voting rights on November 15, 2013, and now amounts to approximately 16.82 % of the voting rights (equivalent to 36,795,568 voting rights). This share in the voting rights is attributed to Permira IV L.P.2 in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the companies named in numbers 9 to 12.

17. The share of Permira IV L.P.1, St Peter Port (Guernsey)/Channel Islands, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30 %, 25 % and 20 % of the voting rights on November 15, 2013, and now amounts to approximately 16.82 % of the voting rights (equivalent to 36,795,568 voting rights). This share in the voting rights is attributed to Permira IV L.P.1 in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the companies named in numbers 9 to 13.

18. The share of Permira IV GP L.P., St Peter Port (Guernsey)/Channel Islands, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30 %, 25 % and 20 % of the voting rights on November 15, 2013, and now amounts to approximately 16.82 % of the voting rights (equivalent to 36,795,568 voting rights). This share in the voting rights is attributed to Permira IV GP L.P. in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the companies named in numbers 9 to 14, 16, and 17.

19. The share of Permira IV Managers L.P., St Peter Port (Guernsey)/Channel Islands, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30 %, 25 % and 20 % of the voting rights on November 15, 2013, and now amounts to approximately 16.82 % of the voting rights (equivalent to 36,795,568 voting rights). This share in the voting rights is attributed to Permira IV Managers L.P. in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the companies named in numbers 9 to 13, 16, and 17.

20. The share of Permira IV GP Limited, St Peter Port (Guernsey)/Channel Islands, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30 %, 25 % and 20 % of the voting rights on November 15, 2013, and now amounts to approximately 16.82 % of the voting rights (equivalent to 36,795,568 voting rights). This share in the voting rights is attributed to Permira IV GP Limited in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the companies named in numbers 9 to 14 and 16 to 18.

21. The share of Permira IV Managers Limited, St Peter Port (Guernsey)/Channel Islands, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30 %, 25 % and 20 % of the voting rights on November 15, 2013, and now amounts to approximately 16.82 % of the voting rights (equivalent to 36,795,568 voting rights). This share in the voting rights is attributed to Permira IV Managers Limited in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the companies named in numbers 9 to 13, 16, 17, and 19.

22. The share of Permira Nominees Limited, St Peter Port (Guernsey)/Channel Islands, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30 %, 25 % and 20 % of the voting rights on November 15, 2013, and now amounts to approximately 16.82 % of the voting rights (equivalent to 36,795,568 voting rights). This share in the voting rights is attributed to Permira Nominees Limited in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the companies named in numbers 9 to 12 and 15.

23. The share of Permira Holdings Limited, St Peter Port (Guernsey)/Channel Islands, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30 %, 25 % and 20 % of the voting rights on November 15, 2013, and now amounts to approximately 16.82 % of the voting rights (equivalent to 36,795,568 voting rights). This share in the voting rights is attributed to Permira Holdings Limited in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the companies named in numbers 9 to 22.

24. The share of KKR Glory (2006) Limited, George Town (Grand Cayman)/Cayman Islands, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30 %, 25 % and 20 % of the voting rights on November 15, 2013, and now amounts to approximately 16.82 % of the voting rights (equivalent to 36,795,568 voting rights). This share in the voting rights is attributed to KKR Glory (2006) Limited in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the companies named in numbers 9 to 12.

25. The share of KKR 2006 Fund (Overseas), Limited Partnership, George Town (Grand Cayman)/Cayman Islands, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30 %, 25 % and 20 % of the voting rights on November 15, 2013, and now amounts

to approximately 16.82 % of the voting rights (equivalent to 36,795,568 voting rights). This share in the voting rights is attributed to KKR 2006 Fund (Overseas), Limited Partnership Limited, in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the companies named in numbers 9 to 12 and 24.

26. The share of KKR Associates 2006 (Overseas), Limited Partnership, George Town (Grand Cayman)/Cayman Islands, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30 %, 25 % and 20 % of the voting rights on November 15, 2013, and now amounts to approximately 16.82 % of the voting rights (equivalent to 36,795,568 voting rights). This share in the voting rights is attributed to KKR Associates 2006 (Overseas), Limited Partnership, in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the companies named in numbers 9 to 12, 24, and 25.

27. The share of KKR 2006 Limited, George Town (Grand Cayman)/Cayman Islands, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30 %, 25 % and 20 % of the voting rights on November 15, 2013, and now amounts to approximately 16.82 % of the voting rights (equivalent to 36,795,568 voting rights). This share in the voting rights is attributed to KKR 2006 Limited in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the companies named in numbers 9 to 12 and 24 to 26.

28. The share of KKR Glory (KPE) Limited, George Town (Grand Cayman)/Cayman Islands, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30 %, 25 % and 20 % of the voting rights on November 15, 2013, and now amounts to approximately 16.82 % of the voting rights (equivalent to 36,795,568 voting rights). This share in the voting rights is attributed to KKR Glory (KPE) Limited in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the companies named in numbers 9 to 12.

29. The share of KKR Partners (International), Limited Partnership, Calgary (Alberta)/Canada, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30 %, 25 % and 20 % of the voting rights on November 15, 2013, and now amounts to approximately 16.82 % of the voting rights (equivalent to 36,795,568 voting rights). This share in the voting rights is attributed to KKR Partners (International), Limited Partnership, in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the companies named in numbers 9 to 12 and 28.

30. The share of KKR 1996 Overseas Limited, George Town (Grand Cayman)/Cayman Islands, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30 %, 25 % and 20 % of the voting rights on November 15, 2013, and now amounts to approximately 16.82 % of the voting rights (equivalent to 36,795,568 voting rights). This share in the voting rights is attributed to KKR 1996 Overseas Limited in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the companies named in numbers 9 to 12, 28, and 29.

31. The share of KKR Glory (European II) Limited, George Town (Grand Cayman)/Cayman Islands, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30 %, 25 % and 20 % of the voting rights on November 15, 2013, and now amounts to approximately 16.82 % of the voting rights (equivalent to 36,795,568 voting rights). This share in the voting rights is attributed to KKR Glory (European II) Limited in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the companies named in numbers 9 to 12.

32. The share of KKR European Fund II, Limited Partnership, Calgary (Alberta)/Canada, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30 %, 25 % and 20 % of the voting rights on November 15, 2013, and now amounts to approximately 16.82 % of the voting rights (equivalent to 36,795,568 voting rights). This share in the voting rights is attributed to KKR European Fund II, Limited Partnership, in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the companies named in numbers 9 to 12 and 31.

33. The share of KKR Associates Europe II, Limited Partnership, Calgary (Alberta)/Canada, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30 %, 25 % and 20 % of the voting rights on November 15, 2013, and now amounts to approximately 16.82 % of the voting

rights (equivalent to 36,795,568 voting rights). This share in the voting rights is attributed to KKR Associates Europe II, Limited Partnership, in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the companies named in numbers 9 to 12, 31, and 32.

34. The share of KKR Europe II Limited, George Town (Grand Cayman)/Cayman Islands, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30 %, 25 % and 20 % of the voting rights on November 15, 2013, and now amounts to approximately 16.82 % of the voting rights (equivalent to 36,795,568 voting rights). This share in the voting rights is attributed to KKR Europe II Limited in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the companies named in numbers 9 to 12 and 31 to 33.

35. The share of KKR Fund Holdings L.P., George Town (Grand Cayman)/Cayman Islands, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30 %, 25 % and 20 % of the voting rights on November 15, 2013, and now amounts to approximately 16.82 % of the voting rights (equivalent to 36,795,568 voting rights). This share in the voting rights is attributed to KKR Fund Holdings L.P. in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the companies named in numbers 9 to 12, 24 to 28, and 31 to 34.

36. The share of KKR Fund Holdings GP Limited, George Town (Grand Cayman)/Cayman Islands, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30 %, 25 % and 20 % of the voting rights on November 15, 2013, and now amounts to approximately 16.82 % of the voting rights (equivalent to 36,795,568 voting rights). This share in the voting rights is attributed to KKR Fund Holdings GP Limited in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the companies named in numbers 9 to 12, 24 to 28, and 31 to 35.

37. The share of KKR Group Holdings L.P., George Town (Grand Cayman)/Cayman Islands, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30 %, 25 % and 20 % of the voting rights on November 15, 2013, and now amounts to approximately 16.82 % of the voting rights (equivalent to 36,795,568 voting rights). This share in the voting rights is attributed to KKR Group Holdings L.P. in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the companies named in numbers 9 to 12, 24 to 28, and 31 to 36.

38. The share of KKR Group Limited, George Town (Grand Cayman)/Cayman Islands, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30 %, 25 % and 20 % of the voting rights on November 15, 2013, and now amounts to approximately 16.82 % of the voting rights (equivalent to 36,795,568 voting rights). This share in the voting rights is attributed to KKR Group Limited in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the companies named in numbers 9 to 12, 24 to 28, and 31 to 37.

39. The share of KKR & Co. L.P., Wilmington (Delaware)/USA, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30 %, 25 % and 20 % of the voting rights on November 15, 2013, and now amounts to approximately 16.82 % of the voting rights (equivalent to 36,795,568 voting rights). This share in the voting rights is attributed to KKR & Co. L.P. in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the companies named in numbers 9 to 12, 24 to 28, and 31 to 38.

40. The share of KKR Management LLC, Wilmington (Delaware)/USA, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30 %, 25 % and 20 % of the voting rights on November 15, 2013, and now amounts to approximately 16.82 % of the voting rights (equivalent to 36,795,568 voting rights). This share in the voting rights is attributed to KKR Management LLC in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the companies named in numbers 9 to 12, 24 to 28, and 31 to 39.

On November 19, 2013, the companies named below reported the following pursuant to Section 21 (1), Section 22 of the German Securities Trading Act with regard to interest in ProSiebenSat.1 Media AG:

41. The share of BlackRock Advisors Holdings, Inc., New York (New York)/USA, in the voting rights of ProSiebenSat.1 Media AG rose above the threshold of 5 % of the voting rights on November 15, 2013, and now amounts to approximately 5.12 % of the voting rights (equivalent to 11,209,815 voting rights). This share in the voting rights is attributed to BlackRock Advisors Holdings, Inc. in accordance with Section 22 (1) Sentence 1 No. 6 in conjunction with Section 22 (1) Sentence 2 of the German Securities Trading Act.

42. The share of BlackRock International Holdings, Inc., New York (New York)/USA, in the voting rights of ProSiebenSat.1 Media AG rose above the threshold of 5 % of the voting rights on November 15, 2013, and now amounts to approximately 5.12 % of the voting rights (equivalent to 11,194,927 voting rights). This share in the voting rights is attributed to BlackRock International Holdings, Inc. in accordance with Section 22 (1) Sentence 1 No. 6 in conjunction with Section 22 (1) Sentence 2 of the German Securities Trading Act.

43. The share of BR Jersey International Holdings, L.P., St. Helier (Jersey)/Channel Islands, in the voting rights of ProSiebenSat.1 Media AG rose above the threshold of 5 % of the voting rights on November 15, 2013, and now amounts to approximately 5.12 % of the voting rights (equivalent to 11,194,927 voting rights). This share in the voting rights is attributed to BR Jersey International Holdings, L.P. in accordance with Section 22 (1) Sentence 1 No. 6 in conjunction with Section 22 (1) Sentence 2 of the German Securities Trading Act.

On November 19, 2013, the companies named below reported the following pursuant to Section 21 (1) or Section 21 (1), Section 22 of the German Securities Trading Act with regard to interest in ProSiebenSat.1 Media AG:

44. The share of Norges Bank (the Central Bank of Norway), Oslo/Norway, in the voting rights of ProSiebenSat.1 Media AG fell below the threshold of 3 % of the voting rights on November 18, 2013, and now amounts to approximately 2.98 % of the voting rights (equivalent to 6,522,923 voting rights).

45. The share of the Ministry of Finance on behalf of the State of Norway, Oslo/Norway, in the voting rights of ProSiebenSat.1 Media AG fell below the threshold of 3 % of the voting rights on November 18, 2013, and now amounts to approximately 2.98 % of the voting rights (equivalent to 6,522,923 voting rights). This share in the voting rights is attributed to the Ministry of Finance on behalf of the State of Norway in accordance with Section 22 (1) Sentence 1 No. 1 of the German Securities Trading Act.

On November 22, 2013, the company named below reported the following pursuant to Section 21 (1) of the German Securities Trading Act with regard to interest in ProSiebenSat.1 Media AG:

46. The share of Capital Income Builder, Los Angeles (California)/USA, in the voting rights of ProSiebenSat.1 Media AG rose above the threshold of 3 % of the voting rights on November 14, 2013, and now amounts to approximately 3.02 % of the voting rights (equivalent to 6,616,514 voting rights).

On December 2, 2013, the companies named below reported the following pursuant to Sections 21 (1) and 22 of the German Securities Trading Act with regard to interest in ProSiebenSat.1 Media AG:

47. The share of BlackRock Delaware Holdings, Inc., Wilmington (Delaware)/USA, in the voting rights of ProSiebenSat.1 Media AG rose above the threshold of 3 % of the voting rights on November 28, 2013, and now amounts to approximately 3.11 % of the voting rights (equivalent to 6,803,268 voting rights). This share in the voting rights is attributed to BlackRock Delaware Holdings, Inc. in accordance with Section 22 (1) Sentence 1 No. 6 in conjunction with Section 22 (1) Sentence 2 of the German Securities Trading Act.

48. The share of BlackRock HoldCo 6, LLC, Wilmington (Delaware)/USA, in the voting rights of ProSiebenSat.1 Media AG rose above the threshold of 3 % of the voting rights on November 28, 2013, and now amounts to approximately 3.11 % of the voting rights (equivalent to 6,803,268 voting rights). This share in the voting rights is attributed to BlackRock HoldCo 6, LLC in accordance with Section 22 (1) Sentence 1 No. 6 in conjunction with Section 22 (1) Sentence 2 of the German Securities Trading Act.

49. The share of BlackRock HoldCo 4, LLC, Wilmington (Delaware)/USA, in the voting rights of ProSiebenSat.1 Media AG rose above the threshold of 3 % of the voting rights on November 28, 2013, and now amounts to approximately 3.11 % of the voting rights (equivalent to 6,803,268 voting rights). This share in the voting rights is attributed to BlackRock HoldCo 4, LLC in accordance with Section 22 (1) Sentence 1 No. 6 in conjunction with Section 22 (1) Sentence 2 of the German Securities Trading Act.

On December 4, 2013, the company named below reported the following pursuant to Section 21 (1), Section 22 of the German Securities Trading Act with regard to interest in ProSiebenSat.1 Media AG:

50. The share of BlackRock Group Limited, London/UK, in the voting rights of ProSiebenSat.1 Media AG rose above the threshold of 5 % of the voting rights on December 2, 2013, and now amounts to approximately 5.01 % of the voting rights (equivalent to 10,964,093 voting rights). This share in

the voting rights is attributed to BlackRock Group Limited in accordance with Section 22 (1) Sentence 1 No. 6 in conjunction with Section 22 (1) Sentence 2 of the German Securities Trading Act.

On December 17, 2013, the company named below reported the following pursuant to Section 21 (1), Section 22 of the German Securities Trading Act with regard to interest in ProSiebenSat.1 Media AG:

51. The share of BlackRock Luxembourg HoldCo S.à.r.l., Senningerberg/Luxembourg, in the voting rights of ProSiebenSat.1 Media AG rose above the threshold of 3 % of the voting rights on December 13, 2013, and now amounts to approximately 3.02 % of the voting rights (equivalent to 6,607,835 voting rights). This share in the voting rights is attributed to BlackRock Luxembourg HoldCo S.à.r.l. in accordance with Section 22 (1) Sentence 1 No. 6 in conjunction with Section 22 (1) Sentence 2 of the German Securities Trading Act.The following voting right notifications were made by ProSiebenSat.1 Media AG in fiscal 2013 in accordance with Article 26 (1) of the German Securities Trading Act and are available on the Company's website:

On September 6, 2013, the company named below reported the following pursuant to Article 21 (1) of the German Securities Trading Act with regard to the interest in ProSiebenSat.1 Media AG.

Unterföhring, February 24, 2014

The Executive Board

List of holdings according to § 285 No.11 HGB of ProSiebenSat.1 Media AG as of December 31, 2013

Name and location of company	Relationship	Holding *	Currency **	Equity in thousand	Annual result in thousand
ProSiebenSat.1 Media AG, Unterföhring			EUR	3.486.768,5	-121.761,1
Germany					
9Live Fernsehen GmbH, Unterföhring	direct	100,00	EUR	520,5	0,0 [1]
12Auto Group GmbH, Unterföhring	indirect	100,00	EUR	789,1	272,5
Booming GmbH, Munich	indirect	100,00	EUR	457,5	0,0 [1]
Covus Commission GmbH, Berlin	indirect	100,00	EUR	-10,4	-128,0
Covus Freemium GmbH, Berlin	indirect	90,28	EUR	-675,1	-716,3
EPIC Companies GmbH, Berlin	indirect	100,00	EUR	n/a	n/a [2]
EPIC Operations I GmbH, Berlin	indirect	100,00	EUR	n/a	n/a [2]
EPIC Operations IV GmbH, Berlin	indirect	100,00	EUR	n/a	n/a [2]
EPIC Operations V GmbH, Berlin	indirect	100,00	EUR	n/a	n/a [2]
EPIC Verwaltung I GmbH, Berlin	indirect	100,00	EUR	n/a	n/a [2]
EPIC Verwaltung IV GmbH, Berlin	indirect	100,00	EUR	n/a	n/a [2]
EPIC Verwaltung V GmbH, Berlin	indirect	100,00	EUR	n/a	n/a [2]
EPIC Verwaltung VI GmbH, Berlin	indirect	100,00	EUR	n/a	n/a [2]
Fem Media GmbH, Unterföhring	indirect	100,00	EUR	399,8	0,0 [1]
Gymondo GmbH, Unterföhring	indirect	100,00	EUR	n/a	n/a [2]
kabel eins Fernsehen GmbH, Unterföhring	indirect	100,00	EUR	82.358,9	0,0 [1]
lokalisten media GmbH, Unterföhring	indirect	100,00	EUR	385,8	0,0 [1]
Magic Flight Film GmbH, Munich	indirect	100,00	EUR	25,0	0,0 [1]
MAGIC Internet GmbH, Berlin	indirect	100,00	EUR	-1.202,8	397,6
MAGIC Internet Holding GmbH, Berlin	indirect	100,00	EUR	2.825,4	0,0 [1]
Magic Internet Musik GmbH, Berlin	indirect	100,00	EUR	25,0	0,0 [1]
maxdome GmbH, Unterföhring	direct	100,00	EUR	0,0	-12.098,0
Meteos TV Holding GmbH, Unterföhring	indirect	100,00	EUR	51,8	0,0 [1]
MMP Veranstaltungs- und Vermarktungs GmbH, Cologne	indirect	60,00	EUR	640,8	256,1
mydays Event GmbH, Munich	indirect	100,00	EUR	-389,1	46,4
mydays GmbH, Munich	indirect	100,00	EUR	-16.909,0	8.267,4
mydays Holding GmbH, Munich	indirect	75,10	EUR	707,3	13,6
P7S1 Erste SBS Holding GmbH, Unterföhring	direct	100,00	EUR	956.394,4	0,0 [1]
P7S1 Zweite SBS Holding GmbH, Unterföhring	direct	100,00	EUR	239.055,6	0,0 [1]
Petobel GmbH, Berlin	indirect	100,00	EUR	n/a	n/a [2]
Petobel Holding GmbH, Berlin	indirect	100,00	EUR	n/a	n/a [2]
Preis24.de GmbH, Düsseldorf	indirect	60,00	EUR	-1.757,8	-427,6
Producers at work GmbH, Potsdam	indirect	74,90	EUR	2.013,9	213,9
ProSieben Television GmbH, Unterföhring	indirect	100,00	EUR	450.485,7	0,0 [1]
ProSiebenTravel GmbH, Unterföhring	indirect	100,00	EUR	n/a	n/a [2]
ProSiebenSat.1 Achte Verwaltungsgesellschaft mbH, Unterföhring	direct	100,00	EUR	26,3	0,0 [1]
ProSiebenSat.1 Adjacent Holding GmbH, Unterföhring	indirect	100,00	EUR	n/a	n/a [2]
ProSiebenSat.1 Applications GmbH, Unterföhring	direct	100,00	EUR	2.025,0	0,0 [1]
ProSiebenSat.1 Digital GmbH, Unterföhring	indirect	100,00	EUR	50.853,9	0,0 [1]
ProSiebenSat.1 Digital & Adjacent GmbH, Unterföhring	direct	100,00	EUR	6.138,9	0,0 [1]
ProSiebenSat.1 Elfte Verwaltungsgesellschaft mbH, Unterföhring	indirect	100,00	EUR	25,0	0,0 [1]
ProSiebenSat.1 Erste Verwaltungsgesellschaft mbH, Unterföhring	direct	100,00	EUR	25,0	0,0 [1]
ProSiebenSat.1 Fünfzehnte Verwaltungsgesellschaft mbH, Unterföhring	direct	100,00	EUR	25,0	0,0 [1]
ProSiebenSat.1 Games GmbH, Unterföhring	indirect	100,00	EUR	6.460,4	0,0 [1]
ProSiebenSat.1 Games Core GmbH, Unterföhring	indirect	100,00	EUR	25,0	0,0 [1]
ProSiebenSat.1 Licensing GmbH, Unterföhring	indirect	100,00	EUR	22.144,2	0,0 [1]
ProSiebenSat.1 Produktion GmbH, Unterföhring	direct	100,00	EUR	8.977,7	0,0 [1]
ProSiebenSat.1 TV Deutschland GmbH, Unterföhring	direct	100,00	EUR	976.835,3	0,0 [1]
ProSiebenSat.1 Vierzehnte Verwaltungsgesellschaft mbH, Unterföhring	direct	100,00	EUR	25,0	0,0 [1]
ProSiebenSat.1 Welt GmbH, Unterföhring	direct	100,00	EUR	-56,1	181,8
PS Event GmbH, Cologne	indirect	67,00	EUR	433,6	228,6
PSH Entertainment GmbH, Unterföhring	direct	100,00	EUR	2.925,2	0,0 [1]
Red Arrow Entertainment Group GmbH, Unterföhring	direct	100,00	EUR	1.367,0	0,0 [1]
Red Arrow International GmbH, Unterföhring	indirect	100,00	EUR	125,0	0,0 [1]
Redseven Artists & Events GmbH, Unterföhring	indirect	100,00	EUR	192,4	0,0 [1]
RedSeven Entertainment GmbH, Unterföhring	indirect	100,00	EUR	25,0	0,0 [1]
Sat.1 Norddeutschland GmbH, Hannover	indirect	100,00	EUR	24,9	0,0 [1]
Sat.1 Satelliten Fernsehen GmbH, Unterföhring	indirect	100,00	EUR	443.610,2	0,0 [1]
Seven Scores Musikverlag GmbH, Unterföhring	direct	100,00	EUR	26,0	0,0 [1]
SevenGames GmbH, Unterföhring	indirect	100,00	EUR	1.342,1	1.311,9
SevenOne AdFactory GmbH, Unterföhring	indirect	100,00	EUR	30,0	0,0 [1]
SevenOne Brands GmbH, Unterföhring	direct	100,00	EUR	5.168,3	0,0 [1]
SevenOne Media GmbH, Unterföhring	indirect	100,00	EUR	5.771,7	0,0 [1]
SevenPictures Film GmbH, Unterföhring	indirect	100,00	EUR	2.268,3	0,0 [1]
SevenVentures GmbH, Unterföhring	indirect	100,00	EUR	25,0	0,0 [1]
SilverTours GmbH, Freiburg im Breisgau	indirect	60,00	EUR	6.044,6	6.019,6
Sixx GmbH, Unterföhring	indirect	100,00	EUR	25,0	0,0 [1]
Stainless Ecommerce GmbH, Berlin	indirect	100,00	EUR	n/a	n/a [2]
Stainless Ecommerce Holding GmbH, Berlin	indirect	100,00	EUR	n/a	n/a [2]
Starwatch Entertainment GmbH, Unterföhring	indirect	100,00	EUR	29,3	0,0 [1]
Studio 71 GmbH, Berlin (vorher ProSiebenSat.1 Zehnte Verwaltungsgesellschaft mbH, Unterföhring)	indirect	100,00	EUR	25,0	0,0 [1]
Sugar Ray GmbH, Unterföhring	indirect	100,00	EUR	25,0	0,0 [1]
TROPO GmbH, Hamburg	indirect	90,00	EUR	-1.586,9	-1.927,8
tv weiss-blau Rundfunkprogrammanbieter GmbH, Unterföhring	indirect	100,00	EUR	1.027,0	0,0 [1]
wer-weiss-was GmbH, Hamburg	indirect	100,00	EUR	6.565,9	-518,1
Wetter Fernsehen - Meteos GmbH, Singen	indirect	100,00	EUR	1.712,5	1.534,6
wetter.com AG, Singen	indirect	72,97	EUR	5.451,1	3.982,8
Associated companies					
Covus Ventures GmbH, Berlin	indirect	44,12	EUR	1.285,0	-135,3
Deutscher Fernsehpreis GmbH, Cologne	direct	25,00	EUR	n/a	n/a [2]
FIRST STEPS - der Deutsche Nachwuchspreis Gesellschaft bürgerlichen Rechts, Berlin	indirect	25,00	EUR	n/a	n/a [2]
SMARTSTREAM.TV GmbH, Munich	indirect	25,00	EUR	-39,4	-2,7
Stylight GmbH, Munich	indirect	22,08	EUR	1.512,3	802,1 [2]
Tejado GmbH, Oldenburg	indirect	20,69	EUR	-303,3	-303,3 [2]
Todaytickets GmbH, Berlin	indirect	45,00	EUR	n/a	n/a [2]
VG Media Gesellschaft zur Verwertung der Urheber- und Leistungsschutzrechte von Medienunternehmen mbH, Berlin	direct	50,00	EUR	378,3	0,0

Belgium						
Sultan Sushi CVBA, Mechelen	indirect	98,25	EUR	223,9	126,2	
Denmark						
SNOWMAN PRODUCTIONS ApS, Copenhagen	indirect	100,00	DKK	2.092,8	-1.959,5	
Hong Kong						
Red Arrow International Ltd., Hong Kong	indirect	100,00	HKD	n/a	n/a	2)
Israel						
July August Communications and Productions Ltd., Ramat Gan	indirect	51,00	ILS	1.463,0	2.102,0	
Outburst X LP, Ramat Gan	indirect	93,25	ILS	n/a	n/a	2)
Seven Days LP, Ramat Gan	indirect	50,00	ILS	n/a	n/a	2)
The Band's Visit LP, Ramat Gan	indirect	55,00	ILS	n/a	n/a	2)
We are Not Alone LP, Ramat Gan	indirect	45,00	ILS	n/a	n/a	2)
Luxembourg						
P7S1 Broadcasting S.à r.l., Luxembourg	indirect	100,00	EUR	425.396,2	-769.951,4	
The Netherlands						
Danube Broadcasting B.V., Amsterdam	indirect	100,00	EUR	-51,4	-24,8	
P7S1 Broadcasting Europe B.V., Amsterdam	indirect	100,00	EUR	80.533,0	157.683,0	
P7S1 Broadcasting Holding I B.V., Amsterdam	indirect	100,00	EUR	90.195,0	-6.293,0	
P7S1 Broadcasting Holding II B.V., Amsterdam	indirect	100,00	EUR	4.108,0	4.651,0	
P7S1 Finance B.V., Amsterdam	indirect	100,00	EUR	771.146,0	-92.144,0	
P7S1 Nederland B.V., Amsterdam	indirect	100,00	EUR	6.585,0	-2.080,0	
Sultan Sushi B.V., Amsterdam	indirect	100,00	EUR	n/a	n/a	2)
Norway						
Snowman Productions AS, Oslo	indirect	100,00	NOK	1.656,2	-2.913,8	
Austria						
Austria 9 TV GmbH, Vienna	indirect	100,00	EUR	n/a	n/a	2)
AUSTRIA 9 TV GmbH & Co. KG, Vienna	indirect	100,00	EUR	-4.380,2	-23,6	
ProSieben Austria GmbH, Vienna	indirect	100,00	EUR	34,6	1,4	
ProSiebenSat.1Puls 4 GmbH, Vienna	indirect	100,00	EUR	24.575,5	18.886,7	
Puls 4 TV GmbH, Vienna	indirect	100,00	EUR	15,5	-0,9	
PULS 4 TV GmbH & Co. KG, Vienna	indirect	100,00	EUR	2.600,1	403,0	
SAT.1 Privatrundfunk und -programmgesellschaft m.b.H, Vienna	indirect	51,00	EUR	7.259,3	6.941,5	
SevenVentures Austria GmbH, Vienna	indirect	100,00	EUR	n/a	n/a	2)
Republic of Moldova						
ICS SBS Broadcasting S.R.L., Kischinau	indirect	100,00	MDL	1.062,0	208,5	
Romania						
Kiss TV Music S.R.L., Bucarest	indirect	100,00	RON	n/a	n/a	2)
Media Group Services International S.R.L., Bucarest	indirect	100,00	RON	23.267,8	3.461,9	
MyVideo Broadband S.R.L., Bucarest	indirect	100,00	RON	n/a	n/a	2)
P7S1 Radio Holding S.R.L., Bucarest	indirect	100,00	RON	n/a	n/a	2)
Prime Time Productions S.R.L., Bucarest	indirect	100,00	RON	500,3	3,0	
SBS Broadcasting Media S.R.L., Bucarest	indirect	100,00	RON	25.441,6	-15.297,0	
Associated company						
Canet Radio S.R.L., Bucarest	indirect	20,00	RON	310,7	-479,3	
Sweden						
Goldcup 9358 AB, Stockholm	indirect	100,00	SEK	n/a	n/a	2)
Hard Hat AB, Stockholm	indirect	90,00	SEK	1.872,7	1.143,7	
P7S1 Broadcasting (Sweden) AB, Stockholm	indirect	100,00	SEK	573.458,0	86,0	
Snowman Productions AB, Stockholm	indirect	100,00	SEK	7.038,3	-16.994,8	
Switzerland						
ProSieben (Schweiz) AG, Küsnacht (ZH)	indirect	100,00	CHF	474,3	245,1	
Sat.1 (Schweiz) AG, Küsnacht (ZH)	indirect	60,00	CHF	6.581,4	5.370,4	
SevenOne Media (Schweiz) AG, Küsnacht(ZH)	indirect	100,00	CHF	18.165,0	17.737,7	
Seven Ventures (Schweiz) AG, Küsnacht (ZH)	indirect	100,00	CHF	n/a	n/a	2)
Associated companies						
Goldbach Media (Switzerland) AG, Küsnacht	indirect	22,96	CHF	31.834,3	31.194,4	
	indirect	22,96	CHF	n/a	n/a	2)

Czech Republic						
MERCHANDISING PRAGUE s.r.o., Prague	indirect	100,00	CZK	n/a	n/a	2)
Turkey						
Tasfiye Halinde Anadolu Televizyon Ve Radyo Yayincilik Ve Ticaret Anonim Sirketi, Istanbul	indirect	100,00	TRY	n/a	n/a	2)
Hubgary						
INTERAKTÍV Televíziós Műsorkészítő Kft., Budapest	indirect	100,00	HUF	344.893,0	9.127,0	
INTERAKTÍV-FICTION Műsorkészítő és Filmgyártó Kft. „Végelszámolás Alatt“, Budapest	indirect	100,00	HUF	134.494,0	11.931,0	
MTM Produkció Müsorgyártó és Filmforgalmazó Kft., Budapest	indirect	100,00	HUF	98.000,0	30.923,0	
MTM-SBS Televízió Zrt., Budapest	indirect	100,00	HUF	16.769.551,0	-6.707.315,0	
MTM-TV2 Befektetési Kft., Budapest	indirect	100,00	HUF	732.453,0	201,0	
United Kingdom						
CEE Broadcasting Ltd, London	indirect	100,00	GBP	-138,3	-138,3	3)
CPL Productions Ltd., London	indirect	100,00	GBP	64,7	-4,8	
Endor (Esio Trot) Ltd., London	indirect	100,00	GBP	n/a	n/a	2)
Endor (T&T), Ltd., London	indirect	100,00	GBP	n/a	n/a	2)
Endor (Will) Ltd., London	indirect	100,00	GBP	n/a	n/a	2)
Endor Productions Ltd., London	indirect	51,00	GBP	64,9	-20,0	
European Radio Investments Ltd., London	indirect	100,00	EUR	30.876,4	-8,0	
LHB Ltd., London	indirect	63,89	GBP	-67,8	-15,6	
New Entertainment Research and Design Ltd., London	indirect	96,70	GBP	-381,8	-225,7	
P7S1 Broadcasting (UK) Ltd., London	indirect	100,00	EUR	52,5	-21.301,3	
Red Arrow Entertainment Ltd., London	indirect	100,00	EUR	3.091,1	-3.571,2	
Romanian Broadcasting Corporation Ltd., London	indirect	100,00	EUR	-14.713,2	-5.045,5	
Romer Films Ltd., London	indirect	100,00	GBP	n/a	n/a	2)
Scandinavian Broadcasting System (Jersey) Ltd., Jersey	indirect	100,00	GBP	8,0	0,0	
TEA Endor Ltd., London	indirect	100,00	GBP	n/a	n/a	2)
United States of America						
Digital Demand LLC, Los Angeles	indirect	100,00	USD	n/a	n/a	2)
Fabrik Entertainment LLC, Los Angeles	indirect	51,00	USD	1.482,3	-266,6	
Fortitude Production Service LLC, New York	indirect	100,00	USD	n/a	n/a	2)
HB Television Development LLC, Los Angeles	indirect	100,00	USD	n/a	n/a	2)
Hold Fast Productions LLC, Los Angeles	indirect	100,00	USD	n/a	n/a	2)
Kinetic Content LLC, Los Angeles	indirect	51,00	USD	-1.677,0	3.578,0	
Kinetic Content Publishing LLC, Los Angeles	indirect	100,00	USD	n/a	n/a	2)
KinPro Music Publishing LLC, Los Angeles	indirect	100,00	USD	n/a	n/a	2)
Kinetic Operations LLC, Los Angeles	indirect	100,00	USD	n/a	n/a	2)
Kinpro LLC, Los Angeles	indirect	100,00	USD	n/a	n/a	2)
Left/Right LLC, New York	indirect	100,00	USD	n/a	n/a	2)
Left/Right Holdings LLC, New York	indirect	60,00	USD	n/a	n/a	2)
Moving TV LLC, Los Angeles	indirect	100,00	USD	n/a	n/a	2)
Nerd TV LLC, Los Angeles	indirect	100,00	USD	n/a	n/a	2)
Production Connection LLC, Los Angeles	indirect	100,00	USD	n/a	n/a	2)
Red Arrow International Inc., Los Angeles	indirect	100,00	USD	-854,2	-2.475,8	
Three Tables Music LLC, Los Angeles	indirect	100,00	USD	n/a	n/a	2)
Investment						
ZeniMax Media Inc., Rockville	indirect	6,90	USD	685.098,0	12.200,5	

Unless otherwise stated, the equity and annual result figures correspond to the most recent available verified financial statements (financial year January 1, 2011 to December 31, 2012).

*** The holding percentage displays the participation of the direct shareholder(s).**

**** The following exchange rates were applicable for equity and the annual result:**

1 Euro corresponds to	Spot rate 31.12.2012	Average rate 2012	
BGN	1,96	1,96	Bulgaria
CHF	1,21	1,21	Switzerland
CZK	25,11	25,14	Czech Republic
DKK	7,46	7,44	Denmark
GBP	0,82	0,81	United Kingdom
HKD	10,22	9,97	Hongkong
HUF	292,82	289,25	Hungary
ILS	4,92	4,96	Israel
MDL	15,93	15,56	Republic of Moldova
NOK	7,37	7,48	Norway
RON	4,44	4,46	Romania
SEK	8,58	8,70	Sweden
TRY	2,37	2,32	Turkey
USD	1,32	1,28	United States of America

Explanation of the footnotes

1) Result after profit or loss transfer
2) No information available, company was founded, merged or in liquidation in 2012
3) Short financial year from November 7, 2012 to December 31, 2012

Members of the Executive Board

Thomas Ebeling CEO	CEO since March 1, 2009	Responsibilities: TV Germany (SAT.1, ProSieben, kabel eins, sixx, SAT.1 Gold, ProSieben MAXX), Group Content, Group Program Strategy & Development, Content Production & Global Sales, Sales & Marketing, Corporate Communications Mandates: Bayer AG (member of the supervisory board) Lonza Group AG (member of the supervisory board sind April 2013)
Axel Salzmann CFO	Member of the Executive Board since May 1, 2008 CFO since July 1, 2008	Repsonsibilities: Group Operations & IT, Group Controlling, Group Finance & Investor Relations, Accounting & Taxes, Internal Audit, Administration
Conrad Albert	Member of the Executive Board since October 1, 2011	Responsibilities: Legal, Distribution & Regulatory Affairs, Public Affairs, Shareholder & Boards Management, International Free-TV CEE
Dr. Christian Wegner	Member of the Executive Board since October 1, 2011	Responsibilities: Digital & Adjacent, Digital Entertainment (Online Video, Music Streaming, Online Games, Screen Management), Digital Commerce, Adjacent (Music, Live, Events, Ticketing, Artist-Management, Smart Channels/Apps)
Heidi Stopper	Member of the Executive Board since October 1, 2012	Responsibilities: Human Resources, Compensation & Benefits, HR People Development, HR Processes & Controlling, Labour Law & Freelance Management

Members of the Supervisory Board

Johannes Peter Huth, Chairman	Member of the Supervisory Board since March 7, 2007 Kohlberg Kravis Roberts & Co. Ltd. (Member of the investment committee)	Mandates: KION Holding 1 GmbH (non-executive) KION Group GmbH (non-executive) KKR & Co Partners LLP (executive) NXP BV (non-executive) WMF AG (non-executive) Wild Flavours GmbH (non-executive)
Dr. Jörg Rockenhäuser, Vice Chairman	Member of the Supervisory Board since June 4, 2009 Permira Beteiligunsgberatung 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)
Stefan Dziarski	Member of the Supervisory Board since May 15, 2012 Permira Beteiligungsberatung GmbH (Principal)	Mandate: none
Philipp Freise	Member of the Supervisory Board since March 7, 2007 Kohlberg Kravis Roberts & Co. Ltd. (Partner)	Mandates: BMG Rights Management GmbH (non-executive) Fotolia Inc. (non-executive)
Lord Clive Hollick	Member of the Supervisory Board since March 7, 2007 G.P. Bullhound, LLP (Partner)	Mandates: Honeywell Inc. (non-executive) We Predict Ltd. (non-executive)
Götz Mäuser	Member of the Supervisory Board since March 7, 2007 Permira Beteiligungsberatung GmbH (Partner)	Mandate: none
Prof. Dr. Harald Wiedmann	Member of the Supervisory Board since March 7, 2007 Gleiss Lutz Hootz Hirsch Partnerschaftsgesellschaft von Rechtsanwälten und Steuerberatern (German Certified Public Accountant, Tax Adviser, Attorney at Law)	Mandates: Prime Office REIT-AG (non-executive) Universal-Investment GmbH (non-executive)

ProSiebenSat.1 Media AG, Unterföhring

Statement of changes in fixed assets in fiscal year 2013

	Acquisition and production cost				
	As of Jan 1, 2013	Additions	Reclassifications	Disposals	As of Dec 31, 2013
	Euro	Euro	Euro	Euro	Euro
I. Intangible assets					
1. Licenses, trademarks and patents as well as licenses to such assets and rights for a consideration	9,905,785.02	586,960.06	0.00	0.00	10,492,745.08
2. Advances paid on intangible assets	0.00	115,052.55	0.00	0.00	115,052.55
	9,905,785.02	**702,012.61**	**0.00**	**0.00**	**10,607,797.63**
II. Property, plant and equipment					
1. Buildings on land owned by others	73,022,648.46	5,004,370.95	8,085,126.67	2,731,349.61	83,380,796.47
2. Other equipment, fixtures, furniture and equipment	12,908,908.92	1,376,887.22	0.00	341,900.68	13,943,895.46
3. Advances paid on tangible assets under construction	9,509,913.32	7,670,611.78	-8,085,126.67	0.00	9,095,398.43
	95,441,470.70	**14,051,869.95**	**0.00**	**3,073,250.29**	**106,420,090.36**
III. Financial assets					
1. Interests in Group companies	5,323,377,058.92	253,321,000.00	48,653,581.36	50,800,000.00	5,574,551,640.28
2. Loans to Group companies	125,324,407.60	43,100,000.00	-48,653,581.36	3,054,445.39	116,716,380.85
3. Interests in associated companies	616,792.81	0.00	0.00	0.00	616,792.81
4. Long-term investments	12,230,626.88	1,910,407.43	0.00	0.00	14,141,034.31
5. Other loans	13,476,500.03	1,213,479.61	0.00	0.00	14,689,979.64
	5,475,025,386.24	**299,544,887.04**	**0.00**	**53,854,445.39**	**5,720,715,827.89**
	5,580,372,641.96	**314,298,769.60**	**0.00**	**56,927,695.68**	**5,837,743,715.88**

ProSiebenSat.1 Media AG, Unterföhring

Statement of changes in fixed assets in fiscal year 2013

	Amortization, depreciation and write-downs					Carrying amounts	
	As of Jan 1, 2013	Additions	Write-up	Disposals	As of Dec 31, 2013	As of Dec 31, 2013	As of Dec 31, 2012
	Euro	Euro	Euro	Euro	Euro	Euro	Euro
I. Intangible assets							
1. Licenses, trademarks and patents as well as licenses to such assets and rights for a consideration	7,886,456.02	1,066,820.06	0.00	0.00	8,953,276.08	1,539,469.00	2,019,329.00
2. Advances paid on intangible assets	0.00	0.00	0.00	0.00	0.00	115,052.55	0.00
	7,886,456.02	**1,066,820.06**	**0.00**	**0.00**	**8,953,276.08**	**1,654,521.55**	**2,019,329.00**
II. Property, plant and equipment							
1. Buildings on land owned by others	46,309,567.94	4,905,809.62	0.00	2,718,872.61	48,496,504.95	34,884,291.52	26,713,080.52
2. Other equipment, fixtures, furniture and equipment	9,455,287.42	1,308,641.22	0.00	312,914.68	10,451,013.96	3,492,881.50	3,453,621.50
3. Advances paid on tangible assets under construction	0.00	0.00	0.00	0.00	0.00	9,095,398.43	9,509,913.32
	55,764,855.36	**6,214,450.84**	**0.00**	**3,031,787.29**	**58,947,518.91**	**47,472,571.45**	**39,676,615.34**
III. Financial assets							
1. Interests in Group companies	245,076,998.00	0.00	0.00	0.00	245,076,998.00	5,329,474,642.28	5,078,300,060.92
2. Loans to Group companies	0.00	0.00	0.00	0.00	0.00	116,716,380.85	125,324,407.60
3. Interests in associated companies	420,021.01	0.00	0.00	0.00	420,021.01	196,771.80	196,771.80
4. Long-term investments	1,063,336.98	0,00	296,297.39	0.00	767,039.59	13,373,994.72	11,167,289.90
5. Other loans	0.00	0.00	0.00	0.00	0.00	14,689,979.64	13,476,500.03
	246,560,355.99	**0.00**	**296,297.39**	**0.00**	**246,264,058.60**	**5,474,451,769.29**	**5,228,465,030.25**
	310,211,667.37	**7,281,270.90**	**296,297.39**	**3,031,787.29**	**314,164,853.59**	**5,523,578,862.29**	**5,270,160,974.59**

Responsibility Statement

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

Unterföhring, February 24, 2014

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 issued the following unqualified auditor’s report:

Auditor’s Report

„We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of ProSiebenSat.1 Media AG, Unterföhring for the financial year from 1 January to 31 December 2013. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company’s Executive Board. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with Section 317 of the German Commercial Code (HGB) and the generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Executive Board, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company‘s position and suitably presents the opportunities and risks of future development.“

Munich, 26 February 2014

KPMG AG
Wirtschaftsprüfungsgesellschaft

[original German version signed by]

Dr. Dauner
Wirtschaftsprüfer
[German Public Auditor]

Schmidt
Wirtschaftsprüfer
[German Public Auditor]

Editorial Information

How to reach us

Press
ProSiebenSat.1 Media AG
Corporate Communications
Medienallee 7
85774 Unterföhring
Tel. +49 [89] 95 07 – 11 45
Fax +49 [89] 95 07 – 11 59
E-Mail: info@ProSiebenSat1.com

Investor Relations
ProSiebenSat.1 Media AG
Investor Relations
Medienallee 7
85774 Unterföhring
Tel. +49 [89] 95 07 – 15 11
Fax +49 [89] 95 07 – 15 21
E-Mail: aktie@ProSiebenSat1.com

Published by

ProSiebenSat.1 Media AG
Medienallee 7
85774 Unterföhring
Tel. +49 [89] 95 07 – 10
Fax +49 [89] 95 07 – 11 21
www.ProSiebenSat1.com
HRB 124 169 AG München

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Finanzkalender

02/27/2014	**Press Conference/IR Conference on preliminary figures 2013** Press Release, Press Conference in Munich, Conference Call with analysts and investors
03/17/2014	**Publication of the Annual Report 2013**
05/07/2014	**Publication of the Quarterly Report Q1 2014** Press Release, Conference Call with analysts and investors, Conference Call with journalists, Webcast
06/26/2014	**Annual General Meeting 2014**
06/27/2014	**Dividend payment**
07/31/2014	**Publication of the Quarterly Report Q2 2014** Press Release, Conference Call with analysts and investors, Conference Call with journalists, Webcast
11/06/2014	**Publication of the Quarterly Report Q3 2014** Press Release, Conference Call with analysts and investors, Conference Call with journalists, Webcast