# ProSiebenSat.1 Group Annual Report 2009

# Key Figures

## Key Figures for the ProSiebenSat.1 Group[1]

| in EUR m | 2009 | 2008[7] | 2007 [8] | 2006 | 2005 |
|---|---|---|---|---|---|
| Revenue | 2,760.8 | 3,054.2 | 2,710.4 | 2,104.6 | 1,989.6 |
| Total expenses | 2,310.7 | 2,851.0 | 2,341.9 | 1,672.4 | 1,620.3 |
| Recurring costs[2] | 2,077.5 | 2,413.1 | 2,063.1 | 1,629.7 | 1,585.4 |
| Consumption of programming assets | 1,068.6 | 1,247.1 | 1,145.8 | 946.0 | 947.2 |
| Recurring EBITDA[3] | 696.5 | 674.5 | 662.9 | 487.0 | 418.5 |
| Recurring EBITDA margin (in %) | 25.2 | 22.1 | 24.5 | 23.1 | 21.0 |
| EBITDA | 623.0 | 618.3 | 522.3 | 484.3 | 418.5 |
| Non-recurring items[4] | 73.5 | 56.2 | 140.6 | 2.7 | 0.0 |
| EBIT | 475.1 | 263.5 | 385.3 | 444.3 | 382.7 |
| Financial result | -244.5 | -334.9 | -135.5 | -57.5 | -33.0 |
| Profit before taxes | 231.0 | -68.4 | 249.8 | 386.7 | 350.7 |
| Consolidated net income (after minority interests) | 144.5 | -129.1 | 89.4 | 240.7 | 220.9 |
| Underlying net income[5] | 184.8 | 170.4 | 272.8 | 244.8 | 220.9 |
| Investments in programming assets | 1,227.2 | 1,397.0 | 1,176.7 | 955.0 | 907.3 |

| in EUR m | December 31, 2009 | December 31, 2008 | December 31, 2007 | December 31, 2006 | December 31, 2005 |
|---|---|---|---|---|---|
| Programming assets | 1,526.5 | 1,380.0 | 1,317.7 | 1,056.3 | 1,057.5 |
| Shareholders' equity | 580.8 | 478.9 | 1,062.3 | 1,240.5 | 1,187.7 |
| Equity ratio (in %) | 9.4 | 8.1 | 17.7 | 64.2 | 58.9 |
| Cash & Cash equivalents | 737.4 | 632.9 | 250.8 | 63.5 | 157.6 |
| Net financial debt | 3,294.6 | 3,406.7 | 3,328.4 | 121.8 | 227.2 |
| Employees[6] | 4,814 | 5,450 | 4,852 | 2,976 | 2,788 |

[1] All figures on legal basis; PSP is not shown as discontinued operations. [2] Total costs excl. D&A and non-recurring expenses. [3] EBITDA before non-recurring (exceptional) items. [4] Non-recurring expenses netted against non-recurring income. [5] The consolidated profit for the period, before the effects of purchase price allocations and non-cash currency measurement expenses. The 2008 figure is also adjusted for impairment of EUR 180.0 million for SBS goodwill. [6] Average full-time equivalent positions. [7] CMore deconsolidated in November 2008. [8] Consolidation of SBS Broadcasting Group in July 2007.

NETHERLANDS // SBS 6 is the Netherlands' No. 2 private TV station, and especially appeals to viewers between 20 and 49 with big variety shows, in-house productions, series, and coverage of sports events. ProSiebenSat.1 also owns not only the TV stations NET 5 and Veronica, but also Veronica Magazine, the country's leading TV periodical, as well as the TV periodical Totaal TV and the Veamer video-on-demand portal.

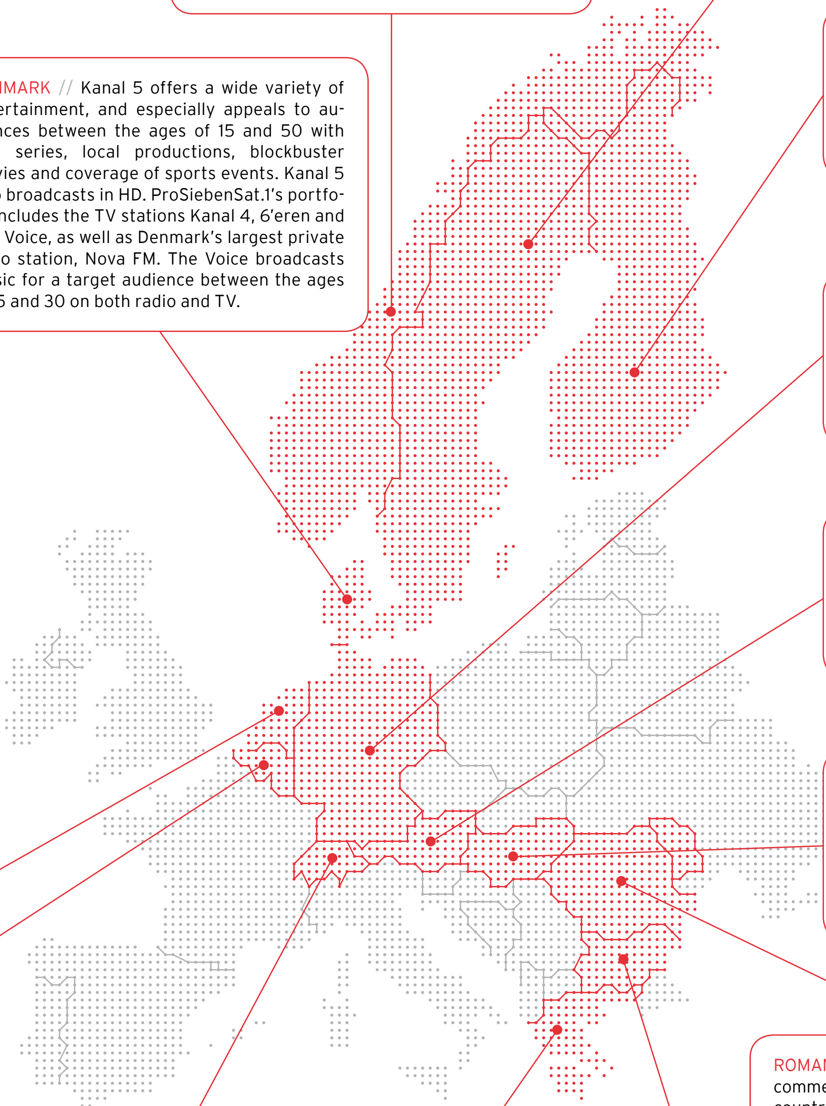
BELGIUM // The two Belgian TV stations VT4 and VIJFtv are aimed at the Flemish-speaking part of the Belgian population. VT4 (for a younger target audience) and VIJFtv (a younger female target audience) combine local Flemish productions with international blockbuster movies and popular U.S. series.

SWEDEN // With a TV schedule made up of light entertainment shows and series, Kanal 5 especially aims to appeal to young people, and is one of Sweden's most popular stations. ProSiebenSat.1 also operates station Kanal 9 and Mix Megapol, the country's fastest-growing radio network.

NORWAY // TV NORGE is Norway's second-largest commercial television station. Its wide range of entertainment programming has made it very popular with audiences. In FEM, ProSiebenSat.1 also has a station that targets a female audience. Another audience favorite in Norway is Radio Norge, the country's second-largest private radio station.

DENMARK // Kanal 5 offers a wide variety of entertainment, and especially appeals to audiences between the ages of 15 and 50 with U.S. series, local productions, blockbuster movies and coverage of sports events. Kanal 5 also broadcasts in HD. ProSiebenSat.1's portfolio includes the TV stations Kanal 4, 6'eren and The Voice, as well as Denmark's largest private radio station, Nova FM. The Voice broadcasts music for a target audience between the ages of 15 and 30 on both radio and TV.

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



GERMANY // SAT.1, ProSieben, kabel eins and N24 make ProSiebenSat.1 the biggest commercial TV corporation in Germany. ProSiebenSat.1 is a success in online sales. Its stations' Web sites score well with users, as do such portals as fem, lokalisten and MyVideo.

AUSTRIA // Stations ProSieben Austria, SAT.1 Österreich and kabel eins Austria offer regional advertising and programming windows alongside programming from their sister stations in Germany. Together with PULS 4, the stations make up Austria's leading free TV corporation.

HUNGARY // TV2 is one of Hungary's largest commercial TV stations. Its success is founded on in-house productions, U.S. series, and Hungarian adaptations of hit TV concepts.With the new channel FEM3, launched in January 2010, ProSiebenSat.1 offers diversified entertainment especially for the female target group.

ROMANIA // Prima TV is one of Romania's first commercial TV stations. It is also one of the country's most successful channels today, especially prized by its audiences (ages 15 to 44) for its high-quality light entertainment shows and local productions. ProSiebenSat.1 also operates three leading radio stations in Romania – Kiss FM (the country's No. 1 station), Magic FM and One FM – as well as music station KissTV.

SWITZERLAND // With its stations SAT.1 Switzerland, ProSieben Switzerland and kabel eins Switzerland, the ProSiebenSat.1 Group is Switzerland's largest provider of commercial television. ProSiebenSat.1 also operates numerous online platforms in Switzerland.

BULGARIA // ProSiebenSat.1 scores in Bulgaria with a mix of national and international music, on radio and TV both. Four radio networks and the music channel The Voice attract a broad audience in all age groups.

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

# Contents


>> **Reports from the Executive and Supervisory Board....26**
Foreword from the CEO....28
Report of the Supervisory Board....32
Proposed Allocation of Profits....38
Management Declaration and Corporate Governance Report....38
Management Declaration....38
Corporate Governance Report....43
Compensation Report....45

>> **Group Management Report....48**
Business Operations and Business Conditions....50
Business Operations and Group Structure....50
Corporate Management, Goals, Strategy....54
Legal Environment....56
Economic and Industry Environment....59
Business Performance in 2009....64
Changes in Scope of Consolidation and Organizational Measures....64
Comparison of Actual and Projected Business Developments....65
Group Earnings....67
Group Financial Position and Performance....71
Segment Reporting....79
Free TV German-speaking Segment....79
Free TV International Segment....80
Diversification Segment....81
Employees....82
The ProSiebenSat.1 Share....85
Non-Financial Performance Indicators....88
Strong Brands as a Factor for Success....88
Process Capital – Organizational and Process Advantages....89
Supplier Capital - Long-standing Supplier Relationships....89
Customer Capital - Solid Customer Relationships....89
Sustainability as a Factor for Success....90
Research and Development....92
Events after the Reporting Period....93
Risk Report....93
Opportunity Management....94
Risk Management....94
Risk Situation: Development of Individual Risks....96
Outlook....103
Future Environment....103
Opportunities Specific to the Industry....105
Opportunities in the Legal and Media Policy Environment....106
Opportunities for Performance and Strategy....106
Company Outlook....108

>> **Consolidated Financial Statements....112**
Income Statement....114
Statement of Financial Position....115
Cash Flow Statement....116
Statement of Changes in Equity....117
Notes to the Financial Statements....118
>> **Responsibility Statement of the Executive Board....166**
>> **Auditor's Report....167**
>> **Additional Information....168**


Cross-references

Websites

# Innovation. Courage. Reliability.

The year 2009 was characterized by the determination to make positive changes and ground-breaking decisions. Pooling TV and sales activities in Germany, and moving SAT.1 to Munich, opened a new chapter in the Group's history. In 2009 we concentrated on our strengths, developed innovative concepts for the further extension of our value chain – and gained stability in a challenging market environment.

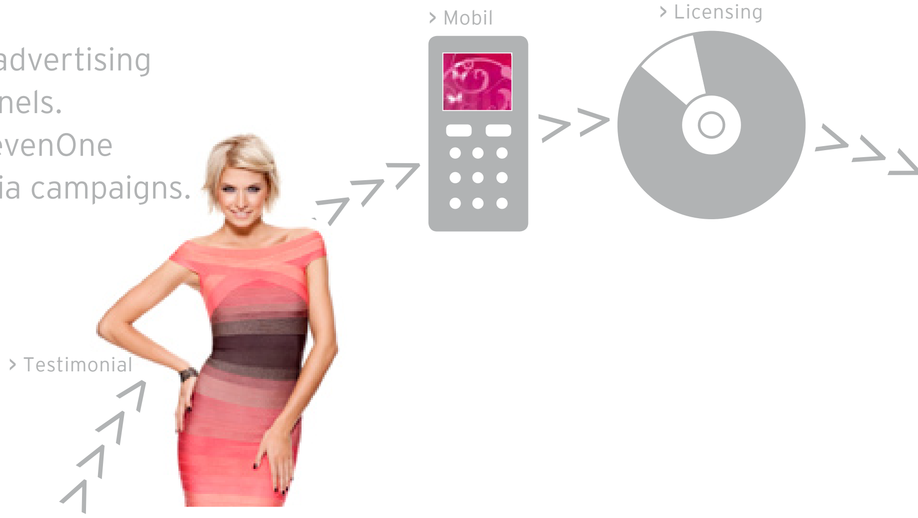

Vem kan slå Filip & Fredrik, Kanal 5 _Photo: © Johan Halsius


# Innovation.

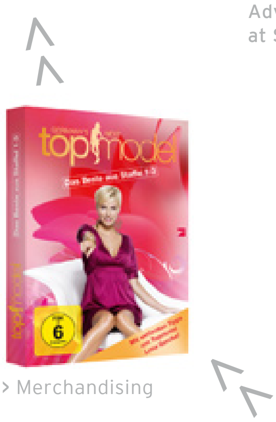
Television is changing. New media and innovative business ideas are enabling broadcasters to supply viewers with programming content anytime, anywhere. Advertisers can place their messages even better with cross-media campaigns. The advantage will go to those who can adapt, and handle new challenges quickly – like the two comedians Filip and Fredrik in the Swedish version of the successful German format "Schlag den Raab," Vem kan slå Filip & Fredrik" on Kanal 5.

# Keeping up with the user

TV, the Internet, cell phones – the advertising industry uses more and more channels. ProSiebenSat.1's new subsidiary SevenOne AdFactory specializes in cross-media campaigns.









**›› 360 DEGREE COMMUNICATION:**
Advertisers can draw on a full range of services at SevenOne AdFactory.

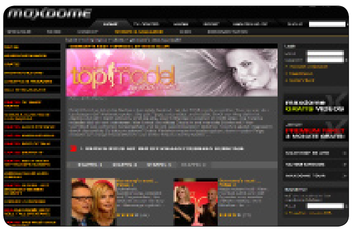
Consumers are using more and more different media. They watch TV, chat on the Web, watch video clips on their cell phones while they're away from home. At the same time, a digital world offers advertisers a chance for more and more points of contact between brands and consumers. Both of these factors have consequences for professional brand management. Ultimately, the success of a campaign isn't determined by its creative concept alone. It's just as important to include new media in the concept, alongside TV ads.

That's why it's best to work with a specialist. With SevenOne AdFactory, ProSiebenSat.1 founded a new subsidiary in July 2009 that offers creative, cross-media concepts for all platforms. 360 degree communication solutions can build custom combinations of up to eleven different media – from TV to online to cell phones, from licenses to special events to testimonials. So advertisers can draw on a full range of services – and get a creative media concept tailored to their individual needs.

Which allows advertisers to achieve two important strategic goals at once: they get a competitive advantage, and they can reach consumers where consumers are already living their day-to-day lives – in a multimedia world. •

> Television

> Event



> Video-on-Demand

## THE BEST SETTING FOR BRANDS

Malte Hildebrandt helps brands show themselves at their best. The Managing Director at SevenOne AdFactory reports on the new company's challenges and goals.

**» How have the market's needs changed..........................................?**

More and more, advertisers are looking for something special – which is why the demand for customized, special forms of advertising and networked campaigns has risen sharply in the past few years. Advertisers want to stand apart from their competitors, and to reach their target audiences efficiently but also creatively.

**» What has the ProSiebenSat.1 Group's response been ....................?**

We wanted to offer the market a strong answer to this need for individuality and creativity. That's why we founded SevenOne AdFactory. As an affiliate of SevenOne Media, we take up where conventional sales leaves off – we put creative concepts onto the market that network up to eleven different platforms, and thus offer our clients the best possible setting for their brands. And for that we work hand in hand with SevenOne Media, which already has long-standing connections with most of our clients.

**» So does SevenOne AdFactory view itself mainly as a consultant – including as a way of distinguishing itself from creative agencies.......................?**

We aim not just to develop creative concepts for our clients, but also to stand by them with practical support. With our brand and media background, we can provide our clients with expert advice. Can a campaign's goals be accomplished best with a special form of advertising like a split screen? Or would a contest combined with a licensed product for a TV program make better sense? We also provide advice on media law and point out state-of-the-art developments in each of our media. That represents a good complement to the work done by creative agencies and our clients themselves.

**» How has the market responded – clients and agencies............................?**

The response has been consistently positive. You can see that, for example, in the fact that on the whole we're developing more concepts than we have in the past. And of those additional concepts, we put about 50 percent into action jointly with the client and the agencies. That's a terrific track record. We're very happy about it, and we intend to improve on it even further in 2010. Ever since we were founded, we've been able to expand even further our cooperative efforts with many long-standing clients of SevenOne Media.

**» What challenges will (networked) marketing face in the future...............?**

The main challenge is to incorporate the latest media developments into networked communications, and to use them efficiently for our advertisers. For example, we'll be adding product placement as a new element in 2010. But the increasingly professionalized market in mobile Internet will also be playing an ever-larger role in cross-media concepts. We have to mine the creative potential here for our clients. «

# TV and the Internet: A Perfect Pair

TV and online services don't detract from each other – just the contrary. As Web downloads for SAT.1's telenovela "Anna und die Liebe" increased, so did TV ratings.

Digitization and new media are changing viewers' lives. But even on these new platforms, people still look for what they already know from TV in the living room – information and entertainment in video form. TV is not being displaced, but instead is getting consumed on different screens – on computers and on cell phones.

Turn on the TV, settle back, relax. That's what people have treasured about TV for decades, and it's not going to change in the future – even if viewers more and more often want to decide for themselves when and where to watch a TV show. Young target audiences have been showing which way the wind blows. They've traditionally been TV viewers, but at the same time they have a growing interest in on-demand services.

### ONLINE AND TV BENEFIT FROM EACH OTHER

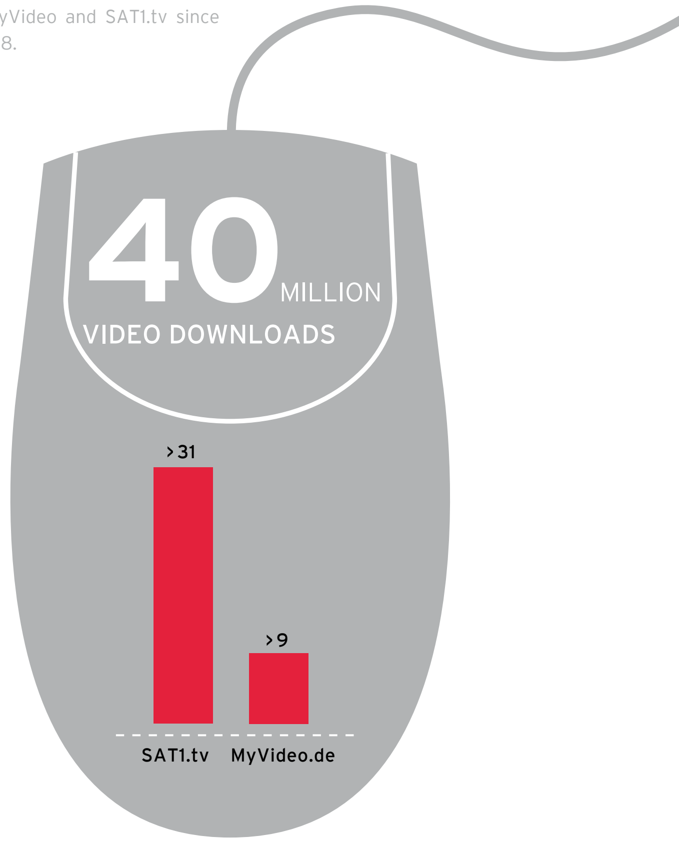
The Internet entered the video age long ago. Almost one out of every two Internet users has already watched videos on the Web. About two-thirds of users prefer programs that they already know from TV. Interest in video on the Web doesn't limit how much people watch classic TV. One out of every four consumers of online videos actually watches more TV as a result, according to the key finding of "Media Radar," a representative study by ProSiebenSat.1 advertising sales company SevenOne Media and the Mindline Media market research institute.

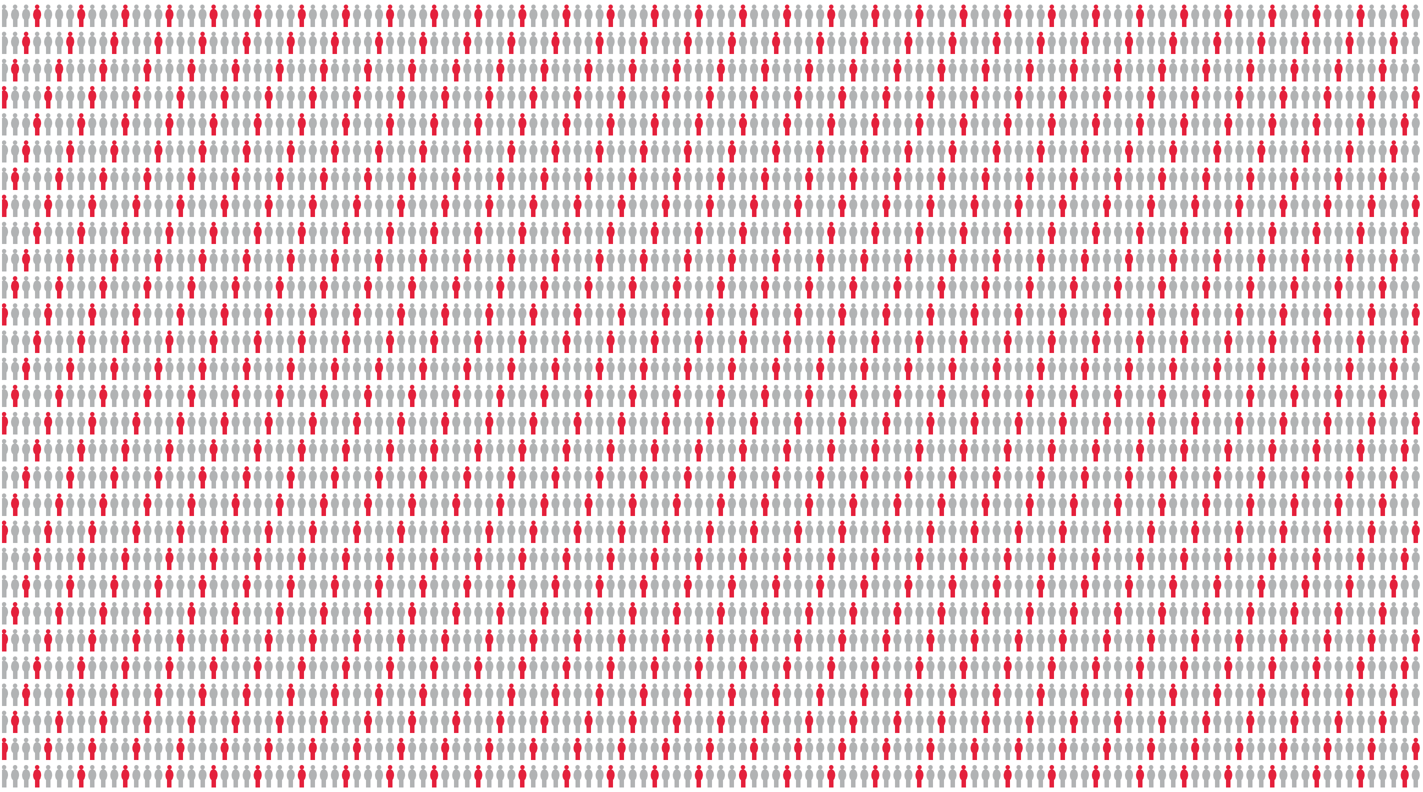
The hit telenovela "Anna und die Liebe," for example, has been watched on SAT.1 by more than 46 million viewers since it made its debut in August 2008. That's more than half of all viewers who have watched the station, with its reach of more than 71 million viewers above the age of three. And there were more than 40 million video downloads of all episodes during the same period – 31 million of them on SAT1.tv, and more than 9 million on MyVideo.de.

Television and the Internet complement one another. If a viewer uses the Web to catch up on an episode she missed, she can hook back into the program on TV without missing a beat. As is proved not just by the rising numbers of video downloads, but also by the parallel rise in the TV ratings of SAT.1's telenovela "Anna und die Liebe." When the program debuted, about 1.5 million viewers were following it. At peak periods last year, the figure ran as high as 2.4 million.

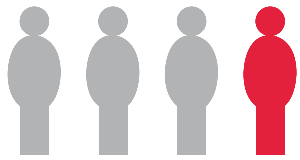
Here we can see what many studies had long forecast: media use is changing. At the same time, digitization is opening the way for new services like film libraries and time-delayed-broadcast TV. Which is only strengthening the popularity of TV content. •

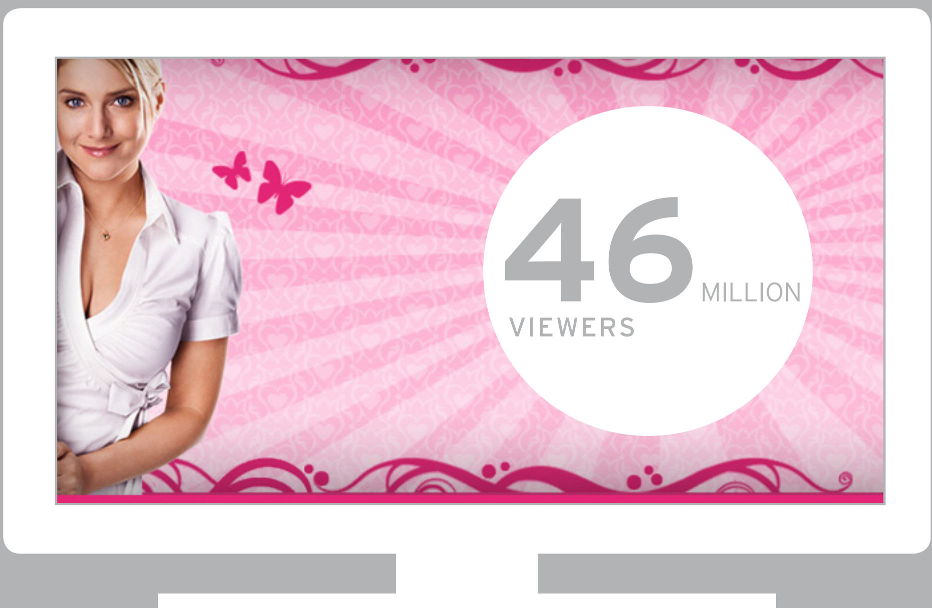
"Anna und die Liebe" has booked MORE THAN 40 MILLION video downloads on MyVideo and SAT1.tv since August 2008.



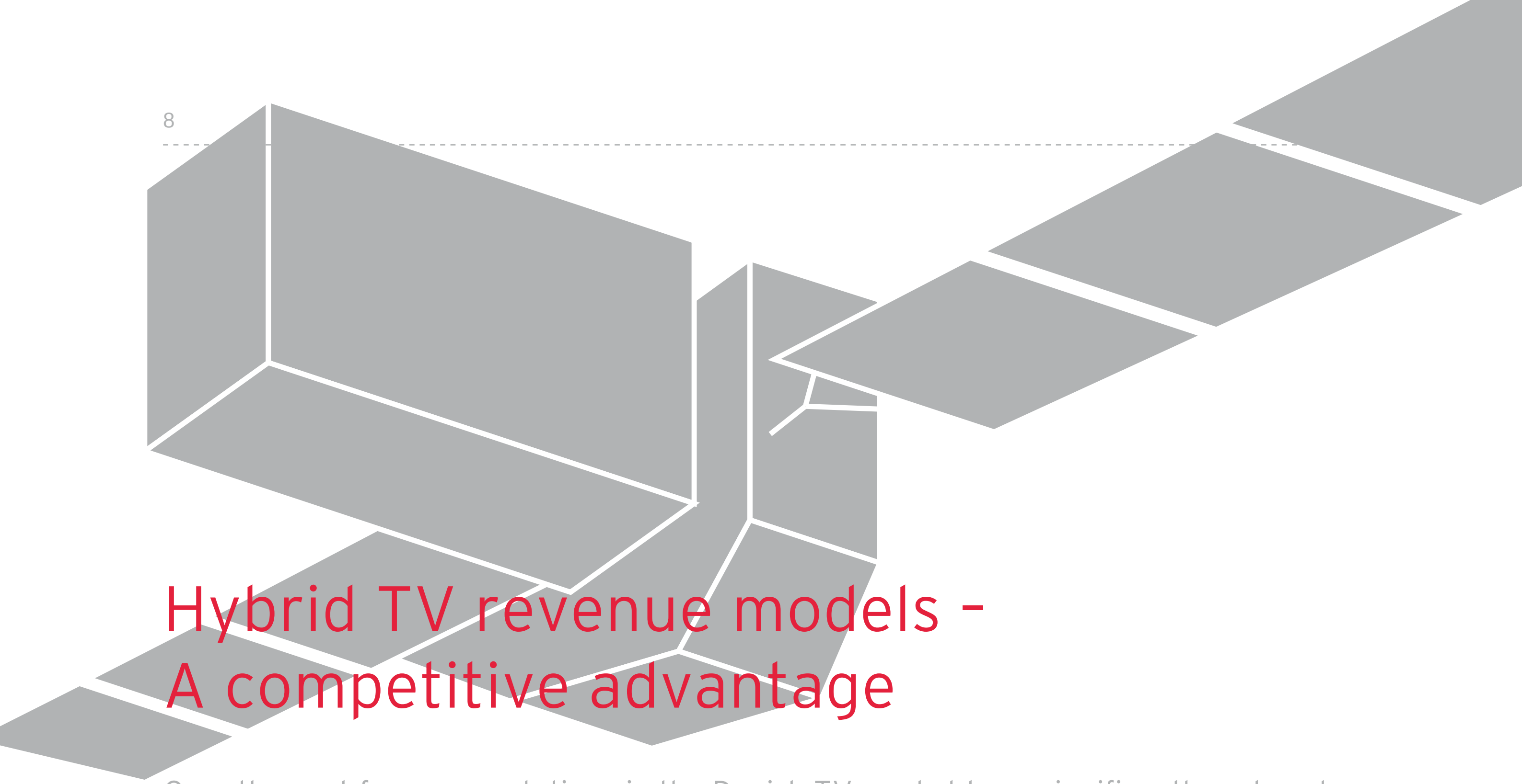


Digitization has boosted the use of TV content. ONE OUT OF EVERY FOUR USERS of online videos also watches more TV.






MORE THAN 46 MILLION VIEWERS have watched the telenovela "Anna und die Liebe" at least once on TV since August 2008.



# Hybrid TV revenue models – A competitive advantage

Over the past few years, stations in the Danish TV market have significantly reduced their dependence on the advertising market by establishing what is known as a "hybrid" revenue model: stations finance themselves with cable fees in addition to TV advertising revenues. This was the kind of model that ProSiebenSat.1 channel 6'eren adopted when it went on the air in 2009.

Denmark was one of the first EU countries to cut off analog TV broadcasting completely, last October 31. This transformation in the Danish market started back in the late nineties. Digital television also led to the establishment of a hybrid revenue model there, based on revenues from both TV advertising and distribution fees. Depending on the station, distributors pay from EUR 0.50 to EUR 3 per month for the right to distribute and market the channel.

Distributors like cable networks not only handle the technical distribution of programs. In Denmark they also take care of the organizational part: they assemble customized program packages for viewers.

### GERMANY STILL AWAITING THE DIGITAL SWITCH

Digital television has now spread across the entire European TV landscape. The new technology lets stations offer viewers an even better TV experience. Better in the sense of greater variety, since each satellite can broadcast more digital stations than was possible with analog technology - in an improved audio and video quality. The new technology makes additional digital services like high-definition TV or an electronic program guide (EPG) possible.

The switchover from analog to digital broadcasting is subject to different technical and regulatory environments in the ProSiebenSat.1 Group's various countries. The ProSiebenSat.1 Group's core market, Germany, is among those bringing up the rear: the switch from analog to digital was phased in for terrestrial TV in Germany between 2002 and 2008. Germany is the world's last industrialized country where analog satellite signals have yet to be switched off. The state media agencies have proposed that analog satellite TV broadcasting should be switched off no later than April 30, 2012. The ProSiebenSat.1 Group is preparing its German stations for all-digital satellite distribution as of 2012. •

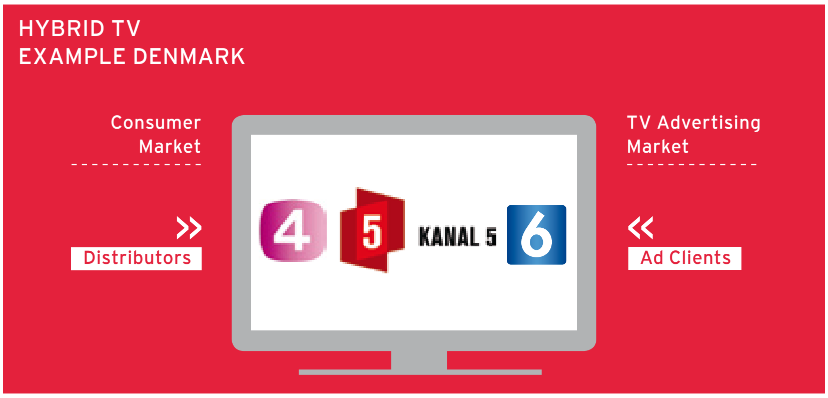
JESPER
JÜRGENSEN

Jesper Jürgensen is the press spokesman and head of communications at SBS TV in Denmark. He explains how his group of stations was able to strengthen its competitive position in a difficult market environment, and even launch a new station with 6'eren in January 2009.

>> What makes the Danish market different from other European markets?
In Denmark, people are very willing to pay for attractive TV programming. With the hybrid model, stations have been able to establish an additional revenue source that not only offers us greater reliability in planning, but lets us invest in a more focused way and deliver high-quality programs for our viewers. That's a clear competitive advantage for a TV company in these difficult economic times.

>> Was it definite from the start that 6'eren would be a hybrid station ....?
Yes. The first year, 6'eren was distributed unencrypted, so people could get to know the channel. With 6'eren, we filled a market gap. It was Denmark's first channel for men. In the meantime we distribute our signal digitally and encrypted. Distributors pay about one euro a month per subscription for the right to distribute the channel 6'eren.

>> Why the decision for a men's station in particular..........................................?
First of all because there was no other service like it at the time in Denmark. Second, because a men's station is a perfect complement to our portfolio. In combination with our two large stations, we now cover all target audiences. Kanal 4 is a women-oriented station and Kanal 5 carries programming for the whole family. <<




01+02 Besides series and documentaries, the young channel 6'eren reaches top market shares with big sports events. The men's magazine "Gear og Lir" (with market shares up to 3.9 percent) captures the channel's viewers with topics all about cars. // 03 6'eren has performed successfully from the very beginning. One of the program highlights is the U.S. series "Chuck" with a market share up to 2.8 percent. This format combines comedy and action elements and scores in its target group of male viewers.

# Courage.

Making new business ideas a reality and putting our own strengths to even better use – in 2009 ProSiebenSat.1 dared to take many new paths. Its stations also presented courageous decisions made by others in feature films like the SAT.1 event movie "Böseckendorf – Die Nacht, in der ein Dorf verschwand," in which the inhabitants of a village in the former East Germany leave home at night for a new life in the West.

Böseckendorf, SAT.1_Photo: © Richard Hübner


# Advertising Time for Revenue Share

ProSiebenSat.1 introduced a new business model in July 2009. Companies that have never advertised on TV before can get broadcast time for spots, and in return, ProSiebenSat.1 gets a share of the company's revenues or of the company's equity

The background for this innovative concept is easy to explain. ProSiebenSat.1 can sell no more than 12 minutes of advertising time per hour in Germany – that's firmly set down in the Interstate Broadcasting Treaty. But in today's market, not all of that time gets used. The new model makes it possible to market unused commercial breaks.

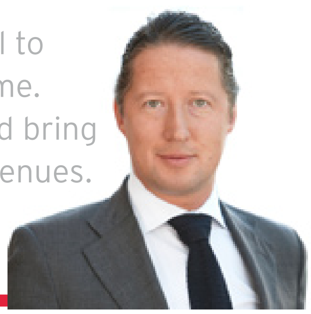
The concept quickly took shape. The first potential clients checked in shortly after the idea was announced. By now ProSiebenSat.1 has examined and analyzed more than 130 projects, and about 30 of them have already been implemented, or are about to be. Ten campaigns have involved TV spots on the air. All were based on a share of revenue.

The advertisers benefited from ProSiebenSat.1's reach and media skills – which led to greater recognition, new target audiences and higher revenues. "We also expect significant additional income by way of our new clients," says Hans Fink, Managing Director at MM MerchandisingMedia, the ProSiebenSat.1 subsidiary in charge of the new business model.

The services of the family of stations include not only developing a marketing plan - including the conception and production of advertising spots - but also media planning, booking and analysis. The advertiser gets a complete package from a single source. For ProSiebenSat.1 in turn, the model provides a good way to market hitherto unused advertising time, and thus to expand its revenue sources.

» We expect the new business model to earn us significant additional income. In the long term, the project should bring in a substantial contribution to revenues.

**HANS FINK**
Managing Director, MM MerchandisingMedia



Companies in the online segment with projects that have already been carried out include electronics recycler Zonzoo and the Sneakerloft online outlet. But other companies as well have tried out ProSiebenSat.1's new concept, including immune treatment maker Kijimea, soft drink maker Chabeso, and watchmaker Hanhart.

In general, the program is open to any company whose product is a good match for the ProSiebenSat.1 stations' audiences. Companies can submit applications directly by way of the www.SevenBrandVentures.de information platform. The most important criterion: the companies must be new TV advertisers. In other words, they cannot have advertised on TV before, either on ProSiebenSat.1 stations or elsewhere. The background for this rule is clear. Conventional booking of advertising time, especially for clients who are already active, will always be ProSiebenSat.1's core business. And that side of the business is still handled by marketing subsidiaries SevenOne Media and SevenOne AdFactory. •

HansFink_ Photo: © Holger Rauner


03

zonzoo


04


05

**10,000 MORE ORDERS**
In the first three months after the cross-media advertising campaign was launched, Sneakerloft.de received more than 10,000 orders.

## A SELECTION OF THE FIRST PROJECTS

**01 KIJIMEA** Kijimea is a high-dosage, natural immune treatment. MM MerchandisingMedia developed and produced a 30-second spot that has been appearing on all the ProSiebenSat.1 Group's TV stations since mid-September. The product's weekly sales went up by a factor of ten.

**02 CHABESO** MM MerchandisingMedia developed several spots for the soft drink maker. They're accompanied by the song "Wishing you well" by the band Stanfour, a new addition to ProSiebenSat.1's WE LOVE MUSIC label. During ProSieben's POPSTARS show, Chabeso advertised its soft drink with a cut-in, in which Chabeso was cut into the edge of the picture as a narrow strip. The spots for the lactic-acid-laced soft drink appeared on ProSiebenSat.1 Group stations.

**03 ZONZOO** Zonzoo is the German subsidiary of recycler Greener Solutions. It buys used and non-functional mobile phones and recycles them in environmentally friendly ways. The proceeds are used to support charitable organizations and projects in Guatemala and Honduras. Zonzoo spots appeared into spring 2010 on ProSiebenSat.1 Group stations, MyVideo.de, and YouTube.

**04 HANHART** Hanhart is a historic German watchmaker headquartered in Switzerland. Its product line and brand were shown prominently in a split-screen exposure on N24 before the "Frühreport" and "News am Morgen" shows. The campaign increased Hanhart's sales figures.

**05 SNEAKERLOFT** ProSiebenSat.1 developed another cross-media campaign for Sneakerloft, Germany's first online outlet for sneakers. The Group's stations have been carrying spots for the portal since July 2009. Streaming content and contests are available on lokalisten.de, MyVideo, Facebook and YouTube. Ads have appeared in the print magazine accompanying "Germany's next Topmodel."

# The Courage to Pack Up and Move.

The move of SAT.1 from Berlin to Munich has made the vision of a central TV headquarters at a single location a reality for the ProSiebenSat.1 Group. But the employees in Berlin were faced with a hard personal decision – one that meant serious change for each of them. Which took courage.

BIRGIT OEHMCKE
Personal Coach / PR Manager
BERLIN

"Yes we can!" was already Birgit Oehmcke's motto back in 1991 when she came to Berlin to join "SAT.1 Frühstücksfernsehen." She remained true to "her station" for 18 years. But then they went their separate ways. The former SAT.1 employee didn't go to Munich in 2009 – she became an enthusiastic freelancer. The farewell wasn't easy, but the goal of taking control of her own professional future and designing it herself helped this PR professional take off and fly. Her field of studies at the university had been German language and literature, but she learned the TV business from the ground up: as a TV editor for current events, PR coordinator for in-house productions, and later as a project manager in cross-promotion. "We lived for TV, and worked together very professionally – it benefited us all, and now all of us can take our own experience with us," she summarizes. "It was a good, very educational period." The station's relocation was a signal for Birgit, a serious film fan, to try a fresh start. "We have to trust our abilities more, and view a crisis as an opportunity. Why should it just be the Americans that have such a positive attitude about changing jobs? There's a lot of potential in every one of us." In addition to her familiar territory as a freelance PR manager, for example for the "Prix Europa" festival, and as a media trainer, Birgit has also picked up another line of business: she works as a personal coach – to help others recognize their strengths and make the most of them. »»»»»»»»»»»»»»»»»»»»»»»»»»»»»»»»»»

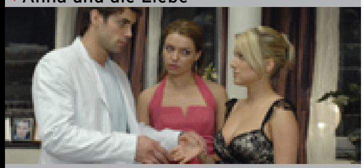
Birgit Oehmcke _Photo: © Bernd Jaworek, Joachim Kossak, Photo: © Enno Kapitza

Many found moving from Berlin to Munich a difficult decision. Those who took the step have been working in Munich since mid-2009. Community, team spirit, and a daily exchange of ideas and know-how are now possible under a single roof. Better networking and coordination provides the chance to make optimum use of the German stations' creative potential. And at the same time, work procedures become more efficient thanks to better pooling of resources.

JOACHIM KOSACK
Senior Vice President German Fiction at German Free TV
MUNICH

"That's not quite the right word," answers Joachim Kosack when asked how much courage it took for him to decide to move to Munich. Instead, the Senior Vice President German Fiction at German Free TV viewed his relocation as "a chance to merge the fiction departments of ProSieben and SAT.1 and to build a new skills team." The 44-year-old already had some such idea when he joined SAT.1 in 2007 after years as an author, director and producer, and thus "changed sides." Relocating to Munich made it possible to achieve his vision, and also to lend new impetus to his work in fiction editing with a new distribution and prioritization of duties. "But of course I also wondered, how can I do this to my family and my private life? But I'm also convinced that in the creative professions, and especially in the film and TV business, this kind of flexibility just goes with the territory," says the father of four. "Eternally planable comfort" is alien to Kosack, born to a family of missionaries in Indonesia. "A film team breaks up immediately after many weeks of shooting. Theaters change their general managers every two to three years, which means a new start." Speaking of new starts: Kosack finds that his own change to Munich and his integration into German Free TV has been more than successful.

Anna und die Liebe



# International Content House

Red Arrow builds on the strengths of ProSiebenSat.1: successful brands, strong market share and a European portfolio. It also combines know-how and creativity with the courage to pursue new paths.

As of January 2010, the ProSiebenSat.1 Group has pooled its production, development and international distribution operations within the holding company Red Arrow Entertainment Group. The closer integration of these activities gives the European Group strategic and economic advantages in a competitive environment.

Over and above local productions, the company will be investing in formats and scripted shows with strong international sales potential. It will also offer its know-how to third parties. Positioning Red Arrow as an international content house will broaden the ProSiebenSat.1 Group value chain.

Red Arrow's assets currently include Producers at Work, Magic Flight Film, Redseven Entertainment, the talent agency Redseven Artists, and the international program sales house SevenOne International. Recently closed development partnerships with Dick de Rijk and between Redseven Entertainment and The Gurin Company also come under the Red Arrow umbrella. The Group anticipates the first additions to the portfolio within the next months. The Red Arrow Entertainment Group is a wholly owned subsidiary of ProSiebenSat.1 Media AG, headquartered in Munich/Unterföhring. •

SevenOne International

Hvem kan slå Ylvis?, Norway

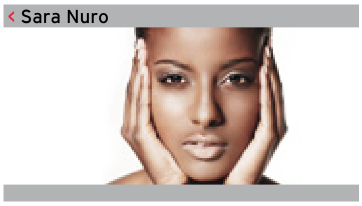

Pobijedi Šolu, Croatia

Mia und der Millionär

redseven ARTISTS

Lena Gercke

Sara Nuro



Galileo Big Pictures

Die Model WG

## THREE QUESTIONS TO JAN FROUMAN,

Group Managing Director, Red Arrow Entertainment Group

**Why is Red Arrow strategically important for the ProSiebenSat.1 Group................................................?**

Establishing content development, production and distribution as a key division within the ProSiebenSat.1 Group is a natural strategic extension of our core channel assets and territories. We see a tremendous amount of scale via our footprint and, ultimately, creative and economic upside for our channels and the Group as a whole. In fact, we are already operating in these businesses. Assets like Redseven Entertainment, Producers at Work and SevenOne International are thriving companies doing business both within and outside of the Group. But, until now, they have operated largely separate from each other and without a clear expansion plan. The goal of Red Arrow is to build an increasingly coordinated and valuable, international portfolio of production companies, development partnerships and content rights.

**What is new about Red Arrow.......?**

Red Arrow is the Group's first attempt to rationalize and expand its production and distribution activities. We control a powerful and diverse group of broadcast assets. The natural extensions to broadcasting content are to develop it, produce it and sell it around the world. But, I should also say that, while channel assets can help "kick-start" the expansion process, we need to also focus on doing business with third parties. This is not about creating an "in-house" or "internal" production group. While ProSiebenSat.1's channels will clearly be key partners, Red Arrow companies need to have a broad base of clients who believe in our creativity, execution capabilities and the global strength of our sales house.

**What are the key projects for 2010.................................................?**

We expect to add new production companies to our portfolio during the first half of 2010. The first additions will be within the Group's footprint, but outside of Germany. On the development front, we will be aggressively pitching new formats from our partner, Dick de Rijk. We believe this partnership has enormous potential for our overall expansion plans. In addition, we are actively pursuing new development partnerships with creators from around the world.


Reliability.
Germany's next Topmodel - by Heidi Klum_Photo © ProSieben/Oliver S.



Well-established programs, strong brands, long-standing employees and the well-known efficiency of TV advertising provide reliability for the ProSiebenSat.1 Group and its clients. One of the Group's programs that has been successful for years is "Germany's next Topmodel – by Heidi Klum." The fourth season attracted an average audience share of 24.2 percent in Germany in 2009. The second season of the Austrian adaptation came out at the end of the year 2009, reaching market shares of up to 12.1 percent.

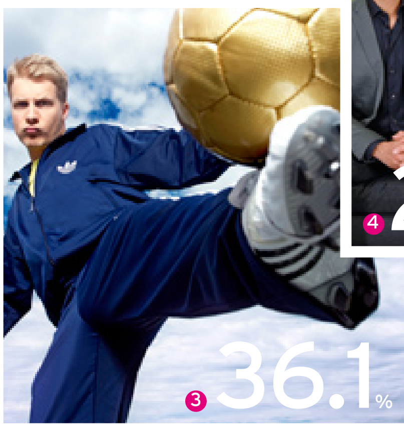
# ProSiebenSat.1 - The Power of Television

The appeal of a TV brand's programming, and its unmistakable uniqueness as the result of a clear market position, are the factors for the brand's strength and success, both in Germany and in all of Europe. SAT.1 and ProSieben have been ProSiebenSat.1 Group trademarks with German audiences for decades.



## COLOUR YOUR LIFE


SAT.1 stands for contemporary family TV like no other station in Germany. For more than 25 years, SAT.1 has been delighting, surprising and enthralling audiences with outstanding in-house German fiction productions, award-winning comedy, big entertainment shows, magazine shows and infotainment in tune with the times, hit U.S. series, and exciting soccer events. With its broad base in the target audience between the ages of 20 and 59, SAT.1 stands for fascinating and emotionally engaging TV entertainment: COLOR YOUR LIFE.




In 1992, SAT.1 redefined soccer coverage with 1 "ran." The station made sports broadcasting history with its unprecedented vigor and wealth of information, and took the lead in a field that had formerly been the sole province of public broadcasters. When the UEFA Champions League and UEFA Europa League were launched, SAT.1 revived its historic "ran" brand in 2009. The UEFA Champions League match between FC Bayern München and Juventus Turin on September 30, 2009, drew up to 7.04 million viewers age 3 and above. With 45 matches per season, SAT.1 offers the biggest live soccer package on German free TV.

A strong brand for strong productions - the big event film on SAT.1. The multi-award-winning event movie 2 "The Wall - The Final Days" has already been sold to broadcasters in more than 20 countries. With its strong German fiction brands, SAT.1 is Germany's most popular private broadcaster in this genre.

SAT.1 also has the "best comedy shows" and the "best German comedy series" - according to a current survey of viewers between the ages of 14 and 49. Anke Engelke and Bastian Pastewka, who have been staples for success on SAT.1 since the "Wochenshow" debuted in 1996, not only impressed viewers as the folk music duo Wolfgang and Anneliese, but also cracked audiences up in 2009 with new episodes of "Ladykracher" (up to 13.9 percent) and "Pastewka" (up to 15.5 percent). The surprise hit of 2009 was Oliver Pocher with his 3 "Sportfreunde Pocher - Alle gegen die Bayern": he made up for his defeat at the hands of FC Bayern with a peak audience share of as much as 36.1 percent.

More than two decades of success - 4 "SAT.1 Frühstücksfernsehen." Germany's first breakfast TV show went on the air in 1987, and has been offering early-morning viewers a package of feel-good information for 22 years. According to a current ENIGMA survey, 52 percent of the audience age 14 to 49 rated SAT.1 the "station with the best early-morning TV show."

# WE LOVE TO ENTERTAIN YOU.

ProSieben is the most popular entertainment brand among the young adult media generation, and this unchallenged position makes it Germany's strongest TV brand. But ProSieben is far more than television. At prosieben.de, users could access more than 16,000 full episodes and short clips a month in 2009 – at no charge. The available video content had more than doubled from December 2008. ProSieben means entertainment: WE LOVE TO ENTERTAIN YOU – always and everywhere.







ProSieben is the station with the "best entertainment" in Germany – according to 31 percent of viewers between the ages of 14 and 49 (ENIGMA survey). No wonder – because the station has a wide range of strong programs in the light entertainment genre. Its competition shows are especially well regarded. 1 "Schlag den Raab" is the most innovative new show of the past few years, and is watched attentively well beyond Germany's borders. "Beat Your Host," its adaptation for the international market, has been sold to broadcasters in more than 14 countries by now.

2 „Germany's next Topmodel – by Heidi Klum," the program with the prettiest girls, is going into its fifth season in 2010. Since the show made its debut, 67,540 girls have applied for this dream job. The fourth season – the most successful to date – was watched by an average of 24.2 percent of viewers between 14 and 49.

3 Blockbuster films + international top series: Sunday evening belongs solidly to ProSieben, with its mega-blockbuster movies. And that's not just a matter of ratings. ProSieben makes a dream pairing with Hollywood film and series highlights in terms of image as well – 45 percent of Germany's key demographic think ProSieben is Germany's No. 1 station for feature films.

Every evening in the prime lead-in slot at 7:10 p.m., 4 "Galileo" provides an entertaining hour of interesting, amazing and down-to-earth information on ProSieben. Additional programs like "Galileo Big Picture" and – making its debut in 2010 – "Experience" carry the "knowledge" theme into prime time after 8 p.m. "Galileo" premiered more than ten years ago as the first daily knowledge magazine show on German television. And it's lost none of its appeal since. Thanks to "Galileo," viewers see ProSieben as the station with the greatest abilities in knowledge programming. Abilities that also count in other countries – TV broadcasters in Russia, Poland, Ukraine, France and other countries have acquired the rights. But "Galileo" also makes learning fun in more places than just TV: 2010 will see the appearance of a "Galileo" series of knowledge books for children, a "Galileo" learning computer, and "Galileo Kids" quiz games.

# Advertising Works

Television advertising continues to exert a powerful effect: it lastingly strengthens a brand's image and raises the probability of purchase. Networked campaigns that combine TV and online advertising are especially effective.

### TV ADVERTISING IS STILL A SALES ENGINE

TV's wide reach is what makes it so interesting to advertisers: an average prime time commercial break reached 1.03 million viewers between 14 and 49 on ProSieben. The German group of stations' highest-reach commercial break of the year was viewed by an audience of 3.64 million during the blockbuster "Pirates of the Caribbean: Dead Man's Chest."

But it's not just that TV reaches a lot of people as a mass medium. An advertising message also affects people's rapport with a brand and their propensity to buy it. Both indicators of advertising impact rise substantially in the aftermath of a campaign – an effect that has been well-documented for more than ten years now. For example, the probability of purchase for a product advertised on TV rises an average of 35 percent two days after a campaign contact. The influence on sales volumes can still be seen for up to a month after the campaign contact.

Studies on what's known as "fulfillment of demand" – the share of a household's budget for a given group of goods that is spent on a specific brand – also show that advertising works. Repeated TV advertising can double this figure. That means that products with an extensive presence are bought significantly more often than those that are less well known from television.

### TV STIMULATES ONLINE SALES

Advertising is especially effective if it addresses its target audiences via a variety of media. For example, more than 70 percent more consumers visit online shops if they use TV and the Internet in parallel. But a multi-channel approach does not just raise the share of the target audience and reduce scattering loss. It also ensures a detailed recall of a slogan or a visual impression, and lastingly enhances a brand's image. The upshot is that in the medium term, a consumer will also have a higher intention to buy if he or she has seen advertising both on TV and on the Internet.

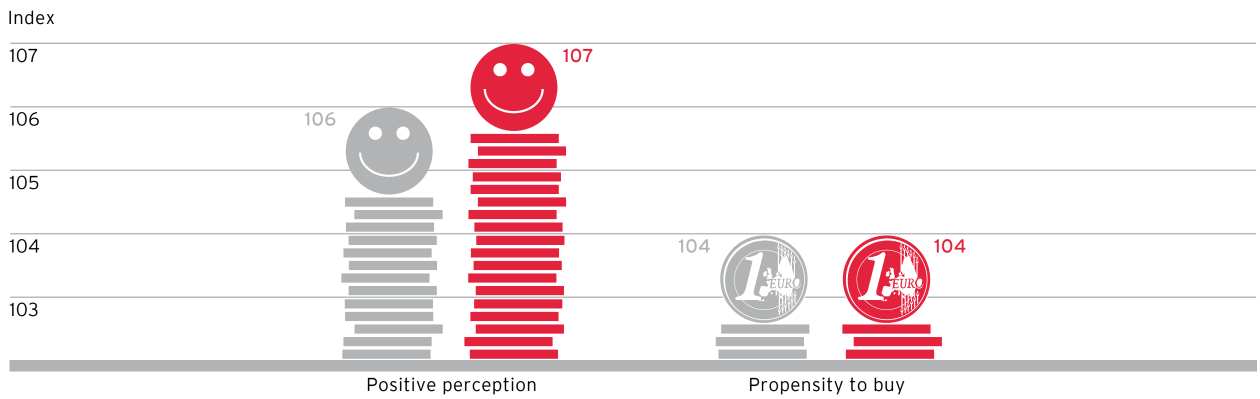
### ADVERTISERS STILL HAVE EVERY CONFIDENCE IN ADVERTISING

In tough economic times, the advertising industry especially counts on TV – as is shown by the current Nielsen Media Research figures for the gross German advertising market in 2009. In spite of the difficult economic situation in Europe, total advertising spends still grew slightly by 0.4 percent against 2008, to about EUR 22.5 billion. The retail, apparel and dairy industries especially boosted their advertising budgets in 2009. Most of this investment still went into TV advertising (41.8 percent).

TV ADVERTISING ENHANCES POSITIVE PERCEPTION AND PROPENSITY TO BUY

Change in advertising impact indicators before and after a campaign
(in index numbers – pre-campaign = 100)

● 1998 ● 2008
Source: AdTrend • SevenOne Media

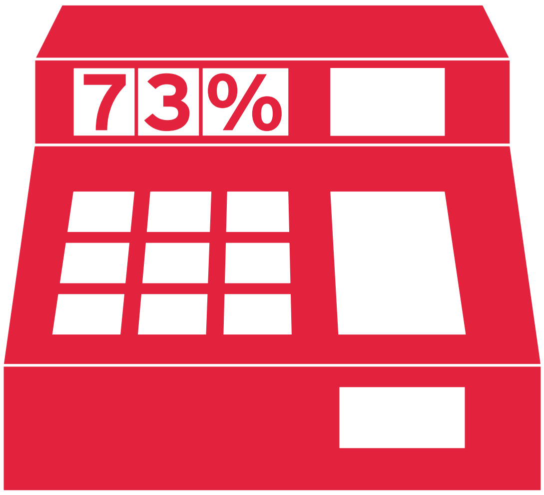


## TV ADVERTISING AS A SALES ENGINE

### MORE BRAND POWER
Brands with an extensive TV presence make it twice as frequently into the consumer's relevant set.


### HIGHER PROBABILITY OF PURCHASE
Probability of purchase is 35% higher within two days after a TV spot.

### TV STIMULATES ONLINE BUYING
73% more consumers visit online shops if they use TV and the Internet in parallel.



RÜDIGER BÖSS in his office in Unterföhring: His passion for film shows up here too.

# Star Shopper in Hollywood

In the past few years, ProSiebenSat.1 has developped continuously in response to changing market needs. But stability is very important to provide a counterweight to so much change. Many employees have been with the ProSiebenSat.1 Group for years. It is their know how and experience that shapes the Company. One of them is Rüdiger Böss.


As Senior Vice President Group Programming Acquisitions, Rüdiger Böss is responsible for negotiating and acquiring licenses to films and series for all the ProSiebenSat.1 Group's stations. With more than 15 years of service to the Company, he's part of the bedrock. And so is his department: his staff has been with the Company for nearly eleven years on average. The ProSiebenSat.1 Group has long-term agreements with every major Hollywood studio, production company and film distributor, including Twentieth Century Fox, Warner Bros., Paramount, Sony Pictures International, Disney, Monarchy / New Regency, Tele München Group, CBS International and Universal.

RÜDIGER BÖSS and Hollywood star Ashton Kutcher at dinner together in L.A.

RÜDIGER BÖSS with Mark Harmon, star of the U.S. series "Navy CIS," at the 2009 L.A. Screenings.

Film is his hobby, his love, his passion. Even as a teenager he worked as an usher in movie theaters. Later he published film reviews in newspapers and hosted radio shows about film. Today, as the Company's buyer-in-chief for films, he buys blockbusters in Hollywood for the whole ProSiebenSat.1 Group and is the Company's employee with the most business trips. With more than 15 years of service to the Company, Rüdiger Böss is part of its bedrock, and a well-known quantity in the media industry.

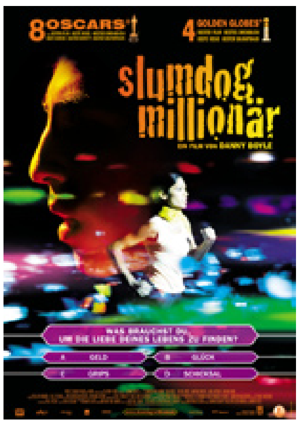
When he was 28, a friend told him ProSieben was looking for an editor to handle its feature films. "I found out about my future boss and applied to him directly before the opening was officially published in the want ads," he grins. Today, having a direct line to the right people still plays a major role. "Buying licenses is a people business. You keep dealing with the same people for a long time – so good relationships help." Rüdiger cultivates those wherever and whenever he can. Dinners with studio bosses, parties with actors – face time is important when the time comes to do business by e-mail and phone. "I'm often on the phone with colleagues from L.A. till late at night," he explains. Because business in California doesn't begin till it's already evening in Germany.

Buying licenses calls for teamwork. A deal with Warner Bros. Entertainment or Twentieth Century Fox especially calls for the skills of Rüdiger's colleagues in the legal department. "The business is getting more multilayered and complicated all the time, and the contracts are growing in direct proportion to my waistline," he laughs. Every offer is scrutinized down to the last letter – it's no deal unless it's economically worthwhile. "Obviously I try to buy high-quality programming that people will like. I like blockbusters."

The crucial factor in buying licenses, he says, is intuition. Because most contracts are signed before the films ever reach the movie theater.

Rüdiger has often proved he has a nose for the business, with hit series like "Sex and the City." He bought that one when nobody else wanted it. His latest coup was in 2008 at the Toronto International Film Festival. There he heard a lot of hype about an unknown independent production. "I sat there in the theater and just knew I had to buy that film." Which he did. "Slumdog Millionaire," which won eight Oscars, will be shown exclusively on ProSiebenSat.1 stations in the future.

Rüdiger watches movies for his job at home. But once a week he also goes out to the movies to see what's new. And series? "I watch those at home while I'm on the treadmill. Three episodes a week keeps you fit." Does he have a dream job? "For me, absolutely. How often do you get to turn your hobby into a profession? I'm thankful for the privilege. ★




Rüdiger Böss acquired "Slumdog Millionaire," which won eight Oscars, for the ProSiebenSat.1 Group.

# Reports from the Executive Board and Supervisory Board.

As a German stock corporation, ProSiebenSat.1 Media AG has a dual management system, meaning that its managing body and its supervisory body are clearly separated. The Company's managing body is its Executive Board, which is overseen and advised by the Supervisory Board.

In the Executive Board and Supervisory Board section we inform you about how the two boards work together, their compensation, changes in the membership of both boards, the matter of dividends, and how the Corporate Governance Code is implemented at ProSiebenSat.1.

## Reports from the Executive Board and Supervisory Board

Foreword from the CEO .......... 28
Report of the Supervisory Board .......... 32
Proposed Allocation of Profits .......... 38
Management Declaration and Corporate Governance Report .......... 38
Management Declaration .......... 38
Corporate Governance Report .......... 43
Compensation Report .......... 45

# Foreword from the CEO

**Ladies and Gentlemen,**
The ProSiebenSat.1 Group held its own in last year's challenging market environment. Thanks to continuous cost management and a good performance in the fourth quarter, we were able to return the Company to the profit zone. This positive performance, in terms of both business management and our audience and advertising-market shares, shows that we're on the right track with our strategic focus.

**Success among our viewers and efficient cost management have gone hand in hand.** In Germany, our stations added 0.7 percentage points to their audience share, to reach 30.1 percent. This results mainly from further coordinating our stations' programming. That was made possible by moving SAT.1 from Berlin to Munich and by the launch of our new German Free TV Holding Company in a matrix structure. Daily exchanges of ideas and closer networking help us to make use of the ProSiebenSat.1 Group's potential more efficiently, and increase our TV programming quality still further. Each of our brands also benefits individually from this closer coordination and the sharper profile within our family of stations.

In this difficult year, the ProSiebenSat.1 Group showed that creativity is not just a matter of budgets. And at the same time, the Group expanded. We're launching two new stations in 2010: sixx in Germany and FEM3 in Hungary. With these two free TV stations aimed at the female audience we want to tap new audience and advertising market segments in both countries.

Successful content that is equally appealing to viewers and advertisers is the foundation of our success, both on TV and on the Internet. To operate even more effectively here, we pooled the Group's international production, development and distribution activities in a new holding company. With "Red Arrow Entertainment" we will be producing new content and additional sales revenues.

The ProSiebenSat.1 Group also did well in the advertising market in 2009. Thanks to the good acceptance of our German advertising sales model, last year we regained market share, and strengthened our leading position in our most important market for revenues. Systematically pursuing marketing via alternative ways has also proved its worth. By founding SevenOne AdFactory and combining our German marketing subsidiaries for TV and online under SevenOne Media, the ProSiebenSat.1 Group responded to the changing needs of the advertising market by offering cross-media and creative concepts from one source.

**Capitalizing on our stations' performance is crucial** to the ProSiebenSat.1 Group's economic success. The Group took an important step forward by establishing new revenue models such as "Media-for-Revenue-Share." In this business model, companies that have not advertised on television previously get air time for their spots, in return we get a share of their revenues. Ten projects were already realized in 2009. In 2010, we'll follow up on those as well as on other projects initiated in 2009.

**We will diversify our revenue sources even further,** to generate additional income. Networking our free TV brands with online, pay and mobile media offers great growth potential. New media do not cannibalize our TV programming. With intelligent concepts, we can increase viewer figures on all platforms and thus generate more income.

Thomas Ebeling
CEO since March 1, 2009

We'll pursue our video strategy even more dynamically in the future, offering viewers up-to-date information and high-quality entertainment, any time on every platform.

2009 was a year of challenges for the whole media industry. For the ProSiebenSat.1 Group, the year was one of new initiatives, courageous decisions, and solid performance in our core market, Germany. We responded quickly to the weak recessionary economic environment. We are benefitting from the new strategic set-up of our German family of stations. That allows us to do business effectively even in very challenging market conditions, and to gain strength by focusing on our core competencies. Innovation, courage, and reliability will be bywords that you'll encounter repeatedly as you read this report on our business in 2009.

Sincerely,

**Thomas Ebeling** (CEO)

# Members of the Executive Board

**Andreas Bartl** (German Free TV)
**Management segment:** German Free TV (SAT.1, ProSieben, kabel eins, N24) //
Member of the Executive Board since June 2008

**Thomas Ebeling** (CEO)
**Management segment:** Group Content, International Free TV, Sales & Marketing, Print, Corporate, Human Resources //
CEO since March 1, 2009

**The following left the Executive Board in the financial year 2009:**
**Patrick Tillieux**, COO, left as of June 30, 2009 • **Klaus-Peter Schulz**, Chief Sales & Marketing Officer, left as of July 31, 2009


**Dr. Marcus Englert** (New Media)
**Management segment:** German Pay TV, Video on Demand, Participation TV, Radio, Distribution and Business Development // Member of the Executive Board since August 2006

**Axel Salzmann** (CFO)
**Management segment:** Group Operations, Group Controlling, Finance/Investor Relations, Legal Affairs, Accounting, Tax, Administration, Regulatory Affairs // Member of the Executive Board since May 2008, CFO since July 2008

# Report of the Supervisory Board

Johannes Peter Huth
**Chairman of the Supervisory Board:** Partner and Head of Europe, Kohlberg Kravis Roberts & Co. Ltd. (KKR) // Member of the Supervisory Board › since: March 7, 2007

**Ladies and Gentlemen,**
Once again in 2009, the Supervisory Board performed the duties incumbent upon it under the law, the articles of incorporation, its own rules of procedure, and the German Corporate Governance Code.

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

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

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

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

Decisions of the Supervisory Board and its committees are made at meetings attended by the members in person, via conference calls, or – whenever necessary – by written correspondence. During the year, the Supervisory Board and its committees made decisions outside personal meetings in a total of 20 cases.

**Matters addressed by the Supervisory Board in 2009.** At its meetings, the Supervisory Board regularly and thoroughly discussed the condition of the Company with the Executive Board, and especially dealt with the development of business and finances, personnel, investment projects, and basic matters of corporate policy and strategy.

Given the difficult market environment, developments in the economic situation and their impact on the ProSiebenSat.1 Group's business were one of the principal topics at the meetings of the Supervisory Board. The Board also discussed possible measures to raise capital, and the authorizations needed for this purpose from the shareholders' meeting. In June 2009, the shareholders' meeting created a new Authorized Capital totaling EUR

109,398,600 and authorized the issuing of convertible bonds and/or bonds with warrants, together with the creation of an associated Conditional Capital. The shareholders also amended the articles of incorporation accordingly. These resolutions of the annual shareholders' meeting and the separate meeting of preferred shareholders enable the Company to organize its financing in the most advantageous ways, and to respond flexibly to varying conditions. Another important subject of discussion was the progress of the investigation initiated by the Munich Public Prosecutor's Office in 2008 against responsible individuals at media agencies and marketers of advertising time in Germany, and against the ProSiebenSat.1 Group's marketing company for advertising time. The prosecutors terminated the investigation at year's end with no imposition of sanctions or fines on either the investigated individuals or the Company. The Supervisory Board's agenda for 2009 also included measures to optimize the portfolio. These included in-depth discussions of the positioning of N24 and the news station's future role within the ProSiebenSat.1 portfolio. In January 2010, the Group announced it was exploring a variety of options, including a possible sale or a strategic refocusing of the station.

The Supervisory Board held four ordinary meetings during 2009. In addition to its ordinary meetings in March, June, September, and November, in February it held an extraordinary meeting via conference call, and it also adopted resolutions via written correspondence. At these meetings the Supervisory Board addressed the following matters in particular:

- In a vote by correspondence on January 7, 2009, the Supervisory Board authorized the Executive Board to repurchase up to 4,400,000 shares of preferred stock on the open market.

- In 2009, the Group sold its stake in solute GmbH, which operates the billiger.de online platform. By a vote by correspondence on February 12, 2009, the Supervisory Board approved the sale of the Group's 74.8 percent interest.

- In an extraordinary meeting on February 24, 2009, the Board was informed about the preliminary financial statements for 2008 and the Group's current financial situation, and addressed the budget for 2009. Subsequently it approved the budget and the multi-year plan in a correspondence vote.

- In a vote by correspondence on March 19, 2009, the Board approved the centralization of the Group's German sales, TV and holding-company functions at Munich headquarters, and decided to move SAT.1 from Berlin to Munich/Unterföhring.

- At its ordinary meeting on March 26, 2009, the Supervisory Board adopted the documents of the annual financial statements for the financial year 2008, as well as the Corporate Governance Report of the Executive Board and Supervisory Board, and the Declaration of Compliance for the financial year 2008. At this meeting it also discussed a variety of operations issues, and decided on the sale of ProSiebenSat.1 Berlin Produktion GmbH.

- In a vote by correspondence, the Supervisory Board agreed on April 14, 2009, to propose an adjustment in the Board's own compensation to the shareholders' meeting.

- In a vote by correspondence on June 3, 2009, the Supervisory Board approved a revision of the motions to be submitted to the shareholders' meeting in regard to creating an Authorized Capital and granting an authorization to issue convertible bonds and/or bonds with warrants, as well as creating a Conditional Capital of ProSiebenSat.1 Media AG.

- A further ordinary meeting of the Supervisory Board was held immediately after the annual shareholders' meeting, on June 4, 2009. This meeting voted a new Chaiman of the

The agendas for the shareholders' meeting and the separate meeting of preferred shareholders, together with any additions to the agendas, are available online at http://en.prosiebensat1.com/investor_relations hauptversammlung/.

Supervisory Board and the deputy Chairman and resolved on the new membership of the further committees.

- In a vote by correspondence on June 12, 2009, the Supervisory Board authorized the Executive Board to repurchase up to 390,000 shares of preferred stock on the open market.

- A further vote by correspondence on August 10, 2009, authorized the founding of a second free TV station in Hungary.

- The agenda of a ordinary meeting on September 30, 2009, was concerned primarily with operations matters.

- At its last ordinary meeting of the year, on November 26, 2009, the Supervisory Board particularly dealt with the budget for 2010 and the multi-year plan.

Because of scheduling conflicts, Supervisory Board members Thomas Krenz and Harry Sloan were absent from more than half of the meetings of the Supervisory Board held during the reporting period.

**Report on the committees' work.** So as to conduct its work efficiently, in 2009 the Supervisory Board relied on the assistance of three committees: the Presiding Committee, the Audit and Finance Committee, and the Compensation Committee. At its plenary sessions the Supervisory Board was informed about the Committees' work regularly and in full.

- The **Presiding Committee** prepares for meetings of the Supervisory Board, and furthermore deals with matters of particular business significance that are subject to its consent. Such matters include, for example, the acquisition of programming rights. The Presiding Committee furthermore acts as a nominating committee under the German Corporate Governance Code, and suggests suitable candidates to the full Board for nomination at the shareholders' meeting. The Presiding Committee met once in 2009, and adopted eight resolutions by written correspondence.

- The **Compensation Committee** makes preparations for resolutions by the full Board on such matters as the signing, amendment and termination of service agreements with the members of the Executive Board, and the structure of the Executive Board's compensation. It furthermore reviews the Executive Board members' compensation each year. The Compensation Committee met eight times during the year, and adopted five resolutions by written correspondence.

- The **Audit and Finance Committee** met five times in 2009. It is concerned with matters of risk management and compliance. In accordance with Item 7.1.2 of the German Corporate Governance Code of June 18, 2009, the Audit and Finance Committee also discusses the semiannual and quarterly financial reports with the Executive Board before those reports are released. It is also concerned with ensuring the requisite independence of the independent auditor, engaging the independent auditor's services, identifying points of emphasis for audits, and agreeing on the auditors' compensation. Its consent is also required for certain management measures.

Further information about the composition of the Supervisory Board in 2009 and the other offices held by the Supervisory Board members can be found in the Management Declaration and the Corporate Governance Report, and also on page 164/165 in the Notes to the consolidated financial statements.

**Conflicts of interest.** Conflicts of interest that have to be disclosed to the Supervisory Board and that the annual general meeting has to be informed about have not occurred in the reporting period.

**Corporate Governance and Declaration of Compliance.** Corporate management and oversight at ProSiebenSat.1 Media AG is guided by the principles of the German Corporate Governance Code, and by internal compliance regulations. In its Management Declaration, which is published as part of this Annual Report, the Company reports in detail on corporate governance at ProSiebenSat.1 Media AG, in accordance with Item 3.10 of the German Corporate Governance Code.

**Audit of the AG and Group financial statements.** The 2009 financial statements of ProSiebenSat.1 Media AG and the consolidated financial statements of the Group, together with the management reports for ProSiebenSat.1 Media AG and the Group, were audited by the Munich office of KPMG AG Wirtschaftsprüfungsgesellschaft (KPMG), which issued an unqualified audit opinion in both cases. The audit paid particular attention to: Assessment of management's estimates and assumptions about continuing business activity, impairment testing of goodwill and other intangible assets under IAS 36, impairment of assets (IAS 36), measurement of programming assets, recognition and measurement of deferred taxes for the Group in compliance with IAS 12, income taxes (IAS 12), completeness and measurement of provisions, including provisions for litigation, determination of revenue in conformity with the requirements of IAS 18, revenue (IAS 18), recognition and measurement of financial instruments, and testing of plausibility of information in the Group management report.

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

Relationships with affiliated businesses, Notes to the consolidated financial statements, no. 37.

In its capacity as auditor of the financial statements, KPMG also reviewed the report of the Executive Board on relationships with affiliated enterprises during the financial year 2009. The auditor's examination revealed no cause for objection. The auditor has issued the following unqualified opinion: "Based on the results of our audit, performed in accordance with our professional duties, we confirm that

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

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

**Changes in membership of the Supervisory Board.** On June 4, 2009, the annual shareholders' meeting elected the following to the Supervisory Board of ProSiebenSat.1 Media AG, as part of the ordinary Supervisory Board elections: Robin Bell-Jones, Principal at Permira; Gregory Dyke, Company Director; Philipp Freise, Director at KKR; Lord Clive Hollick, Senior Advisor at KKR; Johannes Peter Huth, Partner and Head of Europe at KKR; Götz Mäuser, Partner at Permira; Dr. Jörg Rockenhäuser, Managing Partner at Permira; Adrianus Johannes Swartjes, CEO of Telegraaf Media Groep N.V.; and Prof. Dr. Harald Wiedmann, German Certified Public Accountant, Attorney at Law, and Tax Advisor. As a result, in its new term the Company's Supervisory Board had only nine members instead of the former 15. The Shareholders' Meeting also adopted the requisite amendment of the articles of incorporation. Subsequently to the shareholders' meeting, the Supervisory Board elected Johannes Peter Huth as Chairman of the Supervisory Board, and Götz Mäuser as Vice Chairman. Like former Chairman Götz Mäuser, Johannes Peter Huth has been a member of the Supervisory Board of ProSiebenSat.1 Media AG since March 2007.

The Supervisory Board of ProSiebenSat.1 Media AG at December 31, 2009

| | | |
|---|---|---|
| **Johannes Peter Huth,** Chairman of the Supervisory Board | Partner and Head of Europe, Kohlberg Kravis Roberts & Co. Ltd. (KKR) | Member of the Supervisory Board since: March 7, 2007 |
| **Götz Mäuser,** Vice Chairman | Partner, Permira Beteiligungsberatung GmbH (Permira) | Member of the Supervisory Board since: March 7, 2007 |
| **Robin Bell-Jones** | Principal, Permira Advisers LLP | Member of the Supervisory Board since: March 7, 2007 |
| **Gregory Dyke** | Company Director | Member of the Supervisory Board since: May 7, 2004 |
| **Philipp Freise** | Director, Kohlberg Kravis Roberts & Co. Ltd. | Member of the Supervisory Board since: March 7, 2007 |
| **Lord Clive Hollick** | Senior Advisor, Kohlberg Kravis Roberts & Co. Ltd. | Member of the Supervisory Board since: March 7, 2007 |
| **Dr. Jörg Rockenhäuser** | Managing Partner, Permira Beteiligungsberatung GmbH | Member of the Supervisory Board since: June 4, 2009 |
| **Adrianus Johannes Swartjes** | CEO, Telegraaf Media Groep N.V. | Member of the Supervisory Board since: July 17, 2007 |
| **Prof. Dr. Harald Wiedmann** | German Certified Public Accountant, Attorney at Law, Tax Advisor, Gleiss Lutz Hootz Hirsch Partnerschaftsgesellschaft von Rechtsanwälten, Steuerberatern | Member of the Supervisory Board since: March 7, 2007 |

The following left the Supervisory Board in the financial year 2009

| | | |
|---|---|---|
| **Stefan Dziarski** | Investment Professional, Permira Beteiligungsberatung GmbH | Left as of June 4, 2009 |
| **Reinhard Gorenflos** | Manager, Kohlberg Kravis Roberts & Co. Ltd. | Resigned as of April 30, 2009 |
| **Thomas Krenz** | Managing Director, Permira Beteiligungsberatung GmbH | Left as of June 4, 2009 |
| **Christoph Röttele** | Consultant, Permira Beteiligungsberatung GmbH | Left as of June 4, 2009 |
| **Silke Scheiber** | Director, Kohlberg Kravis Roberts & Co. Ltd. | Left as of June 4, 2009 |
| **Harry Evans Sloan** | Chairman of the Board of Directors and Chief Executive Officer, MGM Holdings, Inc. | Left as of June 4, 2009 |
| **Marinus Maria Petrus van Lent** | President International, Telegraaf Media Groep N.V. | Resigned as of March 1, 2009 |

**Changes in membership of the Executive Board.** Thomas Ebeling assumed responsibilities as CEO of ProSiebenSat.1 Media AG as of March 1, 2009. CFO Axel Salzmann served as interim CEO until Mr. Ebeling took office.

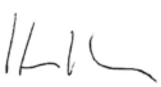
Patrick Tillieux left the Executive Board of ProSiebenSat.1 Media AG as of June 30, 2009. As Chief Operating Officer, he had been responsible for the Group Operations, International Free TV, International Pay TV, Radio and Print areas since mid-2007. Since his departure, International Free TV and Print have been under Thomas Ebeling. Axel Salzmann has taken charge of Group Operations, and Chief New Media Officer Dr. Marcus Englert has taken responsibility for the Radio business. The Group's International Pay TV operations ceased with the sale of the Northern European pay TV unit CMore. A further change in the Executive Board came on July 31, 2009, with the departure of Klaus-Peter Schulz. Since September 2008 he had been the Executive Board member responsible for Sales and Marketing in the Group's German-speaking countries, and for coordinating the Group's international sales activities. Thomas Ebeling has now assumed those responsibilities.

Areas of responsibility of the Executive Board at December 31, 2009

| Name | Regional responsibility | Functional responsibility |
|---|---|---|
| **Thomas Ebeling** (CEO) | D/A/CH/NL/B/CEE/Nordic | Group Content, International Free TV, Sales & Marketing, Print, Corporate, Human Resources |
| **Axel Salzmann** (CFO) | D/A/CH/NL/B/CEE/Nordic | Group Operations, Group Controlling, Finance/Investor Relations, Legal Affairs, Accounting, Tax, Administration, Regulatory Affairs |
| **Andreas Bartl** (German Free TV) | D | SAT.1, ProSieben, kabel eins, N24 |
| **Dr. Marcus Englert** (New Media) | D/A/CH/NL/B/CEE/Nordic | German Pay TV, Video on Demand, Participation TV, Radio, Distribution and Business Development |

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

Unterföhring, March 2010
On behalf of the Supervisory Board



**Johannes Huth**
Chairman

# Proposed Allocation of Profits

At the annual shareholders' meeting, the Executive Board of ProSiebenSat.1 Media AG will propose a dividend of EUR 0.02 per dividend entitled no-par preferred share for the financial year 2009. There will be no dividend for the registered common shares. This is equivalent to a total distribution of EUR 2.1 million.

# Management Declaration and Corporate Governance Report

## MANAGEMENT DECLARATION

The Management Declaration pursuant to Section 289a (1) of the German Commercial Code (HGB) comprises the Declaration of Compliance under Section 161 of the German Stock Corporation Act (AktG), relevant information about management practices, a description of the working procedures of the Executive Board and Supervisory Board, and the composition and working procedures of the committees of those boards. In accordance with Item 3.10 of the German Corporate Governance Code, the Management Declaration of ProSiebenSat.1 Media AG also includes information about the Company's corporate governance (Corporate Governance Report).

### DECLARATION OF COMPLIANCE OF THE EXECUTIVE BOARD AND SUPERVISORY BOARD OF PROSIEBENSAT.1 MEDIA AG IN ACCORDANCE WITH SECTION 161 OF THE GERMAN STOCK CORPORATION ACT

Internet http://en.prosiebensat1.com/investor_relations/cg_ueberblick/.

The Executive Board and Supervisory Board of ProSiebenSat.1 Media AG declare that during the financial year 2009 ProSiebenSat.1 Media AG complied, and continues to comply, with the recommendations of the Government Commission on the German Corporate Governance Code in the version of June 6, 2008, as published in the official part of the electronic version of the Federal Gazette on August 8, 2008, and, as of its date of validity, the version of June 18, 2009, as published in the official part of the electronic version of the Federal Gazette on August 5, 2009, with the following exceptions:

- The Executive Board of the Company has not appointed a proxy to exercise the shareholders' voting rights at the shareholders' meeting in accordance with instructions (Item 2.3.3 of the Corporate Governance Code). There is no need for such a proxy at present because of the current shareholder structure and the limited number of shareholders entitled to vote at the shareholders' meeting. However, for the separate meeting of preferred shareholders, the Company's Executive Board did appoint a representative to exercise the preferred shareholders' voting rights in accordance with those shareholders' instructions.

- The D&O insurance policies the Company has taken out for the Executive Board and the Supervisory Board have not provided hitherto for a deductible (Item 3.8 of the Corporate Governance Code), since agreeing to a deductible did not materially reduce the insurance premiums and was hitherto not required by law. The Act on Fairness of Compensation of Executive Boards (VorstAG) of July 31, 2009, has now made it mandatory to impose a deductible for the members of the Executive Board. The Company therefore plans to obtain appropriate revisions of its D&O insurance policies within the bounds laid down both by law (Sec. 93 (2) Sentence 3 of the German Stock Corporation Act in conjunction with Sec. 23 (1) of the Introductory Act to the German Stock Corporation Act) and by the pertinent employment contracts, so as to establish a deductible for the insured members of the Executive Board. However, neither the Executive Board nor the Supervisory Board regards a deductible as an effective way of enhancing board members' motivation or sense of responsibility. For that reason, future D&O insurance policies for Supervisory Board members will still not include a deductible.

- The stock option plan first approved at the annual shareholders' meeting in May 2005, as part of the authorization to acquire treasury stock, and most recently renewed by resolution of the meeting of June 2009, provides only for incentive targets relating to the trading price of the Company's stock. Additional comparison parameters relating to corporate key figures (Item 4.2.3 of the Corporate Governance Code) were not included, since due to the particular conditions of the German TV advertising market, no comparable German or foreign companies can be identified.

- The contracts of the Company's Executive Board do not include a "severance pay cap" (Item 4.2.3 of the Corporate Governance Code), because the Supervisory Board regards such a severance cap as counterproductive here. Item 4.2.3 recommends that in signing Executive Board contracts, care should be taken to ensure that payments made to an Executive Board member on premature termination of that member's employment without serious cause, including fringe benefits, do not exceed the value of two years' compensation (severance pay cap), and provide compensation for no more than the remaining term of the contract. Normally, however, an Executive Board member's contract can be terminated prematurely without serious cause only by mutual agreement. Even if the Supervisory Board were to insist on a severance pay cap when a given Executive Board member's contract is initially signed or extended, that would not preclude the possibility that a severance pay cap might still have to be negotiated if the member leaves the Company prematurely. Moreover, in the case of Executive Board contracts with such a severance pay cap and remaining terms of more than two years, it would be significantly more difficult to reach agreement on an early termination, because in these cases complying with the severance pay cap would commonly be more disadvantageous to the Executive Board member concerned than it would be to simply insist on upholding the contract, with the compensation that would then continue to be paid.

- No age limit has been set for Executive Board members (Item 5.1.2 of the Corporate Governance Code). The Supervisory Board believes that a rigid age limit is not a useful criterion in evaluating an individual's fitness to serve on the Company's Executive Board. Therefore in such an evaluation the Supervisory Board takes age into account only as one of a number of factors.
- The members of the Supervisory Board receive only a fixed component of compensation. No additional results-based variable component (Item 5.4.6 of the Corporate Governance Code) is provided. The Company believes a fair fixed compensation is better suited to the function of the Supervisory Board, which is to provide oversight irrespective of profit to the Company.

Subject to the exceptions stated above, ProSiebenSat.1 Media AG intends in the future to continue complying with the recommendations of the Government Commission on the German Corporate Governance Code in the version of June 18, 2009, as published in the official part of the electronic version of the Federal Gazette on August 5, 2009.

March 2010

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

## SIGNIFICANT DISCLOSURES ABOUT MANAGEMENT PRACTICES

For Code of Compliance on the Internet, see http://en.prosiebensat1.com/investor_relations/cg_ueberblick/.

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

### Working procedures of the Executive Board and Supervisory Board, composition and working procedures of Board committees

**Working procedures of the Executive Board and Supervisory Board.** The Executive Board of ProSiebenSat.1 Media AG currently has four members. Each member is responsible for his own area of authority and keeps the other Board members continuously up to date on events in that area. The cooperation and areas of authority of the Executive Board are governed by established rules of procedure.

As a rule, the full Executive Board meets weekly. The meetings are chaired by the CEO. These meetings discuss such matters as resolutions about measures and transactions that are subject to the consent of the full Board under the Board's rules of procedure. For resolutions to be valid, at least half of the members of the Executive Board must participate in the vote. Resolutions of the full Executive Board are adopted by simple majority vote. In the event of a tie, the vote of the CEO decides. When important events occur, any member of the Executive Board may call an extraordinary meeting of the full Executive Board; the Supervisory Board may likewise call such meetings. The Executive Board may also adopt resolutions outside meetings, via oral, telephone or vote of correspondence, or by a vote conducted via electronic text. Written minutes are prepared of every meeting of the full Executive Board and of every resolution adopted outside a meeting. The minutes are signed by the CEO. A copy of the minutes is promptly sent to the members of the Executive Board. The minutes are deemed approved if no member of the Executive

Board who took part in the meeting or the resolution objects to the content or wording of the minutes within one week of their delivery. In addition to the meetings of the Executive Board at which important strategic issues are discussed and appropriate measures are adopted, a strategy workshop is held once a year. At this workshop, strategic objectives are prioritized and the strategy for the current financial year is developed in cooperation with managing executives from various corporate units.

In accordance with the articles of incorporation, the Supervisory Board has nine members. It is involved by the Executive Board in the Company's strategy and planning, as well as in all matters of fundamental importance to the Company. For significant business decisions – for example, adopting the annual budget, major acquisitions, or major investments in programming assets – the rules of procedure for the Executive Board include requirements to obtain the consent of the Supervisory Board. The Chairman of the Supervisory Board coordinates the work of the Supervisory Board, chairs its meetings, and also represents the Board's concerns to outside parties. The Executive Board promptly and fully informs the Supervisory Board in writing, and also at the Supervisory Board's quarterly meetings, about planning, business performance and the condition of the Company, including risk management and compliance. Where indicated, an extraordinary meeting of the Supervisory Board is called to address important events. The Supervisory Board has adopted rules of procedure to govern its work. As a rule, the Supervisory Board adopts its resolutions at meetings. By decision of the Chairman of the Supervisory Board, resolutions may also be adopted in conference calls or in videoconferencing sessions, or also outside a meeting by oral or telephone votes, or by voting in text form. Resolutions may also be adopted by a combination of voting at meetings and voting via other forms. Resolutions of the Supervisory Board are valid if at least half of its members participate in the vote. Resolutions by the Supervisory Board are normally adopted by simple majority of the votes cast, except where a different majority is prescribed by law. In the event of a tie, the vote of the Chairman of the Supervisory Board decides; if the Chairman is not participating, the vote of the Vice Chairman decides. Minutes are kept of the meetings of the Supervisory Board, and are signed by its Chairman. Resolutions adopted outside meetings are also recorded in writing. A copy of the minutes, or of a resolution adopted outside a meeting, is promptly sent to all members of the Supervisory Board. The Board members who participated at the meeting or in the resolution may file written objections against the minutes with the Chairman of the Supervisory Board within one month after the minutes are sent out. Otherwise the minutes, or the resolution, are deemed approved.

Conflicts of interest, page 35.

In keeping with the recommendation of Item 5.6 of the German Corporate Governance Code, the Supervisory Board conducts regular efficiency reviews. For the financial year 2009, this review was conducted as a self-evaluation at the financial review meeting on March 26, 2009. The major points of examination included the Supervisory Board's view of its own mission, the organization of its activities, the independence of its members, the handling of potential conflicts of interest, and the composition of its committees. The Supervisory Board arrived at a positive conclusion.

**Composition of committees at December 31, 2009.** Members of the Committees come from the Supervisory Board. In choosing committee members, Board members' potential conflicts of interest are taken into account, as are their professional qualifications. The professional qualifications of the committee members are described below:

- **Johannes Peter Huth** completed his studies at the London School of Economics with the degree of Bachelor of Science with honors. He also holds a Master of Business Administration from the University of Chicago. He is a Partner and Head of Europe at Kohlberg Kravis Roberts & Co. Ltd. (KKR). He is also member of the Supervisory Board at A.T.U

Auto-Teile-Unger GmbH, in Weiden, KION Holding 1 GmbH, in Wiesbaden and Bertelsmann Music Group, in Berlin. Before joining KKR, he was a member of the Management Committee of the Investcorp Group, and was also Vice President of the M&A departments of Salomon Brothers in London and New York.

- **Götz Mäuser** holds the German business degree of Diplom-Kaufmann. He also holds a Master of Business Administration from New York University's Stern School of Business. He is a Partner at Permira Beteiligungsberatung GmbH (Permira), where he has led the Media team since 2003. Before joining Permira, he was a consultant at McKinsey & Co. in Germany and Brazil, especially in the Financial Institutions Group.

- **Robin Bell-Jones** holds double degrees, a Master of Business Administration from INSEAD in France, and a degree in Modern Languages from the University of Oxford. He is a Principal at Permira Advisers LLP in London and in charge of the media sector. Before joining Permira he worked in M&A at Credit Suisse First Boston, and at BZW in London and San Francisco.

- **Philipp Freise** completed his studies at the WHU – Otto Beisheim School of Management in Koblenz. He holds the degree of Diplom-Kaufmann, as well as a Master of Business Administration from the McCombs School of Business at the University of Texas. As a Director at KKR, he heads the European Media team. He is a member of the Supervisory Boards of A.T.U Auto-Teile-Unger GmbH, in Weiden, and BMG Rights Management GmbH, in Berlin, and is a member of the Advisory Board of Der Grüne Punkt-Duales System Deutschland GmbH, in Cologne. Before joining KKR, he was a consultant at McKinsey & Co. in Frankfurt am Main and New York. He is also a co-founder of Venturepark Incubator AG.

- **Lord Clive Hollick** holds a Bachelor of Arts and doctorate from Nottingham University in England. He is a Senior Advisor at KKR. He also holds positions at Diageo Plc. in London (Non-Executive Senior Director) and Honeywell International Inc., in Morristown, New Jersey, USA (Non-Executive Director). Before joining KKR he was CEO at United Business Media, Chairman at the SBS Broadcasting Group and the South Bank Centre, and a Director at The Nielsen Company, Logica, Havas and BAe. He is a founder of the Institute for Public Policy Research and has been a member of the House of Lords since 1991.

- **Dr. Jörg Rockenhäuser** received his doctorate from the University of Bochum after also studying finance and international management in Münster. He is a Managing Partner at Permira Beteiligungs GmbH and a member of the worldwide Board. Before that he was a Principal at A.T. Kearney. He is a member of the Board of Directors of the American Chamber of Commerce in Germany e.V.

- **Prof. Dr. Harald Wiedmann** studied law at the Universities of Tübingen and Munich, and holds official certifications as an attorney, tax advisor and German certified public accountant. He is Honorary Professor of International Accounting and Auditing at Berlin Technical University and at Johann Wolfgang Goethe University in Frankfurt am Main. He is of counsel at the law and tax advisory firm of Gleiss Lutz Hootz Hirsch Partnergesellschaft von Rechtsanwälten, Steuerberatern. He is also a member of the Supervisory Board at Wincor Nixdorf AG, in Paderborn, Praktiker Bau- und Heimwerkermärkte Holding AG, in Kirkel, Merz Pharma GmbH & Co. KGaA, in Frankfurt am Main, and Prime Office AG, in Munich, as well as Chairman of the Executive Board of Berenberg Bank Joh. Berenberg, Gossler & Co. KG, Hamburg. Until June 2007 he was President of the Accounting Standards Committee of Germany (DSR).

- **Gregory Dyke** studied political science at the University of York in England. He is a freelance media consultant for a variety of companies and institutions. He is Chancellor of the University of York, Chairman of HIT Entertainment Ltd., in London, Non-Executive Chairman of Brentford FC, and Chairman of the British Film Institute. He formerly headed operations as CEO at Pearson Television and London Weekend Television, and was Director General at the BBC.

- **Adrianus Johannes Swartjes** is the CEO of Telegraaf Media Groep N.V., of the Netherlands. He previously worked for Reader's Digest and Colgate/Palmolive, among others. He studied business at Erasmus University, Rotterdam.

Committee members as of December 31, 2009

| | |
|---|---|
| **Presiding Committee** | Johannes Peter Huth (Co-Chairman) • Götz Mäuser (Co-Chairman) • Robin Bell-Jones • Philipp Freise • Lord Clive Hollick • Dr. Jörg Rockenhäuser |
| **Audit and Finance Committee** | Prof. Dr. Harald Wiedmann (Chairman and independent financial expert) • Johannes Peter Huth • Götz Mäuser • Robin Bell-Jones • Philipp Freise |
| **Compensation Committee** | Johannes Peter Huth (Chairman) • Götz Mäuser • Gregory Dyke • Adrianus Johannes Swartjes |

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

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

Declaration of Compliance, page 38.

## CORPORATE GOVERNANCE REPORT

The German Corporate Governance Code was adopted to strengthen confidence in the management of German companies listed on stock exchanges. The Executive Board and Supervisory Board of ProSiebenSat.1 Media AG attach great importance to the principles of the Code. Responsible, transparent corporate governance ensures sustainable corporate management and supervision that generate value. It encourages confidence in the ProSiebenSat.1 Group among financial markets, business partners and employees, as well as the public at large.

Each year, the Executive Board and Supervisory Board issue a Declaration of Compliance in which they declare that the recommendations of the current version of the German Corporate Governance Code have been and will be adopted, and which ones, if any, have not been or will not be applied, providing explanations of the reasons for any such exceptions. The compliance officer of ProSiebenSat.1 Media AG is in charge of implementing the principles of corporate governance, monitoring compliance with the requirements of law, and documenting these processes. The officer's duties also include keeping up to date on changes in the laws, and tracking the relevant public discussions.

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

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

The governing bodies of a German corporation in Aktiengesellschaft form are the shareholders' meeting, the Executive Board and the Supervisory Board. The shareholders exercise their rights of joint administration and oversight at the annual shareholders' meeting. Each share of common stock confers one vote at the shareholders' meeting; preferred stock confers no voting rights, except where mandatorily prescribed by law. Under Article 19 of the articles of incorporation of ProSiebenSat.1 Media AG, preferred stock carries preferential rights in any distribution of profits, as well as an entitlement to a higher dividend. The invitation to the shareholders' meeting notifies the Company's shareholders about the various agenda items and the resolutions that the Executive Board and Supervisory Board will be submitting for approval. The ProSiebenSat.1 Web site sets aside special pages for the annual shareholders' meeting, containing the agenda as well as important information about organizational and legal matters concerning all aspects of the meeting. Following the meeting, the remarks of the CEO and the results of votes can also be downloaded from the site.

In accordance with German stock corporation law, ProSiebenSat.1 Media AG has a dual management system, meaning that its managing body and its supervisory body are clearly separated. The Company's managing body is its Executive Board, which is overseen and advised by the Supervisory Board. Good management of a company requires trusting and efficient cooperation between the Executive Board and Supervisory Board. Here open communication and close cooperation are especially important. These have already been described in detail above. The Executive Board informs the Supervisory Board regularly, promptly and comprehensively on all relevant matters of strategy, planning, business performance, net assets and liabilities, financial position, profit and loss, and risk management. All transactions and decisions that are of fundamental importance to the Corporation are handled in close coordination with the Supervisory Board. Cooperation between these boards is governed by the Executive Board's rules of procedure. The requirements imposed by these by-laws on the Executive Board conform to the requirements of the German Corporate Governance Code, and in particular include binding provisions regarding the Executive Board's obligations to inform and report to the Supervisory Board.

## TRANSPARENCY – COMMUNICATION WITH THE CAPITAL MARKET, AND REPORTING PRINCIPLES

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

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

- **Regular reporting and ad hoc disclosures:** Four times a year, as part of the Company's annual and quarterly financial reporting, management discusses the ProSiebenSat.1 Group's business performance, its financial position and its current results of operations. In keeping with the requirements of law, all matters potentially relating to insider transactions are also publicized in ad hoc disclosures as they occur, and are made available immediately on the Internet. A list of all ad hoc press releases for a given year is available on the Company's Web site in the "Annual Document" required under Section 10 of Germany's Securities Prospectus Act (Wertpapierprospektgesetz).

- **Financial calendar:** A financial calendar publishes the release dates of financial reports well in advance, along with other important dates, such as the date of the annual shareholders' meeting. The calendar is available at the ProSiebenSat.1 Web site, and is also reproduced in this annual report.

- **Reports of equity holdings and directors' dealings disclosures:** Reports of equity holdings under Sections 21 et seq. of Germany's Securities Trading Act (WpHG) are released as soon as they are received. Current information is available online at ›› http://prosiebensat1.com/investor_relations/dokument/.

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

Directors' Dealings Announcement

| Last name, first name | Reason for notice | Purchase/ Sale | Date/ Place | Units | Price | Total amount of transaction |
|---|---|---|---|---|---|---|
| Englert, Dr. Marcus | Own management duties | Sale | 08/14/2009/Xetra/Frankfurt | 13,000 | EUR 6.11258 | EUR 79,463.54 |

- **Shareholdings of the Executive Board and Supervisory Board:** As of December 31, 2009, members of the Executive Board held a total of 1,237,078 shares of preferred stock of ProSiebenSat.1 Media AG, and a total of 1,759,500 options under the ProSiebenSat.1 Media AG stock option plan (the Long-Term Incentive Plan), each of which options confers the right to purchase one share of preferred stock of ProSiebenSat.1 Media

AG if the exercise conditions are satisfied. As of December 31, 2009, members of the Supervisory Board held 17,500 shares of preferred stock of ProSiebenSat.1 Media AG. Thus as of December 31, 2009, no single member of the Executive Board or Supervisory Board held stock, or financial instruments relating to stock, in excess of 1 percent of the outstanding shares, nor did the holdings of all members of both boards combined exceed that figure.

- **Reporting principles:** The ProSiebenSat.1 Group's financial reporting conforms to IFRS (International Financial Reporting Standards). The annual financial statements of ProSiebenSat.1 Media AG, as the Group's parent company, are prepared under the accounting principles of the German Commercial Code (HGB). Both sets of financial statements are audited and certified by an independent accounting and auditing firm.

## COMPENSATION REPORT

The compensation report includes the requisite information about the compensation of the Executive Board and Supervisory Board, and also takes account of the recommendations of the German Corporate Governance Code.

### STRUCTURE OF COMPENSATION OF THE EXECUTIVE BOARD

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

The compensation system for the Executive Board of ProSiebenSat.1 Media AG aims for sustainable company performance, and is composed of fixed and results-based components. The criteria for appropriate compensation are based in part on the individual Board members' personal performance and areas of work and responsibility, and also on the comparable environment and the Company's business situation.

Last financial year, the compensation of the members of the Executive Board comprised the following:

- Under their employment contracts, all Executive Board members receive a **fixed base salary**, paid monthly, that is determined with reference to the individual member's area of responsibilities.

- In addition to this base component, each member also receives a performance-based **variable component in the form of an annual bonus**. The specific terms of this annual bonus are uniform among the contracts of the individual board members. One portion of the bonus is decided by the Supervisory Board, and depends on the achievement of predefined performance targets composed of Group EBITDA, the Group net debt, and personal goals.

- Additionally, the members of the Executive Board also participate in a 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 2009. With this stock option plan the Company has created an additional compensation component, focused on the Company's long-term success, so as to cultivate shareholder value. Each option under the LTIP entitles the holder to acquire one share of ProSiebenSat.1 preferred stock if the exercise conditions are met (in particular, the expiration of the vesting period and the achievement of performance targets). As of December 31, 2009, the members of the Executive Board held 149,500 stock options issued in 2006, 405,000 options issued in 2008, and 1,205,000 options issued in 2009. No stock options were exercised in 2009. The vesting period for the stock options issued in 2006 ended in August 2008. The stock options issued in 2008 cannot be exercised until July 2010 at the earliest, and the options issued in 2009 cannot be exercised until July 2011 at the earliest.

- Furthermore, the Company has signed **pension agreements** with all active members of the Executive Board, under which those members are entitled to payment of a retirement pension if they reach age 60 and leave the Company's employment after the contractual vesting period has elapsed.

- Finally, the members of the Executive Board receive **other compensation** in the form of non-cash benefits, including company cars, insurance coverage, and coverage of relocation expenses if they must relocate.

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

For further information on compensation, Notes to the consolidated financial statements, no. 36.

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

| EUR k | Annual salary | | Total | Other compensation | Pensions | |
|---|---|---|---|---|---|---|
| | Fixed component | Variable component | | Miscellaneous [4] | Accrued pension provision [5] | Annual payment entitlement at 12/31/2009 [6] |
| Thomas Ebeling [1] | 833.3 | 1,050.0 | 1,883.3 | - / - | 113.0 | 33.4 |
| Axel Salzmann | 650.0 | 600.0 | 1,250.0 | 14.7 | 121.6 | 18.5 |
| Andreas Bartl | 650.0 | 261.5 | 911.5 | 15.5 | 118.0 | 17.1 |
| Dr. Marcus Englert | 450.0 | 212.5 | 662.5 | 10.2 | 170.1 | 24.6 |
| Patrick Tillieux [2] | 495.0 | - / - | 495.0 | 7.5 | - / - | - / - |
| Klaus-Peter Schulz [3] | 350.0 | 112.8 | 462.8 | 10.6 | 124.0 | 12.7 |
| **Total** | **3,428.3** | **2,236.8** | **5,665.1** | **58.5** | **646.7** | **106.3** |

[1] 10-month basis / member of the Executive Board since March 1, 2009. [2] 6-month basis / member of the Executive Board until June 30, 2009. [3] 12-month basis / member of the Executive Board until July 31, 2009. [4] Includes non-cash benefits from use of company car, insurance, and relocation grants if the individual must relocate. [5] Not including entitlements from the individual's own additional payments (as of December 31, 2009). [6] Upon retirement, not including entitlements from the individual's own additional payments (as of December 31, 2009). The fair value of the stock options for the 1,205,000 options (previous year: 497,000) issued in 2009 to the active members of the Executive Board as at December 31, 2009 came on average to EUR 2.30 (previous year: EUR 0.17) per stock option.

### STRUCTURE OF COMPENSATION OF THE SUPERVISORY BOARD

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

Members of the Supervisory Board received no remuneration or other consideration for personal services, especially consulting and mediation services, during the financial year 2009.

The following table gives an individualized breakdown of the compensation of the Supervisory Board:

| EUR k | Fixed base compensation | Meeting honoraria Presiding Committee | Meeting honoraria Audit and Finance Committee | Meeting honoraria Compensation Committee | Total |
|---|---|---|---|---|---|
| Johannes Peter Huth | 100.0 | 3.0 | 3.0 | 21.0 | 127.0 |
| Götz Mäuser (1) | 100.0 | 3.0 | 12.0 | 15.0 | 130.0 |
| Robin Bell-Jones | 50.0 | 1.5 | 12.0 | - / - | 63.5 |
| Gregory Dyke | 50.0 | - / - | - / - | 10.5 | 60.5 |
| Stefan Dziarski (2) | 21.4 | - / - | - / - | - / - | 21.4 |
| Philipp Freise | 50.0 | 1.5 | 15.0 | - / - | 66.5 |
| Reinhard Gorenflos (3) | 16.8 | - / - | 3.0 | - / - | 19.8 |
| Lord Clive Hollick | 50.0 | 1.5 | - / - | - / - | 51.5 |
| Thomas Krenz (4) | 21.4 | - / - | - / - | - / - | 21.4 |
| Dr. Jörg Rockenhäuser (5) | 28.7 | - / - | - / - | - / - | 28.7 |
| Christoph Röttele (6) | 21.4 | 1.5 | - / - | - / - | 22.9 |
| Silke Scheiber (7) | 21.4 | - / - | - / - | - / - | 21.4 |
| Harry Sloan (8) | 21.4 | - / - | - / - | - / - | 21.4 |
| Adrianus Johannes Swartjes | 50.0 | - / - | - / - | 12.0 | 62.0 |
| Marinus Maria Petrus van Lent (9) | 8.2 | - / - | - / - | - / - | 8.2 |
| Prof. Dr. Harald Wiedmann | 50.0 | - / - | 30.0 | - / - | 80.0 |
| **Total** | **660.7** | **12.0** | **75.0** | **58.5** | **806.2** |

(1) Götz Mäuser was Chairman of the Supervisory Board until June 4, 2009. He was succeeded by Johannes Peter Huth. (2) Stefan Dziarski's term of office expired at the end of the shareholders' meeting on June 4, 2009. (3) Reinhard Gorenflos resigned from the Supervisory Board as of April 30, 2009. (4) Thomas Krenz left the Supervisory Board as of the end of the shareholders' meeting on June 4, 2009. (5) Dr. Jörg Rockenhäuser was elected to the Supervisory Board at the annual shareholders' meeting on June 4, 2009. (6) Christoph Röttele's term of office expired at the end of the shareholders' meeting on June 4, 2009. (7) Silke Scheiber left the Supervisory Board as of the end of the shareholders' meeting on June 4, 2009. (8) Harry Sloan had been a member of the Supervisory Board since March 7, 2007, and also left the Supervisory Board as of the end of the shareholders' meeting on June 4, 2009. (9) Marinus van Lent resigned from the Supervisory Board as of March 1, 2009.

# Group Management Report.

To improve our earnings situation, we pursued numerous efficiency enhancement measures under challenging economic conditions, and thus improved our profitability in 2009. Looking at business for 2009, the signs of an economic stabilization emerged. However, forecasts on business performance remain cautious.

Our efforts in the past months have put us in a good position to master the challenges we face: an efficient organization, strong brands, high-quality programming, the right technology – and creative ideas for expanding our value chain.

The following Group Management Report presents the ProSiebenSat.1 Group's business situation, major influencing factors, and the Group's expected future development for its operations and strategy.

## >> Group Management Report

**Business Operations and Business Conditions .............50**
Business Operations and Group Structure ..................50
Corporate Management, Goals, Strategy ....................54
Legal Environment ......................................................56
Economic and Industry Environment...........................59
**Business Performance in 2009 ....................................64**
Changes in Scope of Consolidation and Organizational Measures
Comparison of Actual and Projected ...........................64
Business Developments .............................................65
Group Earnings ..........................................................67
Group Financial Position and Performance ................ 71
**Segment Reporting........................................................79**
Free TV German-speaking Segment ............................79
Free TV International Segment...................................80
Diversification Segment .............................................81
**Employees ....................................................................82**
**The ProSiebenSat.1 Share ............................................85**
**Non-Financial Performance Indicators .........................88**
Strong Brands as a Factor for Success ........................88
Process Capital – Organizational and Process Advantages...................................................89
Supplier Capital - Long-standing Supplier Relationships................................................89
Customer Capital - Solid Customer Relationships.......89
Sustainability as a Factor for Success .........................90
Research and Development ........................................92
**Events after the Reporting Period................................93**
**Risk Report...................................................................93**
Opportunity Management...........................................94
Risk Management .......................................................94
Risk Situation: Development of Individual Risks..........96
**Outlook .......................................................................103**
Future Environment..................................................103
Opportunities Specific to the Industry ......................105
Opportunities in the Legal and Media Policy Environment.........................................106
Opportunities for Performance and Strategy ...........106
Company Outlook .....................................................108

# Business Operations and Business Conditions

## BUSINESS OPERATIONS AND GROUP STRUCTURE

### Overall assessment of business – Management's view

Thomas Ebeling,
CEO ProSiebenSat.1 Media AG

» We were able to close 2009 with a positive development of operating results in many areas: recurring EBITDA rose by 3.3 percent to EUR 696.5 million, our recurring EBITDA margin grew 3.1 percentage points to 25.2 percent, and the underlying net income, at EUR 184.8 million, was up 8.5 percent from the year before. At the same time, net financial debt decreased 3.3 percent, to EUR 3.295 billion. In the fourth quarter of 2009 especially, the ProSiebenSat.1 Group was able to improve major financial key figures and its revenue situation. In the German TV market – the Group's largest market – we strengthened our competitive position despite a difficult economic environment, and increased both our audience share and our share of advertising. To strengthen our profitability, in 2009 we further intensified our cost management efforts, and improved the setup of our core business by pooling our domestic activities more efficiently. Because of all these factors, we can look back with some satisfaction at the past year. «

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

ProSiebenSat.1 Media AG was founded in 2000 as Germany's largest television corporation. Its predecessor, ProSieben Media AG, was already trading publicly: on July 7, 1997, it became Germany's first television corporation to be admitted to official trading on the Frankfurt Stock Exchange.

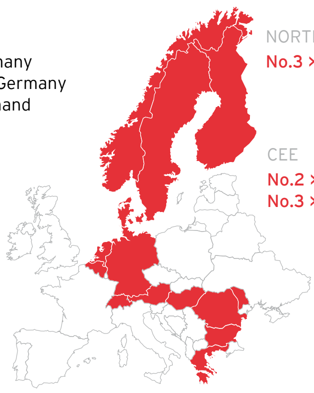
The June 2007 acquisition of SBS Broadcasting Group significantly expanded ProSiebenSat.1's business operations, and tapped new markets in Northern, Central and Eastern Europe. The Company is headquartered in Munich/Unterföhring in Germany. The Group generates also the largest share of its revenues from the German market.

**Business activities and market position.** ProSiebenSat.1 offers first-class entertainment and up-to-the-minute information – any time, anywhere. That is ensured by the knowledge and experience of our approximately 5,000 employees in 14 countries throughout Europe. ProSiebenSat.1 – the power to entertain.

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

GERMAN-SPEAKING EUROPE
No.1 > Free TV company in Germany
No.1 > Provider of mobile TV in Germany
No.1 > Provider of Video on Demand in Germany

THE NETHERLANDS / BELGIUM
No.2 > Free TV company
No.1 > Print TV magazine



NORTHERN EUROPE
No.3 > Free TV company in Sweden, Denmark and Norway

CEE
No.2 > Free TV company in Hungary, Bulgaria
No.3 > Free TV company in Romania

EUROPE
No.3 > Radio network in Europe

Photo © Enno Kapitza

- **Free TV.** The Group's core business is free TV, financed through advertising. In Germany, its family of stations – with the brands SAT.1, ProSieben, kabel eins and N24 – is number one in the TV advertising market. The Group also has strong market positions in free TV in the Netherlands with Veronica, NET 5 and SBS 6, in Hungary with TV 2, and in Sweden with Kanal 5 and Kanal 9. ProSiebenSat.1 is the second-largest broadcasting group in Europe, with a reach of more than 78 million TV households.

- **Diversification.** In addition to free TV financed through advertising, the media group's portfolio also includes a wide variety of related businesses. The Group manages numerous Internet brands, holds interests in radio, print and new media companies, and also operates in music, live events and artist management. This multi-platform strategy strengthens the ProSiebenSat.1 Group's competitive position in the media and entertainment industry, and by extending the value chain into all fields related to its core business in TV, also taps new markets and further sources of revenue that do not depend on the TV advertising market ("Diversification").

## ORGANIZATIONAL AND LEGAL STRUCTURE OF THE GROUP

**Organizational structure – Segments and markets.** The SBS acquisition was the largest acquisition in the history of ProSiebenSat.1 Media AG. As part of the first-time consolidation of SBS in July 2007, the ProSiebenSat.1 Group's segment structure was revised to better address the Group's expanded international business operations. Since that time, the Group has reported three segments, all of which are strategically and economically closely linked:

- **Free TV German-speaking.** The Group's four German stations SAT.1, ProSieben, kabel eins and N24 are consolidated in the Free TV German-speaking segment. This segment also includes ProSiebenSat.1 Produktion, the SAT.1 regional companies, the marketing company SevenOne Media, and the Group's subsidiaries in Austria and Switzerland.

- **Free TV International.** The commercial TV stations in the Benelux (Netherlands, Belgium), Northern Europe (Denmark, Finland, Norway, Sweden) and the CEE region (Bulgaria, Hungary, Romania) constitute the Free TV International segment.

- **Diversification.** Diversification activities – meaning all revenue models not directly dependent on the TV advertising market, such as online, basic pay TV, call TV, Video on Demand, music, licensing/merchandising, radio and print – are combined in the Diversification segment.

Strategic structure: The ProSiebenSat.1 Group's segments and main markets

| | | | |
|---|---|---|---|
| BUSINESS UNIT | Free TV | | Diversification |
| SEGMENT | Free TV German-speaking | Free TV International | Diversification |
| REGION | • Germany/Austria/Switzerland | • Netherlands/Belgium<br>• Northern Europe<br>• CEE | • Germany/Austria/Switzerland<br>• Netherlands/Belgium<br>• Northern Europe<br>• CEE |

The Executive Board and the Supervisory Board of ProSiebenSat.1 Media AG, including an explanation of their work together, are presented in the section entitled "Reports from the Executive Board and Supervisory Board", starting on page 26. The rights of the shareholders' meeting are also described there.

## LEGAL STRUCTURE OF THE GROUP

ProSiebenSat.1 Media AG is the holding company for the ProSiebenSat.1 Group. It is a stock corporation, and is based in Germany. The governing bodies of ProSiebenSat.1 Media AG are the shareholders' meeting, the Executive Board, and the Supervisory Board.

**Corporate object and articles of incorporation.** The articles of incorporation define the scope of activities that the Company can engage in. According to Section 179 of the German Stock Corporation Act (AktG), the articles of incorporation may be amended by resolution of the shareholders' meeting, subject to a majority of at least three-quarters of the voting share capital represented at the vote. Except as mandatorily prescribed otherwise by law or by the articles of incorporation, according to Section 133 of the German Stock Corporation Act and Article 16 (2) of the articles of incorporation, resolutions of the shareholders' meeting are normally adopted by simple majority of the votes cast, or where a capital majority is required, by a simple majority of the share capital represented at the vote.

**Management and oversight.** In compliance with German stock corporation law, ProSiebenSat.1 Media AG has a dual management system characterized by a strict separation of personnel between its managing body and its oversight body. The Executive Board manages the Company and acts as its representative to third parties. It 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 is the controlling body. It 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 the administration and management of ProSiebenSat.1 Media AG are defined in the articles of incorporation and in the rules of procedure for the Executive Board and Supervisory Board.

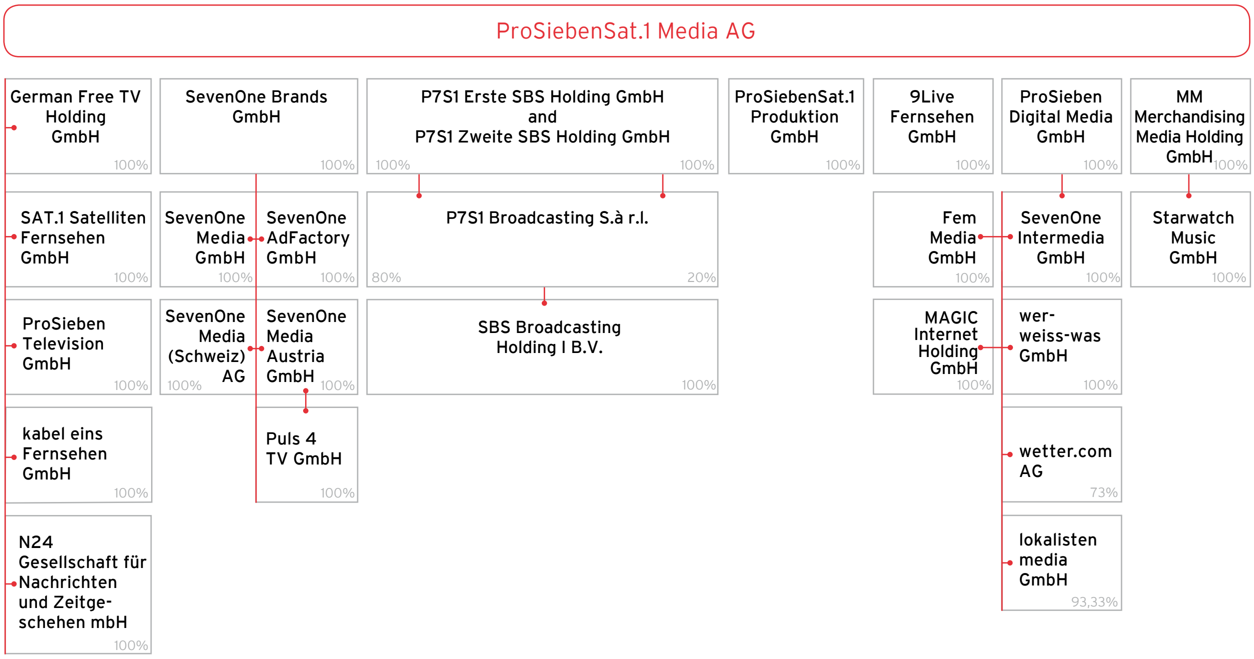
**Management and corporate structure.** The ProSiebenSat.1 Group, a European media corporation, is managed centrally. As the Group's ultimate parent company, ProSiebenSat.1 Media AG manages key functions that affect multiple segments, such as license purchases, accounting, corporate controlling, human resources, treasury and finance, investor relations, legal affairs and corporate communications. At the same time, the Group's subsidiaries in their various countries have a large degree of autonomy, so that they can make decisions quickly and respond flexibly to the needs of their target audiences and markets.

The present consolidated financial statements include ProSiebenSat.1 Media AG and all significant subsidiaries – meaning entities in which ProSiebenSat.1 Media AG directly or indirectly holds a majority of voting rights, or over whose activities it can otherwise exercise a controlling influence. The number of consolidated companies has changed only slightly from the previous year. Details can be found in the list of shareholdings in the Notes to the consolidated financial statements, on pages 160 to 163. Significant direct subsidiaries of ProSiebenSat.1 Media AG include German Free TV Holding GmbH, ProSiebenSat.1 Erste SBS Holding GmbH, and ProSiebenSat.1 Zweite SBS Holding GmbH.

- **German Free TV Holding GmbH**, headquartered in Munich/Unterföhring, pools the Group's companies that conduct free TV operations in Germany, Austria and Switzerland. These companies include not only the stations SAT.1, ProSieben, kabel eins and N24 in Germany, but also SAT.1 subsidiaries in Austria and Switzerland. The companies under German Free TV Holding cooperate within a matrix organization. This matrix organization was setup during the financial year 2009, and supports optimum utilization of the full range of the Group's expertise, as well as an efficient use of resources.

- **ProSiebenSat.1 Erste SBS Holding GmbH and ProSiebenSat.1 Zweite SBS Holding GmbH**, likewise headquartered at the Group's main location in Munich/Unterföhring, combine the international companies of the former SBS Broadcasting Group.

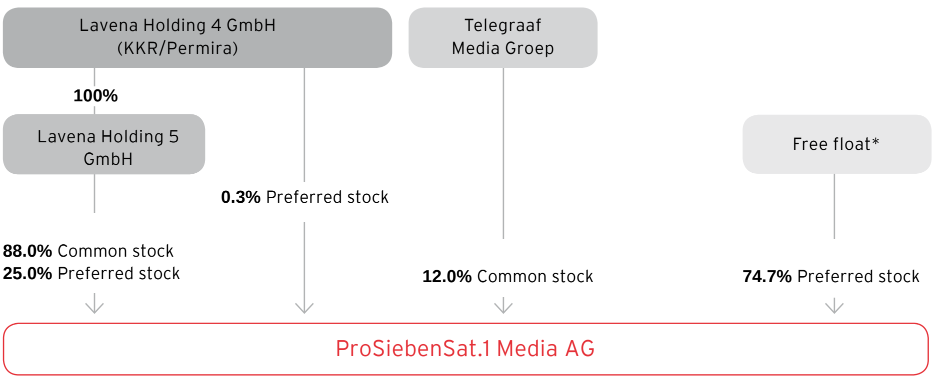
Principal subsidiaries and equity holdings of ProSiebenSat.1 Media AG as of December 31, 2009




## SHAREHOLDER STRUCTURE

The Lavena Holding companies, which are controlled by funds advised by Kohlberg Kravis Roberts & Co. L.P. (KKR) and Permira Beteiligungsberatung GmbH (Permira), are the majority shareholders of ProSiebenSat.1 Media AG, with 88.0 percent of the Company's voting common stock and 25.3 percent of the nonvoting preferred stock. This is equivalent to 56.7 percent of the Company's share capital. The Dutch media corporation Telegraaf Media Groep N.V. (TMG) holds 12.0 percent of the voting common stock, equivalent to 6.0 percent of the share capital. The remaining roughly 74.7 percent of the preferred stock, equivalent to approximately 37.3 percent of the share capital, is in free float or is held as treasury shares.

Shareholder structure of ProSiebenSat.1 Media AG at December 31, 2009




* Free float includes 6,027,500 treasury shares.

## CORPORATE MANAGEMENT, GOALS, STRATEGY

The Executive Board manages the Group and its operating units by setting strategic targets and monitoring a number of key performance indicators. The ProSiebenSat.1 Group's internal management system is primarily made up of the following components:

- A guidance system based on key performance indicators
- An integrated budgeting and planning system
- Ongoing risk and opportunity management
- A strategy-setting process
- Management by objectives at all levels of the Company
- Monthly reporting to the Supervisory Board and Executive Board
- Regular meetings of the Supervisory Board and its committees.

### A guidance system based on key performance indicators

The Group-wide guidance system is tailored to the various business units, and includes both financial and non-financial key performance indicators. In addition to internal key figures that reflect the performance of the Group and its business operations, external indicators that have a significant influence on business performance are taken into account. These include current economic and market data, for example.

The central financial figures used for guidance are:

- **Recurring EBITDA:** Recurring EBITDA is EBITDA – earnings before interest, taxes, depreciation and amortization – after adjustment for non-recurring items. The recurring EBITDA margin is the ratio between recurring EBITDA and revenues. These key figures allow a meaningful assessment of operating performance, and simplify profitability comparisons among companies internationally, since they eliminate the influence of taxes and depreciation, as well as of the structure of the Company's financing. That makes them an important indicator in assessing the operating profitability of the ProSiebenSat.1 Group and its segments.

- **Free Cash flow:** Free Cash flow shows the surplus cash generated during a period, and can be interpreted as a financial surplus that is available to service providers of equity and lenders.

Net financial debt, page 72.

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

**Company-specific early warning indicators in operations:**
Early warning indicators are assessed and monitored as a part of the Group-wide risk management system. These early warning indicators have been defined for all measurable, significant risk categories, and primarily cover the ProSiebenSat.1 Group's performance in terms of audience share and advertising market share, the profitability and appeal of the program inventory, human resources development, and the evolution of liquidity. For more information, see page 94.

Along with purely financial parameters, the ProSiebenSat.1 Group has also defined key performance indicators that cannot be measured directly in financial terms. These "early warning indicators" for operations particularly include the free TV stations' audience shares. These parameters are analyzed as a part of early risk detection, and at the same time serve the advertising industry as performance indicators of the stations' programming quality and brand value. Major indicators for the performance of the units in the Diversification segment include the number of unique users (in the online business) or the number of calls (in the call TV business).

### An integrated budgeting and planning system

The ProSiebenSat.1 Group's planning is based on strategic and operating objectives. The Group-wide planning processes focus on the key performance indicators explained above. Group-wide planning includes operating plans (budget) for the coming or current financial year, and long-term corporate planning (the five-year plan), which in turn incorporates and is built on the operating plans. The individual planning processes are coordinated systematically and adopted over time. This is a matter of fundamental importance for effective management of the defined target figures, but also for the Group-wide detection of risks and opportunities:

- **Operating plan for the year on a monthly basis (budget).** The operating plan for the year (budget) is prepared on a monthly basis for all Group companies, the segments, and the Group as a whole. Budgeting is a "bottom-up" process – in other words, data is first organized at the level of the specific company, then condensed into a budget at the segment and Group level, on the basis of the income statement, the statement of financial position, and the cash flow statement in each case. The budgeting process particularly includes projections about volumes and prices, program scheduling, costs and investment planning, and staffing plans. The budget is adopted by the Executive Board and the Supervisory Board. The operating plan for a given financial year is prepared at the end of the preceding financial year. The budget is the foundation of the multi-year plan.

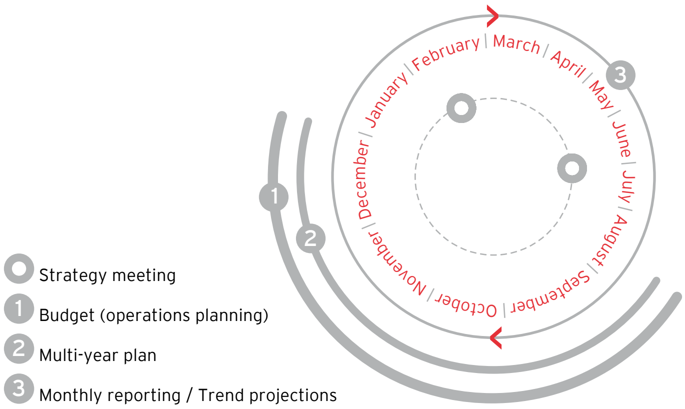
- **Multi-year plan on quarterly basis (long-term corporate plan).** The multi-year plan is based on the budget. Like the budget, the long-term plan for the ProSiebenSat.1 Group is prepared annually from the bottom up. Also like the budget, the multi-year plan is approved by the Executive Board and the Supervisory Board.

A comparison of the main planned and actual figures, and a comparative evaluation of the actual and projected course of business, appears on page 65.

- **Earnings projections during the year.** Earnings projections over the course of the year present and analyze the expected development of revenues and earnings for the current year in comparison to the budget. These reports provide an important management tool, since they help management take quick action to counteract any adverse changes.

- **Reporting.** Any potential risks are reported by the decentralized risk managers to the Group Risk and Compliance Officer as part of the quarterly reporting process.

Planning process




### ProSiebenSat.1 Group Strategy

The Executive Board of the ProSiebenSat.1 Group decides the corporate strategy, and as a consequence the short-term and long-term planning targets for operations. Strategy development includes extensive analyses of the market environment. Factors for success are defined, opportunities are prioritized, and steps are decided that will accomplish strategic goals. The budgeting process proceeds out of the strategy process. Thus strategic planning is firmly incorporated into the risk management process, and also into the processes of controlling during the course of the year.

**Strategic goals.** Our ambition is to sustainably reinforce our position as one of Europe's largest media corporations. To achieve that goal, the ProSiebenSat.1 Group has defined three strategic focuses for action:

1. **Strengthen the core business, television financed through advertising.** People have long been fascinated with audiovisual content. It informs, entertains and provokes feelings. This fascination is the foundation for the success of our lead medium, TV. In addition to outstanding programming, the growth of our core business also relies on attractive brands, high-performance sales structures, and innovative sales concepts.

2. **Develop new business in related areas, and expand the classic Diversification segment.** Our goal is to reduce our dependency on the TV advertising market, and to respond to people's changing ways of using media. We summarize this strategic objective under the term diversification. With diversification, and thus by expanding our value chain, we can generate further income that is independent from the classic TV advertising market. We can enlarge our revenue portfolio with geographic expansion (e.g., with international rollouts of online platforms), cross-media use of content (e.g., via convergent media concepts for TV and online use), and with diversification in adjacent business areas (e.g., music, artist and event management).

3. **Achieve financial goals through outstanding implementation (operational excellence).** An important component in improving our profitability is to develop, produce, exploit and sell attractive content in processes that show above-average efficiency. Lean processes and clear structures are our main tools in achieving this financial objective. By moving SAT.1 and centralizing TV and holding-company operations at the Unterföhring site we further improved the ProSiebenSat.1 Group's administrative efficiency in 2009, and also achieved substantial savings in programming and marketing. In addition, the Group is striving for networking all its different departments on a broad base, so as to leverage further potential for synergy and generate economies of scale. One example is the pooling of procurement activities in the new Strategic Procurement department. Cost structures that have been optimized further, improved cash flows, and faster work flows will remain an important strategic goal of the ProSiebenSat.1 Group, especially given the current economic conditions.

In 2009 we took important steps to strengthen our core business, while at the same time tapping new growth potentials. You can find more information about the strategic cornerstones of our business portfolio and its expansion on page 108. A summary of the organizational measures to realign the TV business and the Group holding company in Germany can be found on page 64.

## LEGAL ENVIRONMENT

ProSiebenSat.1 Media AG must comply with a large number of legal requirements. As a German stock corporation, it is subject in particular to German laws that govern corporations, employee co-determination, and the capital markets, and it is bound by the German Corporate Governance Code. In addition to these general legal requirements, there are also significant journalistic and media-policy principles to be observed.

Important reporting obligations that proceed from the legal requirements for this management report are met below. In addition, we provide an explanation of changes in certain requirements of media policy and the law.

**Management Declaration under Section 289a of the German Commercial Code.** In May 2009, the German Commercial Code (HGB) was extensively reformed by the Act for the

The informations about internal controlling and risk management systems - according to BilMoG - in regard to the consolidated reporting process, is included in the Risk Report on page 95/96.

**Assessment of additional information by the Group auditor:**
The Group auditor has critically read the Corporate Governance Report in accordance with the IDW auditing standard.

Modernization of Financial Reporting (BilMoG). Among other provisions, the new law includes requirements for more information and greater transparency in risk reporting, as well as requirements for reporting on a company's management. The Company has published its Management Declaration on its Website at >> http://en.prosiebensat1.com/investor_relations/cg_ueberblick/.

In addition, in the Annual Report the Executive Board and Supervisory Board report each year on the corporate governance of the ProSiebenSat.1 Group. This Corporate Governance Report appears on pages 43 through 45 and is a part of the Management Declaration under Section 289a of the Commercial Code.

**Disclosures regarding corporate acquisitions under Section 315 (4) of the German Commercial Code (HGB) and their explanations under Sections 124 a Sentence 1 No. 3 and 176 (1) Sentence 1 of the German Stock Corporation Act (AktG).** The voting stock issued by ProSiebenSat.1 Media AG is not traded on an organized market within the meaning of Section 2 (7) of the German Securities Acquisitions and Takeover Act (WpÜG). Only preference shares of the Company's nonvoting preferred stock are listed for trading in the regulated Prime Standard segment of the Frankfurt Stock Exchange. The registered shares of the voting common stock of ProSiebenSat.1 Media AG are not listed for trading on any stock exchange. Therefore there is no requirement for the parent-company or consolidated management reports of ProSiebenSat.1 Media AG to provide information under Section 315 (4) of the German Commercial Code, or for the Executive Board to provide a report explaining this information, pursuant to Sections 124 a Sentence 1 No. 3 and 176 (1) Sentence 1 of the German Stock Corporation Act. For that reason we limit ourselves to providing the following information:

- **Composition of subscribed capital.** The share capital of ProSiebenSat.1 Media AG amounts to EUR 218,797,200 divided into 109,398,600 no-par registered shares of common stock and 109,398,600 no-par preference shares of non-voting preferred stock. There are no shares that carry special rights and confer control. The Company holds no rights from 6,027,500 treasury stock.

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

**Report on relations with affiliated companies.** In compliance with Section 312 of the German Stock Corporation Act, the Executive Board of ProSiebenSat.1 Media AG has prepared a report on relationships with affiliated enterprises for the financial year 2009, which concludes with the following statement by the Executive Board: According to the definitions set forth in Section 16 of the German Stock Corporation Act (AktG), at present Lavena Holding 5 GmbH, of Munich, holds 56.5 percent of ProSiebenSat.1 Media AG. It directly holds 88.0 percent of the voting common stock.

Due to a chain of 100 percent equity holdings from Lavena Holding 5 GmbH, Munich, through Lavena Holding 4 GmbH, Munich, Lavena Holding 1 GmbH, Munich, Lavena 3 S.à r.l., of Luxembourg, Lavena 2 S.à r.l., to Luxembourg, Lavena 1 S.à r.l., Luxembourg, ProSiebenSat.1 Media AG is deemed a dependent subsidiary of Lavena 1 S.à r.l. It is therefore obligated under Section 312 of the German Stock Corporation Act to issue a report on the relationships between ProSiebenSat.1 Media AG and Lavena 1 S.à r.l. and its affiliated companies.

In the year under review, ProSiebenSat.1 Media AG did not engage in any legal transactions with third parties at the direction of or in the interest of Lavena 1 S.à r.l. or its affiliated entities. No actions subject to reporting under Section 312 AktG were either performed or omitted.

**Statement by the Executive Board under Section 312 (2) of the German Stock Corporation Act.** For every legal transaction entered into between ProSiebenSat.1 Media AG and Lavena 1 S.à r.l. or its affiliated entities during the year under review, ProSiebenSat.1 Media AG contractually promised appropriate compensation within the meaning of Section 312 AktG and received performance in return for such compensation insofar as performance was due during the year under review.

For further information on compensation, see Notes to the consolidated financial statements, no. 36.

**Compensation report under Section 315 (2) No. 4 of the German Commercial Code.** The disclosures required under Section 315 (2) No. 4 of the German Commercial Code are included in the compensation report, which is part of the section on corporate governance on page 45ff. The compensation report provides the general outlines of the compensation of the Executive Board and Supervisory Board, and is also an integral part of the audited management report.

### Requirements of media law and policy

The ProSiebenSat.1 Group operates more than 20 free TV stations in 12 European countries. Different regulatory requirements apply in its regional markets. Germany, the core market, has both private and public broadcasters in a dual broadcasting system. The different broadcasters' financing, programming mission and lines of business are each governed by different legal requirements. In 2009, ProSiebenSat.1 initiated a discussion of structures and financing models in the German TV market.

- Financing of the public stations is guaranteed by law and ensured by way of the "TV/radio license fee." With budgets that grow annually and currently come to about EUR 8.3 billion, the public broadcasters operate 23 TV stations and 22 regional stations, as well as 165 radio stations. Private broadcasters, by contrast, operate 382 TV stations and 247 radio stations with an annual budget of EUR 6.6 billion. Public channels can additionally collect income from broadcast advertising and sponsoring. In 2008, ARD's gross advertising revenues came to about EUR 300 million; ZDF's came to about EUR 200 million.

- The financial crisis put advertising-financed media, such as publishing houses and radio and TV stations, under serious pressure in 2009. For TV stations in particular, an already tense economic situation was made even more difficult by numerous new services offered by the public broadcasters. The digital channel ZDF.neo, for example, is clearly designed, in terms of the structure of its programming and target audience, to compete for audience share with the private stations. Constantly growing online services with a large entertainment component are putting further pressure on the private stations, especially because ARD's and ZDF's services are financed through fees, and thus are not exposed to the pressure of economic profitability. TV stations and online projects of private operators are thus under growing competition with incomparably stronger rivals.

Because of these developments in the dual broadcasting system, in 2009 the ProSiebenSat.1 Group advocated revisions of the Interstate Broadcasting Treaty. These changes are aimed at improving private broadcasters' ways of refinancing their operations. They center on a demand that the public broadcasters give up advertising and sponsoring. In the future private stations will depend more and more on generating additional revenue sources via pay TV content. If this financing model is not to be jeopardized, there must be clear restrictions on the digital and online services provided by public broadcasters, in terms of basic service to the public. In their position paper "The Price of Quality," in November 2009 the State Media Agencies called for a debate on balance in the dual broadcasting system, and on the issue of quality journalism in print and on TV. In this connection – including from an economic perspective – it should be clarified to what extent private broadcasting should be involved in fulfilling public duties in the future.

**Contest and game show regulations, call TV in Germany.** In March 2009, the State Media Agencies adopted new contest and game show regulations that clearly restrained our call TV station 9Live in designing its programming freely and structuring its games in appealing ways. 9Live brought legal action, and applied in June 2009 for what is known as a "Standards Review" of these regulations.

In October 2009, the Bavarian Administrative Court declared that material provisions of the regulations on contests and game shows were contrary to the law and thus invalid. These included the time requirements under which a contest or game could not last longer than 30 minutes, and a game show could last no longer than three hours. However, the decision of course by no means implies that 9Live will cease to fulfill the transparency commitments that it has itself adopted from the very start.

## ECONOMIC AND INDUSTRY ENVIRONMENT

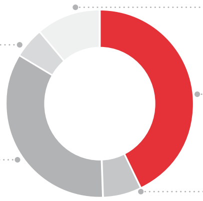
**Overall economic environment.** According to the International Monetary Fund (IMF), global economic output decreased 0.8 percent in real terms in 2009. The economic crisis was especially evident in established industrialized nations like the USA (–2.5 percent), Japan (–5.3 percent), and the Euro Zone countries (–3.9 percent). The situation gradually stabilized in the second half, not least of all because of government financial and economic policy measures.

Germany, with its export-oriented economy, felt the decrease in world trade especially acutely. There were particularly sharp drops in equipment spending and exports. Consumer spending, on the other hand, grew 0.4 percent in real terms, and thus made a positive contribution of 0.2 percentage points to economic growth. This was the consequence of not only economic packages that included such measures as a German "cash for clunkers" program, but also of a successful program for working shortened schedules. That program helped keep the increase in unemployment in 2009 to a comparatively moderate 155,000 persons, or an average of 3.42 million for the year. According to initial estimates by the Federal Statistical Office, real gross domestic product in Germany shrank five percent for 2009 as a whole. The German economy too showed a mild improvement over the course of the year. Where gross domestic product was down a substantial 3.5 percent in the first quarter against the previous quarter, the economy recovered somewhat in the next two quarters (Q2: +0.4 percent; Q3: +0.7 percent). At year's end, growth was stagnant (Q4: +0.0 percent). Foreign trade ultimately provided some positive impetus, while capital expenditures and consumer spending receded.

**Development of the advertising market.** The development of the advertising market is affected by a variety of general economic factors. One important source of momentum for the German TV advertising market is consumer spending. According to the gross figures for the German market released by Nielsen Media Research, TV advertising spends increased 2.9 percent in 2009 against the prior-year figure of EUR 9.12 billion. The fourth quarter of 2009 especially contributed to the growth of gross advertising investments (+9.8 percent, to EUR 3.15 billion). But these gross figures do not fully reflect net changes. Germany's advertising association Zentralverband der deutschen Werbewirtschaft (ZAW) will not release the 2009 net figures for the German TV advertising market until May 2010. Its current net projection for all media revenues is minus five to minus eight percent. The ProSiebenSat.1 Group estimates that investments in TV advertising decreased more than 10 percent net for 2009 as a whole.

Gross TV advertising market shares

In percent // 2008 figures in parentheses




Source: Nielsen Media Research.

With a gross advertising market share of 42.9 percent (previous year: 41.1 percent), SevenOne Media GmbH strengthened its lead in Germany amid a highly competitive environment. Gross advertising revenues at the ProSiebenSat.1 Group's TV sales company, for the Group's primary market in Germany, grew 7.5 percent in 2009, to EUR 4.03 billion. SevenOne Media was especially able to capitalize on the German stations' performance in the fourth quarter to lift its gross advertising revenues (+11.7 percent to EUR 1.34 billion).

The decline in advertising investments also slowed in the Group's international TV advertising markets. TV advertising investments for the year were especially down in the Nordic and Eastern European countries. The table below provides a summary. It should be borne in mind that some of the data are based on gross figures, and therefore give only a limited idea of what the associated net figures will prove to be.

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

| | 2009<br>EUR m | Change from 2008<br>in percent | Q4 2009<br>EUR m | Change from Q4 2008<br>in percent |
|---|---|---|---|---|
| Germany | **9,389.5** | 2.9 | **3,154.6** | 9.8 |
| Austria | **628.0** | 0.8 | **198.9** | 8.7 |
| Switzerland | **621.3** | 4.0 | **206.1** | 18.5 |
| Netherlands | **779.1** | -9.0 | **253.5** | -3.3 |
| Belgium | **820.1** | 4.2 | **279.4** | 14.7 |
| Norway | **342.4** | -11.1 | **108.3** | -4.9 |
| Sweden | **413.4** | -11.8 | **133.2** | -7.5 |
| Denmark | **255.7** | -18.7 | **73.1** | -9.7 |
| Finland | **237.0** | -11.0 | **69.0** | -7.6 |
| Hungary | **1,848.8** | 7.1 | **565.0** | 7.3 |
| Romania | **200.0** | -37.0 | **73.0** | -30.3 |
| Bulgaria | **332.0** | -18.1 | **103.9** | -20.4 |

**Germany:** gross, Nielsen Media Research. **Austria:** gross, Media Focus. **Switzerland:** gross, Media Focus / exchange rate CHF 1.503054. **Netherlands:** net (after volume discounts, before agency commissions), SPOT organization. **Belgium:** gross, CIM MDB. **Norway:** net, IRM, exchange rate NOK 8.202. **Sweden:** net, IRM, exchange rate SEK 10.6. **Denmark:** net, DRRB, exchange rate DKK 7.4442. **Finland:** net, TNS Media Intelligence. **Hungary:** gross, AGB Nielsen Media Research, TV channels: 2008 = 20 / 2009 = 26 / exchange rate HUF 250. **Romania:** net, company information (benchmarked with CME quarterly reports). **Bulgaria:** gross (before volume discounts), TNS TV Plan / 31 TV stations included, exchange rate BGN 1.95. SevenOne Media market research, status as of February 2010.

**Development of the audience market.** The ProSiebenSat.1 Group's TV stations achieved some substantial improvements in their market position in 2009, both in the German-speaking region and in the International Free TV segment. With a 30.1 percent share of the audience between 14 and 49, the German family of stations – SAT.1, ProSieben, kabel eins and N24 – added 0.7 percentage points to its audience share in 2009 compared to the year before, and thus passed the 30 percent threshold in its core market, Germany.

Complementary programming among the German stations enables the ProSiebenSat.1 Group to serve a wide variety of viewer interests. ProSiebenSat.1 relies on a "multi-station strategy" internationally as well. One goal of this strategy is to reach further target audiences by launching new stations, and thus make additional offers to advertising clients. Another part of this approach is to use programming assets efficiently and sharpen station profiles by coordinating programming schedules to fit target audiences. One good example here is Denmark, where station 6'eren, founded in January 2009, is aimed at a male core target audience between the ages of 15 and 50. It supplements the Danish family of stations, where Kanal 5 targets the entire family and Kanal 4 focuses its appeal primarily on women. This strategy enabled the Danish stations to increase their audience share by 0.8 percentage points in 2009, to 15.3 percent. Audience shares also performed especially well during 2009 in the Netherlands (+0.2 percentage points to 27.3 percent) and Austria (+1.6 percentage points to 17.3 percent).

ProSiebenSat.1 free TV stations' audience shares by country

| in percent | Q4 2009 | Q4 2008 | 2009 | 2008 |
|---|---|---|---|---|
| Germany | **30.5** | 29.7 | **30.1** | 29.4 |
| Austria | **17.8** | 16.0 | **17.3** | 15.7 |
| Switzerland | **16.2** | 17.5 | **16.2** | 17.6 |
| Netherlands | **26.6** | 28.1 | **27.3** | 27.1 |
| Belgium | **15.9** | 16.9 | **16.2** | 18.0 |
| Norway | **12.7** | 12.5 | **12.9** | 13.2 |
| Sweden | **16.0** | 16.1 | **15.1** | 15.1 |
| Denmark | **15.3** | 14.6 | **15.3** | 14.5 |
| Finland | **2.4** | 1.3 | **2.3** | 1.2 |
| Hungary | **20.5** | 24.6 | **22.1** | 24.6 |
| Romania | **7.2** | 7.4 | **7.3** | 6.9 |

Figures for Germany, Austria and Switzerland are based on 24 hours (Mon-Sun). Audience shares in the other countries are based on extended prime time (NL, RO, FI: 6 p.m.-midnight / BE, SE, NO, DK, HU: 5 p.m.-midnight). **Germany:** SAT.1, ProSieben, kabel eins and N24; key demographic age 14-49. **Austria:** SAT.1 Österreich, ProSieben Austria, kabel eins Austria and PULS 4 (from Jan. 28, 2008); key demographic age 12-49. **Switzerland:** SAT.1 Switzerland, ProSieben Switzerland, kabel eins Switzerland; key demographic age 15-49. **Netherlands:** SBS6, Net5, Veronica; key demographic age 20-49. **Belgium:** VT4, vijfTV; key demographic age 15-44. Belgian figures refer to the region of Flanders. **Norway:** TV Norge, FEM, The Voice; key demographic age 12-44. **Sweden:** Kanal 5, Kanal 9; key demographic age 15-44. **Denmark:** Kanal 4, Kanal 5, 6'eren, The Voice; key demographic age 15-50; based on 14 commercial TV stations. **Finland:** The Voice / TV Viisi; key demographic age 15-44. **Hungary:** TV2; key demographic age 18-49. **Romania:** Prima TV, Kiss TV; key demographic age 15-44. Romanian figures are based on the urban population.

# TV Highlights in 2009

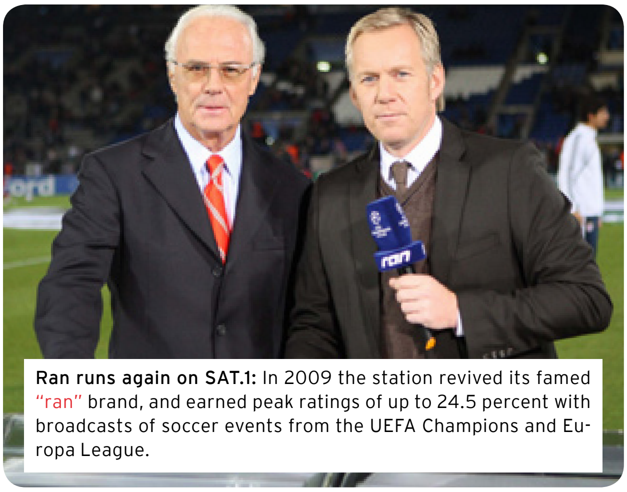
**Germany's No. 1 station for feature films:** ProSieben thrilled audiences again in 2009, and was regularly a ratings leader, with Hollywood blockbusters like "Pirates of the Caribbean: Dead Man's Chest" (37.5 percent), "The Da Vinci Code" (31.6 percent), and "Spider-Man 3" (28.6 percent).

**Queen of the ratings:** The fourth season of "Germany's next Topmodel – by Heidi Klum" reached a new high in 2009, with an average audience share of 24.2 percent. In the biggest live finale of any German contest show, Sara Nuru was crowned "Germany's next Topmodel" for 2009 at the Lanxess Arena in Cologne.

**Award winners:** SAT.1 and ProSieben won six German Comedy Prizes in 2009. The Best Sketch Comedy of 2009 is on SAT.1: "Ladykracher," with Anke Engelke. The comedy show earned audience shares of up to 13.9 percent.

**More successful than ever:** In 2009, kabel eins drew the best audience share in its history, 6.1 percent. Series in afternoon and prime lead-in slots contributed to this success. For example, the sitcom "Two and a Half Men" earned audience shares of up to 20.3 percent.

**Brand strength:** Finnish station TV Viisi boosted its brand recognition among audiences between 15 and 24 in 2009. Its ratings highlights included the model casting show "Malliksi päivässä," with an audience share of up to 12.6 percent.



**Ran runs again on SAT.1:** In 2009 the station revived its famed "ran" brand, and earned peak ratings of up to 24.5 percent with broadcasts of soccer events from the UEFA Champions and Europa League.

**Belgian crafting:** The reality series "The Block" delighted VT4 viewers. The DIY show earned audience shares of up to 27.2 percent.

**Star quality:** In the Netherlands an average of 28.4 percent of viewers in the key demographic group between the ages of 20 and 49 tuned in to cheer the candidates on, as "POPSTARS" on SBS 6 continued its search for the next major band. In Germany, a total of 2.46 million viewers watched the 2009 POPSTARS finale, which ultimately gave the nod to the duo "Some & Any."

**V.I.P.!** The comedy show "Mondenii" on Prima TV in Romania earned exclusive audience shares of up to 8.8 percent in 2009. The in-house production has been cracking up audiences with sketches on Romanian celebrities ever since its debut three years ago.

**Top-News:** News station N24 reconfirmed its market lead in Germany, with an average audience share of 1.3 percent of the key demographic between the ages of 14 and 49 for 2009.

**Bon appétit!** Up to 30.6 of the key demographic between the ages of 12 and 44 whetted their appetites with the Norwegian cooking show "4 stjerners middag" on TV NORGE.

**Family life:** Getting families back on track and lending new vibrancy to the everyday – that's Baroness Caroline Fleming's mission on Kanal 4. Up to 10.0 percent of the key demographic group helped her along, watching the Danish lifestyle/entertainment show "Baronessen flytter ind."

# Business Performance in 2009

## CHANGES IN SCOPE OF CONSOLIDATION AND ORGANIZATIONAL MEASURES

The ProSiebenSat.1 Group's scope of consolidation did not change significantly in the financial year 2009. However, given the tense macroeconomic situation, extensive measures were taken to optimize the Group's organization and enhance its efficiency. Most of the measures concerned the Group's main market, Germany: pooling free TV activities in the German Free TV Holding, integrating the marketing activities for TV (SevenOne Media) and new media (SevenOne Interactive), and centralizing holding-company functions. The new setup of the German Free TV and Sales units and of the Group holding company was mainly completed on schedule in the first half of 2009. Also in the free TV International segment the pooling of operations was advanced in order to make better use of know-how and synergies. For this reason, transnational working groups were established as well as semi-annual senior executive meetings and workshops.

### Portfolio and investment projects

January - December 2009

#### Free TV German-speaking Segment

- MAZ & more production subsidiary founded on January 1, 2009, SAT.1's central editorial staff transferred to a new company
- New Playout Center begins operations in April 2009 at the Munich site
- German Free TV organization launched on July 1, 2009
  › Berlin site moved to Munich
  › TV, marketing and holding-company functions centralized
- Sales subsidiaries for online and TV services merged under SevenOne Media as of June 3, 2009
- SevenOne AdFactory founded on July 1, 2009 – a sales company specializing in integrated cross-media services
- Sale of ProSiebenSat.1 Berlin Produktion GmbH
  › Deconsolidated as of July 1, 2009

#### Free TV International

- 6'eren, a new TV station in the Danish market, goes on the air in January 2009

#### Diversification Segment

- Sale of solute GmbH (Internet portal billiger.de)
  › Deconsolidated as of January 1, 2009
- Radio
  Acquisition of SBS Radio HNV AB in Sweden
  › Fully consolidated as of January 20, 2009

January - December 2008

#### Free TV German-speaking Segment

- N24 upgraded: New, multimedia technology
- Production subsidiary Redseven Entertainment founded in May 2008
- ProSiebenSat.1 Produktion signs IT outsourcing agreement with IBM
  › June 2008: Cornerstone laid for new Playout Center in Munich

#### Free TV International

- Broadcasting Text International (BTI) sold in July 2008

#### Diversification segment

- Sale of CMore Group AB (CMore)
  › Deconsolidation in November 2008

Online network:

- Acquisition of all of Fem Media GmbH, which operates fem.com Web portal
  › Fully consolidated as of April 2008
- Acquisition of another 60 percent stake of lokalisten media GmbH, operator of lokalisten.de Web portal
  › Fully consolidated as of May 2008
- Acquisition of a 25.1 percent stake in autoplenum.de in September 2008
- oktoberfest.de Web portal sold in December 2008
- Online and VoD operations expanded, especially with international rollout (MyVideo, SevenGames, maxdome)

Joint venture founded as of June 1, 2008, with United Internet for maxdome Video on Demand portal

Radio network expanded with acquisitions:
- Acquisition of TV2 Saturn AS in Norway
  › Radio Norge fully consolidated as of March 2008
- Radio Nova founded in Denmark
  › Nova FM in Denmark fully consolidated as of July 2008

9Live International expands

## COMPARISON OF ACTUAL AND PROJECTED BUSINESS DEVELOPMENTS

Given the uncertain overall market environment in Europe, visibility was extraordinarily low in our markets in 2009, and clients booked advertising time on especially short notice. For that reason, the ProSiebenSat.1 Group declined to issue a business projection for 2009, and announced only a target for cost reductions.

**Financial key figures for internal control and external reporting:**
Two important financial key indicators for the ProSiebenSat.1 Group are recurring EBITDA and net financial debt; see page 54 for more information. To evaluate the Group's profitability and financial condition, it also primarily uses the operating margin (recurring EBITDA margin) and the Group's leverage (ratio of net financial debt to recurring EBITDA for the past twelve months). Analysts' estimates also often look at recurring costs (total costs less non-recurring effects and depreciation and amortization) and underlying net income (the consolidated profit or loss after taxes and minority interests, excluding non-recurring effects, non-cash currency measurements and impairment). For that reason, the performance of these key figures is also described on the following pages so as to provide a picture of the Group earnings, financial position and performance.

- **2009 efficiency target.** Back in the fourth quarter of 2008, the ProSiebenSat.1 Group already began an extensive program of cost-cutting and organizational optimization measures to counteract the revenue decline that the economic crisis was expected to cause. The changes included moving large portions of the Berlin site to Munich and further centralizing TV operations under German Free TV Holding in Munich. The 2008 program aimed to cut recurring costs of at least EUR 100 million in the financial year 2009. Thanks to additional measures taken during 2009, the Group outperformed its original efficiency target; when the first-half figures were released, management raised the prospect of cutting recurring costs for 2009 by a total of about EUR 200 million. By the year-end, the ProSiebenSat.1 Group had saved EUR 221.3 million in costs (reduction of recurring costs compared to the previous year's figure adjusted for CMore). Thus the Group outperformed its own efficiency enhancement target.

| | |
|---|---|
| November 2008 | 2008/09 Change Program adopted<br>• 2009 recurring costs to be cut by EUR 100 million<br>• New setup of sales, free TV and holding company activities in Germany |
| June/July 2009 | SAT.1 moved to Munich. TV, sales, and corporate functions are centralized at the Munich site. Changes are completed on schedule in the first half of 2009. |
| August 2009 | New efficiency goal of EUR 200 million adopted for financial year 2009 |
| November 2009 | • Additional revenue-generating measures announced<br>• First "Media for Revenue Share" project completed – an innovative sales concept to attract new TV advertisers, marketing free advertising time in return for a share of revenue. |

- **Analysts' consensus – Earnings expectations.** Based on preliminary figures for the financial year 2009, the ProSiebenSat.1 Group significantly exceeded earnings expectations for 2009. The Group informed the capital market of the positive outcome for the year in an ad hoc release on February 10, 2010. Recurring EBITDA improved to EUR 696.5 million in 2009 and was thus well above the consensus estimates for adjusted operating profit. The consolidated profit for the year, after taxes and minority interests, was also above the analysts' consensus, growing to EUR 144.5 million. This positive performance resulted from higher advertising revenues in the fourth quarter of 2009, especially in the Group's core market, Germany.

# Highlights of 2009

## THE COMPANY

### >> SAT.1 moves to Munich, Group operations integrated

The move of SAT.1 from Berlin to Munich means that since July of 2009, all of German Free TV Holding's general interest stations have also been combined in a single place. Almost all of the stations' operations are organized in a matrix structure. Pooling their resources and know-how allows them to do business more efficiently. The ProSiebenSat.1 Group is also pushing the advantages of integrated organization by combining more of its central corporate functions, such as accounting and human resources management.

SevenOne Media

### >> Integration of SevenOne Media and SevenOne Interactive

Since mid-2009, Germany's largest TV ad sales company and its third-largest marketer of online ad space have been combined in a company named SevenOne Media GmbH. The merger of Seven-One Media and SevenOne Interactive offers clear advantages for advertisers and agencies. With "one face to the customer," the new company offers them a single, centralized contact for television and online sales.

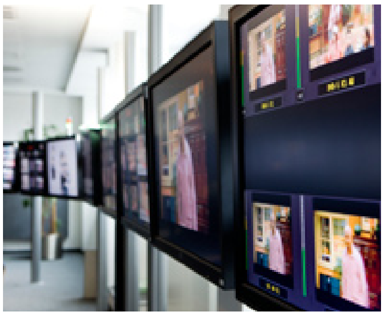
SevenOne AdFactory

### >> SevenOne AdFactory founded

ProSiebenSat.1 responded to the advertising industry's steadily growing demand for cross-media advertising services by founding a subsidiary to focus specifically on integrated cross-media advertising on July 1, 2009. SevenOne AdFactory offers networked communication solutions from one source for all aspects of TV, online, mobile and licensing.

### >> Changes in membership of the Executive Board

Thomas Ebeling assumed responsibility as CEO of ProSiebenSat.1 Media AG as of March 1, 2009. CFO Axel Salzmann had served as interim CEO until Mr. Ebeling took office. Patrick Tillieux left the Executive Board of ProSiebenSat.1 Media AG as of June 30, 2009. As Chief Operating Officer, he had been responsible for the Group Operations, International Free TV, International Pay TV, Radio and Print areas. A further change in the Executive Board came on July 31, 2009, with the departure of Klaus-Peter Schulz, responsible for Sales & Marketing in the Group's German-speaking countries, and for coordinating the Group's international sales activities.



### >> Digital Playout Center starts operation

The ProSiebenSat.1 Group's Playout Center went into operation in April 2009. It includes a file-based programming archive and tapeless broadcasting capability. It enables ProSiebenSat.1 to exploit all types of content on all media platforms, faster and at lower cost.

## OUR BRANDS AND BUSINESS OPERATIONS

### >> German TV stations reach more than 30 percent of TV audiences from age 14 to 49

The Group's German TV stations had an average audience share of 30.1 percent in 2009, outperforming the previous year's average. Concentrating TV operations in Munich helped the stations coordinate their programming schedules better and sharpen their profiles. In international operations, the station groups in the Netherlands and Denmark did a particularly good job of raising their ratings among the key demographic.

### >> Contracts with programming suppliers in Germany extended

In 2009 ProSiebenSat.1 signed licenses for German-speaking Europe with partners such as Sony Pictures International, CBS International Television, New Regency subsidiary Monarchy, the Tele München Group, and – for the first time in 14 years – a long-term license agreement with Twentieth Century Fox.

### >> International relationships with film studios expanded

ProSiebenSat.1 expanded its relationships with film studios in its international operations as well in 2009. An exclusive deal with Sony landed attractive feature films for Belgian stations VT4 and VIJFtv. Stations in the Netherlands, Belgium, Hungary and Romania signed long-term agreements with CBS International. In addition to blockbusters from Universal, Hungarian station TV2 also tied down the free TV rights for the UEFA Champions League until 2012.


### >> SevenOne International has programming sales successes abroad

SevenOne International successfully placed programming in other countries again in 2009. For example, ProSiebenSat.1's international program sales company sold the hit concept of "Schlag den Raab" to broadcasters in Spain, Croatia and Hungary.


### >> ProSiebenSat.1 launches new station in Denmark

New Danish station 6'eren went on the air on January 1, 2009. Targeting men between 15 and 50 years, the station emphasizes topics from science and research to action shows and sports events.

### >> "Media for Revenue Share" attracts wide interest

A new business model: companies that have never advertised on TV before get broadcast time for spots, and in return, ProSiebenSat.1 gets a share of the company's revenues or of the company itself. The "Media for Revenue Share" model is arousing lively interest in the market.

### >> Growth drivers: Games and music

Music was an important growth driver in the Diversification unit. The band a-ha went platinum, and albums and singles by Chris de Burgh, Westernhagen and Queensberry went gold. Online gaming operations are also doing a successful business, and were expanded again.

Playoutcenter_Photo © Kalle Singer

Effect of acquisitions and dispositions – disposal of CMore:

The Nothern European pay TV unit CMore was deconsolidated in November 2008. Before the deconsolidation, CMore was reported in the Diversification segment, where the Company's business activities, which are largely independent from TV advertising revenues, are concentrated. Key figures are adjusted for CMore. CMore was first consolidated in context with the acquisition of SBS.

## GROUP EARNINGS

### REVENUE PERFORMANCE

The consolidated revenues of the ProSiebenSat.1 Group were down 9.6 percent against the previous year, to EUR 2.761 billion (previous year: EUR 3.054 billion). On a comparable basis – meaning after adjustment for the deconsolidation of CMore – consolidated revenues for 2009 were EUR 161.4 million less than the year before, a 5.5 percent decrease (previous year adjusted for CMore: EUR 2.922 billion). The primary reason for the lower revenues was the difficult macroeconomic environment in 2009.

In the fourth quarter of 2009, however – the most important period for the ProSiebenSat.1 Group's revenue and earnings performance – the Group's revenues were slightly higher than a year earlier, at EUR 880.5 million (Q4 2008: EUR 876.8 million; Q4 2008 adjusted for CMore: EUR 864.6 million). Most of the change resulted from an increase in TV advertising revenues in the German core market. Fourth-quarter revenue performance also improved against the first nine months of the year in the International Free TV and Diversification segments.

Key figures for the financial year 2009

| | | ProSiebenSat.1 excl. CMore | CMore | ProSiebenSat.1 incl. CMore 2008 |
|---|---|---|---|---|
| EUR m | 2009 | 2008 | 2008 | 2008 |
| Consolidated revenues | 2,760.8 | 2,922.2 | 132.0 | 3,054.2 |
| Total costs | -2,310.7 | -2,735.0 | -116.0 | -2,851.0 |
| Cost of sales | -1,605.2 | -1,781.1 | -86.2 | -1,867.3 |
| Selling expenses | -395.9 | -427.0 | -22.9 | -449.9 |
| Administrative expenses | -309.6 | -526.9 | -6.9 | -533.8 |
| Recurring costs | -2,077.5 | -2,298.8 | -114.3 | -2,413.1 |
| Consumption of programming assets | -1,068.6 | -1,181.5 | -65.6 | -1,247.1 |
| Recurring EBITDA (1) | 696.5 | 656.8 | 17.7 | 674.5 |
| Non-recurring items (net) (2) | 73.5 | 55.1 | 1.1 | 56.2 |
| EBITDA | 623.0 | 601.7 | 16.6 | 618.3 |

(1) Recurring EBITDA: EBITDA not including non-recurring items. CMore deconsolidated in November 2008.
(2) Non-recurring expenses netted against non-recurring income.

Seasonality:

Although visibility in the TV advertising market as a whole is limited, the ProSiebenSat.1 Group's business shows a certain seasonality. Seasonal fluctuations are largely reflected in audience shares – i.e., the reach of TV programs and thus of their advertising spots. Since both television use and propensity to spend grow during the Christmas shopping season, the ProSiebenSat.1 Group books a large share of its TV advertising revenues in the fourth quarter. Each year a total of about 30 percent of revenues, and about 40 percent of recurring EBITDA, are generated in the fourth quarter.

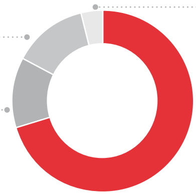
- **Revenues by segment.** The global economic crisis had varying effects on the advertising industry's willingness to spend in the ProSiebenSat.1 Group's individual markets. While external revenues for 2009 were down only slightly from a year earlier in the Free TV German-speaking segment (EUR –37.7 million, or –2.2 percent), revenues in the markets consolidated in the Free TV International segment decreased EUR 92.1 million, or 11.6 percent.

  At the same time, the relative proportions among revenue sources (free TV financed by advertising, diversification) remained largely stable against the comparable figures from the year before, after adjustment for CMore. The Group's core business – commercial television financed through advertising – accounted for a total of 87.0 percent of revenues (previous year: 82.9 percent; previous year adjusted for CMore: 86.7 percent). The Diversification segment's contribution to consolidated revenues was 13.0 percent (previous year: 17.1 percent; previous year adjusted for CMore: 13.3 percent).

- **Revenues by region.** The geographic distribution of revenues likewise did not change significantly after adjustment for CMore. German-speaking Europe remains the most important region for revenues, with 69.5 percent (previous year: 67.7 percent), followed by the Netherlands and Belgium, at 14.2 percent (previous year: 14.3 percent), and Northern Europe at 12.1 percent (previous year: 12.3 percent).

Revenues by region

In percent // 2008 figures in parentheses (not including CMore)




(1) Northern Europe: 2008 figures do not include CMore revenues in Northern Europe. CMore revenues for 2008 came to EUR 132.0 million.

## INCOME AND EXPENSES

For further information on other operating income, see Notes to the consolidated financial statements, no. 12.

**Other operating income.** Other operating income came to EUR 25.4 million, compared to EUR 63.2 million in 2008. Other operating income for the financial year 2009 mainly comprised non-recurring income from the sale of solute GmbH, and from the liquidation of large portions of the Berlin site. Total non-recurring income came to EUR 12.2 million (previous year: EUR 29.9 million). The prior-year figure largely reflects positive non-recurring effects from the sale of CMore and the BTI international subtitling service.

**Total costs.** The ProSiebenSat.1 Group responded early to declining revenues by establishing sustainable cost management, and optimized its costs in all areas. Total costs – comprising cost of sales, selling expenses and administrative expenses, including depreciation, amortization and non-recurring expenses – were down a total of 19.0 percent, to EUR 2.311 billion (previous year: EUR 2.851 billion). After the comparable figure from last year is adjusted for CMore's contribution of EUR 116.0 million to costs, total costs were down EUR 424.3 million, or 15.5 percent.

2008 impairment:
Administrative expenses for the financial year 2008 include impairments of SBS goodwill. Under IAS 36, recognized goodwill must be tested at least once a year for impairment. See Notes to the consolidated financial statements, no. 18.

- **Depreciation and amortization:** Depreciation and amortization, at EUR 147.5 million, was EUR 204.3 million less than in 2008. The large figure for the previous year includes EUR 180.0 million in impairment of SBS goodwill, which was included among administrative expenses. Total amortization for purchase price allocations in 2009 came to EUR 64.6 million (previous year: EUR 70.4 million).

- **Non-recurring costs:** The non-recurring costs of EUR 85.7 million included in total expenses were at almost the same level as a year earlier (2008: EUR 86.1 million). These expenses for 2009 resulted primarily from additional efficiency enhancement measures, especially for integrating the Berlin departments at the Munich site. The most important costs here were for staff adjustments. Other one-time costs that resulted from the moving of large portions of the Berlin site to Munich came from team-building and continuing education programs, as well as moving costs at the headquarters in Munich. The non-recurring costs also include start-up costs to position the German full-service stations in HD distribution. Since February 2010, the stations SAT.1, ProSieben and kabel eins have been broadcasting in high definition (HD) via the new HD+ service. At the same time, the stations will continue broadcasting in standard definition. Further sources of non-recurring costs in 2009 were the introduction of central purchasing structures, the pooling of Group-wide development, sales and production activities under Red Arrow Entertainment Group, and the sale of ProSiebenSat.1 Berlin Produktion GmbH.

**Recurring costs.** Recurring costs – meaning total costs less non-recurring expenses, depreciation and amortization – were 13.9 percent lower than a year earlier, at EUR 2.077 billion (previous year: EUR 2.413 billion). The 2008 figure includes EUR 114.3 million in recurring costs for CMore. The decrease of EUR 221.3 million, or 9.6 percent, against the comparable value adjusted for CMore is the result of systematic cost management in all departments:

- Cost of sales, the ProSiebenSat.1 Group's largest cost unit, was down EUR 173.9 million, or 10.0 percent, against the previous year's figure adjusted for CMore, to EUR 1.559 billion. The consumption of programming assets, which is also included in this item, decreased EUR 112.9 million, or 9.6 percent, to EUR 1.069 billion (previous year adjusted for CMore: EUR 1.181 billion).

Marketing expenses, page 88.
Personnel expenses, page 82.

- The ProSiebenSat.1 Group's administrative and selling expenses were down EUR 47.4 million, or 8.4 percent, against the previous year's figure adjusted for CMore, to EUR 518.0 million. The primary reason for the substantial decrease in administrative and selling expenses was efficiency enhancements resulting from improvements in processes and in the Group's organizational structure. In Germany especially, administrative expenses were saved by moving large parts of the Group's Berlin operations and by introducing a cross-function matrix organization in free TV operations. The move of SAT.1 to Munich means that as of July 2009, all German full-service stations have been combined at a single location under German Free TV Holding. Sharing resources and know-how enables ProSiebenSat.1 to realize additional synergies and make better use of its stations' creative potential. The Group also achieved cost synergies by centralizing such departments as human resources and accounting at Munich headquarters. A more efficient setup was established in German sales operations as the online sales subsidiary was merged into SevenOne Media GmbH.

Recurring costs[1] – adjusted for CMore


Cost of sales  Selling expenses  Administrative expenses

[1] Adjusted for non-recurring expenses and depreciation and amortization

**Marcus Strohmayr,** Executive Vice President Corporate Controlling

>> Given general conditions in the European advertising markets, cost management became especially important. Pooling our stations' activities in Germany under a single roof, and pooling our sales activities for online and TV, show how we optimized our efficiency. Our efforts will continue to have a positive impact on our cost structure in the future. <<

**Recurring EBITDA.** The above cost reductions compensated for the revenue decrease in 2009, so that the ProSiebenSat.1 Group was able to improve its profitability even amid a difficult market environment. Recurring EBITDA (EBITDA adjusted for non-recurring items), at EUR 696.5 million, was up 3.3 percent from the previous year's equivalent of EUR 674.5 million, and up EUR 39.7 million, or 6.0 percent, against the prior-year figure of EUR 656.8 million adjusted for CMore. The recurring EBITDA margin improved to 25.2 percent (previous year: 22.1 percent; after adjustment for CMore: 22.5 percent).

EBITDA – earnings before interest, taxes, depreciation and amortization, including non-recurring items – was EUR 623.0 million, compared to EUR 618.3 million for the year before (+0.8 percent). CMore had contributed EUR 16.6 million to consolidated EBITDA in 2008. The following table provides a reconciliation of operating earnings (without adjustment for CMore in 2008) before and after non-recurring expenses:

## Reconciliation of recurring EBITDA

| EUR m | 2009 | 2008 |
|---|---|---|
| Pre-tax result | 231.0 | -68.4 |
| Financial result | 244.5 | 334.9 |
| **Operating profit** | **475.5** | **266.5** |
| Depreciation and amortization [1] | 147.5 | 351.8 |
| (including: from purchase price allocations) | 64.6 | 70.4 |
| **EBITDA** | **623.0** | **618.3** |
| Non-recurring items (net) [2] | 73.5 | 56.2 |
| **Recurring (adjusted) EBITDA** | **696.5** | **674.5** |

[1] Amortization of intangible assets and depreciation of property, plant and equipment. [2] Non-recurring expenses (EUR 85.7 million; 2008: EUR 86.1 million) less non-recurring income (EUR 12.2 million; 2008: EUR 29.9 million).

Other financial result:
The other financial result comprises various expenses and income for the Group's financing activity. These include foreign exchange fluctuations and the resulting impact on profits also in the "non-euro" Group companies. See page 99f for more information.

**Financial result.** The financial result comprises the net interest result, other financial expenses and the profit or loss from investments reported at equity. It came to EUR -244.5 million in the financial year 2009, an improvement of EUR 90.4 million, or 27.0 percent, against 2008, particularly as a result of lower interest expenses. Most of the decrease in interest expenses resulted from more favorable interest rates. A further positive effect came from the Group's lower average debt. In total, the net interest expense was EUR 24.8 million less than a year earlier, at EUR -230.6 million (+9.7 percent).

A second reason for the better financial result was the improvement in the other financial result of EUR 71.0 million against the previous year's figure, to EUR -9.1 million (+88.6 percent). The main reason was income of EUR 11.3 million from currency translation (previous year: expenses of EUR 81.7 million). These non-cash changes result from the foreign currency translation of a portion of Term Loan B for the SBS financing drawn in euros in Sweden. The Swedish krona gained value in 2009 against the year before.

**Consolidated profit for the year.** The above changes resulted in a significant increase of EUR 299.4 million in the profit before taxes, to EUR 231.0 million.

The tax expense for 2009 came to EUR 80.8 million, compared to EUR 57.1 million for the year before. After taxes and minority interests of EUR 5.7 million (previous year: EUR -3.7 million), the Group thus showed a profit of EUR 144.5 million for the year. A year earlier, the consolidated loss attributable to equity holders of ProSiebenSat.1 Media AG came to EUR 129.1 million. Earnings per preferred share for 2009 came to EUR 0.68 (previous year: EUR -0.58). The loss for 2008 was primarily the consequence of the impairment of SBS goodwill that has already been mentioned. Larger foreign currency translation effects, which were likewise non-cash in nature, also played a role. The underlying net income adjusted for these effects improved 8.5 percent for 2009, to EUR 184.8 million (previous year: EUR 170.4 million). Referred to underlying net income, earnings per preferred share in 2009 thus grew 10.1 percent, to EUR 0.87 (previous year: EUR 0.79).

## Reconciliation of underlying net income

| EUR m | 2009 | 2008 |
|---|---|---|
| **Net result (after minority interest)** | 144.5 | -129.1 |
| Goodwill Impairment | -/- | 180.0 |
| Non-cash currency valuation / Other | -9.9 | 66.6 |
| Purchase price allocations (after tax)* | 50.2 | 52.9 |
| **Underlying net income** | **184.8** | **170.4** |

* Amortization from purchase price allocations before tax: EUR 64.6 million (previous year: EUR 70.4 million).

## PRINCIPLES AND OBJECTIVES OF FINANCIAL MANAGEMENT

The prevailing objectives of financial management at the ProSiebenSat.1 Group 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.

Risk report, page 93.

Risk control and the centralized management and coordination of funding are key principles underpinning the ProSiebenSat.1 Group's financial management. The financial management of the ProSiebenSat.1 Group is therefore centrally managed by the Treasury department of ProSiebenSat.1 Media AG. It manages the financial activities of the entire ProSiebenSat.1 Group and coordinates the managing directors responsible for finance and the employees dealing with treasury issues at the international subsidiaries around the world.

The financial management of the ProSiebenSat.1 Group covers the capital structure management respectively 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 ProSiebenSat.1 Group's capital structure and funding is organized by employing a range of financial instruments. These include equity or equity-like instruments as well as debt instruments. The choice of funding instruments used takes into account the level of market receptivity, terms and conditions, flexibility or restrictions, diversification of 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.

- The ProSiebenSat.1 Group uses **cash and liquidity management** to optimize and centralize its cash flows and safeguard its liquidity at all times. An important cash management tool is cash pooling. As part of the liquidity management process it uses a rolling, groupwide liquidity planning to capture and forecast both operating cash flows and cash flows from non-operating activities (such as financial transactions) and to identify any liquidity surpluses or shortages. Liquidity requirements are covered either by existing cash positions or by the revolving credit facility of EUR 600.0 million available to ProSiebenSat.1 Media AG.

- The **management of market price risks** in the ProSiebenSat.1 Group comprises interest-rate and currency management. It is conducted and coordinated centrally and has the task of mitigating the impact of interest volatility on the profitability of the ProSiebenSat.1 Group and its operating entities. To this end it uses cash instruments as well as derivatives such as conditional and unconditional forward transactions. However, these instruments are only 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 ensures that its business is widely diversified involving counterparties of sufficiently high credit quality. For this purpose it uses tools such as external credit ratings supplied by international agencies. Its credit 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.

**Ralf P. Gierig,** Executive Vice President Group Finance & Investor Relations

» Management of the financial leverage ratio forms a particularly important part of the ProSiebenSat.1 Group's capital structure management. Leverage – which we calculate as the ratio of net financial debt to recurring EBITDA over a twelve-month period – is prospectively determined and sensitized using the budget and long-term plan. This enabled us to devise and implement the appropriate measures on a timely basis even in a recessionary economic environment such as the one we witnessed in 2009, and these measures actually enabled us to improve our leverage ratio during this difficult year. «

## FINANCING ANALYSIS

### Net financial debt

Net financial debt – which is defined as the total loans and borrowings minus cash and cash equivalents and current financial assets – fell by EUR 112.1 million year on year to EUR 3.295 billion as at December 31, 2009. Most of this decrease was attributable to the growth in cash and cash equivalents, which increased by EUR 104.5 million to EUR 737.4 million. The ProSiebenSat.1 Group's liquidity was improved by the year-on-year reduction in the dividend paid and by the improvement in the company's financial performance.

Cash flow statement, page 75.

Short-term loans and borrowings came to EUR 497.2 million as at December 31, 2009 (December 31, 2008: EUR 516.7 million). Long-term loans and borrowings amounted to EUR 3.535 billion as at December 31, 2009 (December 31, 2008: EUR 3.523 billion). Altogether current and non-current loans and borrowings totaled EUR 4.032 billion at the end of 2009 (December 31, 2008: EUR 4.040 billion).

**Leverage:** The ProSiebenSat.1 Group's ratio of net financial debt to recurring EBITDA had improved to 4.7 times at the end of 2009, while net financial debt had amounted to 5.1 times recurring EBITDA at the end of 2008. The improvement of this key performance indicator was attributable to the year-on-year net financial debt reduction and the increase in recurring EBITDA.

Net financial debt


In June 2007, the ProSiebenSat.1 Group carried out the acquisition of SBS – the largest acquisition in its history. The transaction was financed entirely out of a secured syndicated credit facility, which originally totaled EUR 4.2 billion.

### Debt financing and financing structure

63.2 percent of the ProSiebenSat.1 Group's financial debt in 2009 consists of long-term loans and borrowings (2008: 64.6 percent) while 8.9 percent of its financial debt constitutes short-term loans and borrowings (2008: 9.5 percent). The financing structure in 2009 did not significantly change compared to 2008.

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

**Secured syndicated facilities agreement.** Part of ProSiebenSat.1 Group's funding comprises various secured term loans originally totaling EUR 3.600 billion with maturities in July 2014 (Term Loan B) and July 2015 (Term Loan C). The amount of Term Loan B decreased from its original EUR 1.800 billion to EUR 1.771 billion after part of this loan that had been made available in Swedish kronas was redenominated in euros (new loan currency) in the fourth quarter of 2009. Since this loan portion was redenominated, all term loans have been drawn in euros. In addition, the secured syndicated facilities agreement includes a revolving credit facility (RCF) with a facility amount of EUR 600.0 million and a maturity in July 2014.

The ProSiebenSat.1 Group had entered into the secured syndicated facilities agreement originally totaling EUR 4.200 billion (now EUR 4.171 billion) to finance its acquisition of SBS in June 2007.

The ProSiebenSat.1 Group can draw down varying amounts in various currencies under the existing revolving credit facility for general corporate purposes. These include cash borrowings for necessary capital expenditure as well as bank guarantees for advance payments and warranties. All borrowings to date have been solely disbursed in euros.

Two RCF lenders have been unable to meet their contractual obligations since autumn 2008 as a result of the global financial crisis. Consequently, the credit facility currently available (including the amounts already borrowed from these two lenders) now amounts to EUR 594.7 million. Because it can be assumed that these lenders will no longer participate in this facility if amounts are reborrowed, the repayment of the outstandings lender revolving credit facility would presumably reduce the facility by a total of EUR 32.7 million to EUR 567.3 million.

Including the utilization of bank guarantees totalling EUR 30.8 million, EUR 528.0 million of the revolving credit facility had been drawn at December 31, 2009. EUR 540.6 million of the facility (including bank guarantees of EUR 43.4 million) had been drawn at December 31, 2008. However, the cash of EUR 497.2 million that had been drawn under the revolving credit facility by the end of both 2008 and 2009 was more than offset by the ProSiebenSat.1 Group's cash and cash equivalents of EUR 737.4 million (December 31, 2009), respectively EUR 632.9 million (December 31, 2008).

Some 78 percent of its term loans are hedged by a variety of interest-rate swaps. The average (fixed) swap rate amounts to roughly 4.6 percent per annum. The interest rates payable on the unhedged term loans and on the amounts drawn under the RCF are variable and are based on Euribor money market rates. The additional margin payable to the lenders in 2009 amounted to 1.875 percent per annum for Term Loan C and 1.75 percent per annum for both Term Loan B and for the RCF.

**Mortgage loan.** Various mortgage loans used to finance buildings in Berlin were fully repaid in 2009. An amount of EUR 30.5 million had been outstanding from these loans as at December 31, 2008.

## GROUP-WIDE CORPORATE FINANCING

The secured syndicated facilities agreement on Term Loan B and C and on the revolving credit facility (RCF) requires ProSiebenSat.1 Group to comply with certain financial key figures (financial covenants).

The ProSiebenSat.1 Group must maintain a specific ratio of its consolidated net financial debt to consolidated EBITDA (each as defined in the facilities agreement). Furthermore, the ProSiebenSat.1 Group is obliged to maintain a certain ratio of its consolidated EBITDA to consolidated net interest result (each as defined in the facility agreement). Compliance with the financials is reviewed quarterly for the respective previous twelve-month period. The ProSiebenSat.1 Group has complied with these key figures in the financial year 2009.

Noncompliance with these figures give rise for early termination. However, the ProSiebenSat.1 Group's facilities agreement also allows the Group to prevent impending breaches of the key figures requirements, or to cure existing ones, by contributing equity or equity-like funds in the form of subordinated loans ('equity cure') within certain periods. Such an addition of equity or equity-like funds is treated as an increase in consolidated EBITDA (LTM recurring EBITDA) for the purposes of calculation compliance with the financial covenants.

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

**Leases.** The ProSiebenSat.1 Group has concluded lease contracts for property it uses at the Unterföhring site. This real estate is capitalized as property, plant and equipment and the respective leasing obligations are recognized as other financial liabilities. Although these leases are not due to expire until at least 2019, the relevant interest-rate conversion dates (end of the fixed-interest periods) may be earlier. In addition, the Company has leased equipment for smaller amounts that are also classified as finance leases. The ProSiebenSat.1 Group reported leases totaling EUR 126.7 million as finance leases at December 31, 2009.

**Off-balance-sheet financing instruments.** The ProSiebenSat.1 Group had no essential off-balance-sheet financing investments during the reporting year.

## ANALYSIS OF LIQUIDITY AND CAPITAL SPENDING

### Cash flow statement

For a multi-year comparison, see the inside front cover.

The ProSiebenSat.1 Group's cash flow statement shows the generation and use of cashflows. It is broken down into cash flow from operating activities, cash flow from investing activities, and cash flow from financing activities. Cash flow from operating activities is derived indirectly from the consolidated profit or loss for the period. The cash and cash equivalents shown in the cash flow statement correspond to the cash and cash equivalents reported on the statement of financial position as at the reporting date.

For further information on cash flow statement, see notes to the consolidated financial statements, no. 30.

Cash flow statement

| EUR m | 2009 | 2008 |
|---|---|---|
| Consolidated profit/loss for the period | 150.2 | -125.5 |
| Cash flow | 1,682.9 | 1,752.2 |
| Change in working capital | 92.8 | -26.8 |
| Dividend received | 2.7 | 2.0 |
| Income tax paid | -67.6 | -118.8 |
| Interest paid | -238.2 | -267.2 |
| Interest received | 4.9 | 17.4 |
| **Cash flow from operating activities** | **1,477.5** | **1,358.8** |
| **Cash flow from investing activities** | **-1,320.1** | **-1,175.0** |
| **Free cash flow** | **157.4** | **183.8** |
| **Cash flow from financing activities** | **-56.3** | **202.8** |
| Change in cash funds due to foreign exchange rates | 3.4 | -4.5 |
| Change in cash and cash equivalents | 104.5 | 382.1 |
| Cash and cash equivalents at beginning of period | 632.9 | 250.8 |
| **Cash and cash equivalents at end of reporting period** | **737.4** | **632.9** |

**Cash flow from operating activities.** The cash generated by operating activities in 2009 amounted to EUR 1.478 billion, which was a year-on-year increase of 8.7 percent or EUR 118.7 million. Cash flow from operating activities was positively affected by the Company's improved earnings situation and by the changes of EUR 92.8 million in its working capital as at December 31, 2009 (December 31, 2008: minus EUR 26.8 million). The improvement in working capital was primarily attributable to the year-on-year growth in trade payables.

Portfolio changes, page 64.

**Cash flow from investing activities.** Cash used in investing activities in 2009 came to EUR 1.320 billion compared to EUR 1.175 billion in 2008 (a year-on-year rise of 12.3 percent in net cash outflow). One factor to consider is that the figure for 2008 was affected by the net cash received from the sale of CMore. Focussing on its core competencies the ProSiebenSat.1 Group had sold the pay TV division CMore as well as BTI, an international provider of television subtitling, in 2008. These deconsolidations generated cash inflows of EUR 298.6 million. The cash received from divestments in 2009 amounted to EUR 5.5 million, most of which came from the disposal of solute GmbH.

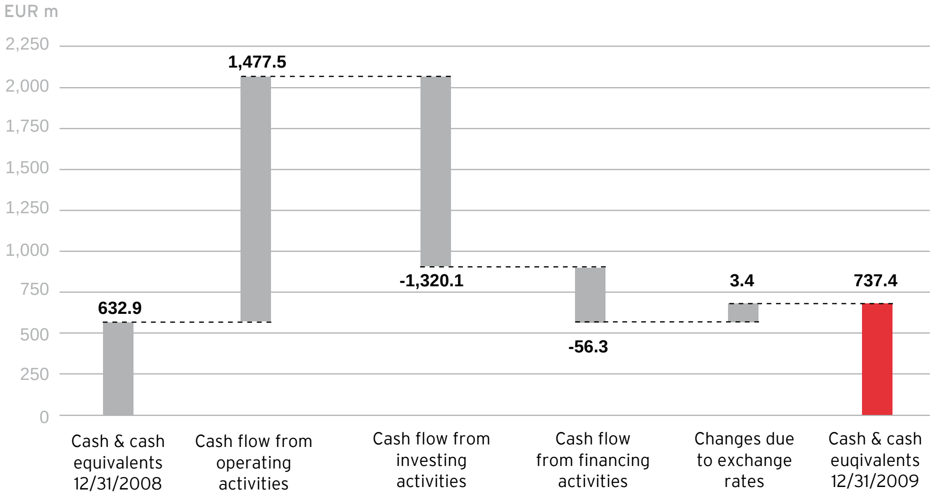
Programming investments, page 76.

Cash flow in 2009 was to a lesser extent also influenced by capital expenditure and acquisitions. 93.0 percent of its capital expenditure was invested in programming assets. This includes the acquisition of licensed programming and capital spending on commissioned and third-party productions. The ProSiebenSat.1 Group invested a total of EUR 1.227 billion in its programming assets in 2009 compared to EUR 1.397 billion in 2008, which was a year-on-year decrease of 12.2 percent. Capital expenditure on property, plant and equipment and on intangible assets came to EUR 97.4 million, which was in line with the prior-year figure. Key investment projects in 2009 included refurbishments to buildings at the Company's site in Munich and the enlargement of the new playout center. The ProSiebenSat.1 Group continued to invest in its diversification business unit, the ongoing development of its SevenGames gaming platform and in the relaunch of its ProSieben.de online presence.

The changes described above generated a **free cash flow** of EUR 157.4 million in the reporting year compared to EUR 183.8 million in 2008 (year-on-year decrease of 14.4 percent).

**Cash flow from financing activities.** Financing activities in 2009 gave rise to a cash outflow of EUR 56.3 million following a cash inflow of EUR 202.8 million in 2008. A mortgage loan of EUR 30.5 million was repaid in 2009 in connection with SAT.1's move to Munich. The Company also spent EUR 15.4 million on repurchasing some if its own preferred shares (2008: EUR 15.1 million). The payment of its dividend led to a cash outflow of EUR 2.1 million (2008: EUR 269.9 million). The net cash generated in 2008 was primarily attributable to the draw-down of EUR 497.2 million under the revolving credit facility.

Change in cash and cash equivalents




**Cash and cash equivalents.** The cash flow statement shows, on the whole, a positive development. The changes above caused cash and cash equivalents to grow by EUR 104.5 million compared to December 31, 2008 to EUR 737.4 million.

## Investment in programming

The ProSiebenSat.1 Group's investing activities concentrate on acquiring programming by buying licenses and commissioning productions. The Group aims to sustain the high quality of its content across all platforms. Capital expenditure for programming assets totaled EUR 1.227 billion in 2009 (2008: EUR 1.397 billion). The figure for 2008 includes programming investments of EUR 98.9 million for the pay TV division CMore, which was deconsolidated in November 2008. Excluding CMore, capital investment in programming was therefore 5.5 percent, or EUR 70.9 million, lower than in 2008. The German-speaking countries accounted for EUR 875.8 million, or 71.4 percent, of total capital expenditure on programming in 2009 (2008: 68.6 percent).

**Martin Mötsch,** head of programming finance at German Free TV Holding GmbH

» In difficult economic times it is especially important to closely examine every single investment in new programming and ensure that we precisely meet the taste of our viewers. Put simply, capital expenditure on programming consists of payments for new programming that we either commission or – particularly in the case of the major US studios – license in. When programs are broadcast, i.e. consumed, we recognize a figure for 'programming consumption' in the income statement. This is also often referred to by the more common term 'amortization'. Expenses in inhouse productions such as taff, Galileo, SAT.1 breakfast television and Anna und die Liebe are also recognized in the income statement and reported under the cost of sales. «

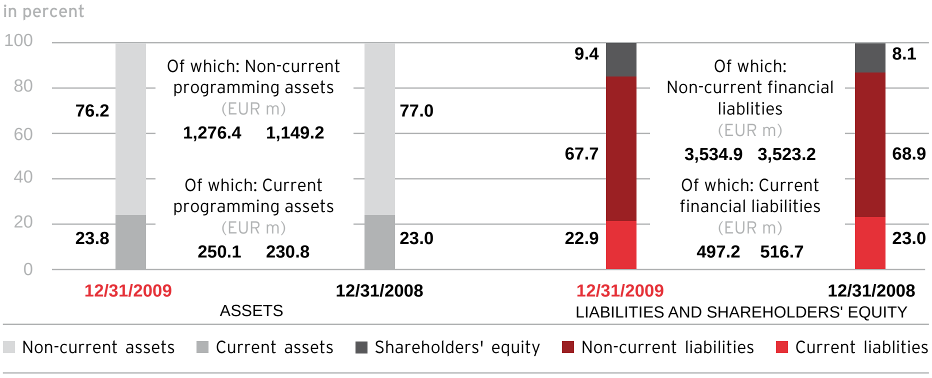
**Licensing agreements extended and new film packages acquired.** In 2009 the ProSiebenSat.1 Group signed a multi-year licensing agreement with Sony Pictures International and the New Regency subsidiary Monarchy. An agreement with The Walt Disney Company gave ProSiebenSat.1 the exclusive free-to-air TV rights to animation blockbusters produced by Disney and Pixar. The Company also obtained the exclusive free-to-air TV rights to over 30 movies from the Tele München Group. Furthermore, 2009 was the first time since 14 years that the ProSiebenSat.1 Group signed a long-term licensing agreement with Twentieth Century Fox Television for its channels in Germany, Austria and Switzerland. The Group also continued to invest selectively in attractive programming at the international level while keeping a tight grip on its costs. For example, the ProSiebenSat.1 Group acquired exclusive rights to a number of Hollywood blockbuster movies and US series from Sony Pictures (Belgium), CBS International (Netherlands, Belgium, Romania, Hungary), Regency (Belgium), Disney (Romania) and NBC Universal (Hungary). In 2009 it also managed to broaden its portfolio of broadcasting rights to show sporting events. The Hungarian channel TV 2 has been showing soccer matches from the UEFA Champions League since August 2009.

**Business relationships with content providers expanded.** Apart from acquiring licensed programming, the ProSiebenSat.1 Group invests in commissioned and external productions which, in contrast to licensed programming, can be produced on a daily or weekly basis over an extended period. Furthermore, programming produced inhouse has a higher recognition value because it is specially designed for a particular channel. The ProSiebenSat.1 Group's inhouse and commissioned productions concentrate on television films, series, entertainment formats, information bulletins, and news programs. As part of the ongoing refinement of its content strategy across the organization, the ProSiebenSat.1 Group agreed a multi-year alliance with Dick de Rijk Productions BV and The Gurin Company in 2009. Gurin will work closely with ProSiebenSat.1's production company Redseven Entertainment to produce programming formats in the area of light entertainment, reality TV and docu-soaps for the German-speaking countries and will market them in the United States, Canada, and the United Kingdom.

## ANALYSIS OF ASSETS AND CAPITAL STRUCTURE

Total assets amounted to EUR 6.175 billion as at December 31, 2009 (December 31, 2008: EUR 5.930 billion). There had been no material structural changes in the consolidated statement of financial position since the prior-year reporting date on December 31, 2008.

Balance sheet ratio




For a multi-year comparison, see the inside front cover.

Information on impairment testing in the Notes to the consolidated financial statements, no. 18.

**Non-current and current assets.** The intangible assets reported under non-current assets include in particular the goodwill recognized as part of the first-time consolidation of SBS as well as the SBS intangible assets recognized and remeasured as part of the purchase price allocation, which include broadcasting licenses and brands. These intangible assets amounted to EUR 3.015 billion as at the reporting date on December 31, 2009 compared to EUR 3.004 billion as at December 31, 2008 (+0.4%). IAS 36 requires recognized goodwill and brands to be tested for impairment at least once a year. The impairment test conducted as per December 31, 2009 gave no indication of any need to recognize impairment losses on goodwill. In 2008, by contrast, an impairment of EUR 180.0 million had been recognized on SBS's goodwill.

Alongside its intangible assets, the ProSiebenSat.1 Group's programming assets are one of the most important assets, accounting for 24.7 percent of its total assets (December 31, 2008: 23.3 percent). Non-current programming assets amounted to EUR 1.276 billion as at December 31, 2009, which was an increase of EUR 127.2 million, or 11.1 percent, on the comparative prior-year figure as at December 31, 2008. Total programming assets grew by EUR 146.5 million, to EUR 1.527 billion (+10.6%), mainly because of a low consumption of programming assets. Another reason for the increase in total assets was the significant growth in cash and cash equivalents, which increased by EUR 104.5 million, or 16.5 percent, to EUR 737.4 million.

**Shareholders' Equity.** Shareholders' Equity rose by 21.3 percent to EUR 580.8 million. The year-on-year increase of EUR 101.9 million was attributable to the ProSiebenSat.1 Group's improved performance and the lower dividend paid. The impact of the profit for the year of EUR 150.2 million was slightly offset by the repurchase of treasury shares and by the recognition of cash flow hedges in Shareholders' Equity. The equity ratio came to 9.4 percent, compared to 8.1 percent as at December 31, 2008.

**Non-current and current liabilities.** Non-current and current liabilities totaled EUR 5.231 billion, which was an increase of EUR 163.5 million, or 3.2 percent, on December 31, 2008. A large proportion of this rise results from higher non-current liabilities, which grew by EUR 111.8 million to EUR 3.992 billion. Significant year-on-year growth of EUR 123.4 million was reported for other non-current liabilities, which included an amount of EUR 235.3 million (2008: EUR 188.2 million) from the valuation of interest-rate instruments. There was also a sharp increase in non-current and current trade payables, which grew by an aggregate EUR 91.0 million, or 23.3 percent, to EUR 481.2 million.

Further information on the composition and maturity periods of provisions can be found in the Notes to the consolidated financial statements, no. 27.

By contrast, short-term loans and borrowings fell by EUR 19.5 million, or 3.8 percent, to EUR 497.2 million in connection with the repayment of the mortgage loan for SAT.1. Other non-current and current provisions also decreased with December 31, 2008: they totaled EUR 93.6 million, which was a year-on-year decrease of EUR 6.4 million (-6.4%). This was largely attributable to the utilization of the provisions recognized in 2008 to cover the new setup of the German TV group. Other short-term provisions subsequently decreased by EUR 17.5 million to EUR 81.3 million as at December 31, 2009.

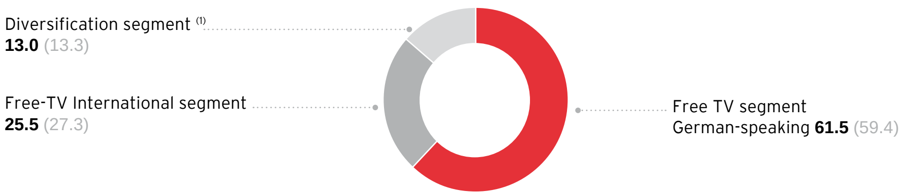
### ACCOUNTING ASSUMPTIONS AND ESTIMATES

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

# Segment Reporting

Revenues by segment

In percent // 2008 figures in parentheses




[1] 2008 figures do not include CMore revenues. CMore revenues for 2008 came to EUR 132.0 million

## FREE TV GERMAN-SPEAKING SEGMENT

**Market position strengthened as Germany's leading TV marketer:** The ProSiebenSat.1 Group's gross share of the TV advertising market in Germany improved 1.8 percentage points in 2009, to 42.9 percent. The TV advertising market contracted more than ten percent net against the year before.

For further information about the performance of the advertising market and on the Group's audience share performance, see page 59ff.

Considering that advertising investments were down industry-wide in 2009, external revenues in the segment for Free TV in Germany, Austria and Switzerland showed a comparatively moderate decline of 2.2 percent, to EUR 1.698 billion (previous year: EUR 1.736 million).

- TV advertising revenues in the core market, Germany, performed better than the competition, so that the German family of stations maintained its advertising revenues at nearly the same level as the year before. One positive influence on revenue performance came from the good response to the sales model for advertising time in the German TV market. Another effect was an increase in audience shares. Above all the bookings in the fourth quarter of 2009 especially reflected the year's good performance with German viewers.

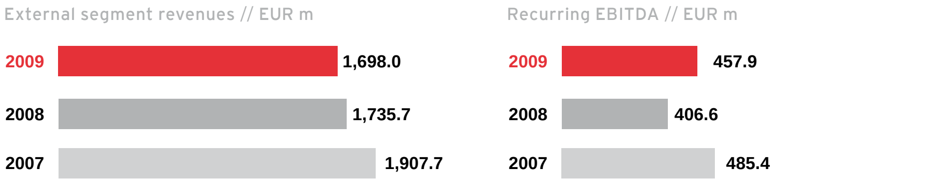
- While revenues in Switzerland remained at prior-year levels in 2009, the Group's advertising revenues in the Austrian market were up. The revenue increase against 2008 was dominated by the successful establishment of station PULS 4, and by higher audience ratings at the Austrian stations.

Operating improvements and efficient cost controls allowed to offset the decrease in segment revenues caused by the recessive environment. The segment's recurring EBITDA (EBITDA adjusted for non-recurring items) grew EUR 51.3 million in 2009, or 12.6 percent, to reach EUR 457.9 million. One of the principal positive factors in the cost structure was the pooling of TV and sales activities.

Non-recurring items, page 68.

Operating earnings before interest, taxes, depreciation and amortization (EBITDA) came to EUR 400.2 million, and were thus also significantly up against the prior year, by a substantial 21.6 percent (previous year: EUR 329.2 million). The non-recurring items included totalled EUR 57.7 million (previous year: EUR 77.4 million), particularly derived from the implementation of efficiency measures. There were also start-up costs for the new HD+ high definition service.

Key figures: Free TV German-speaking segment




As part of the first-time consolidation of SBS in June 2007, the ProSiebenSat.1 Group's segment reporting was revised to better address the Group's expanded international business operations. Hence we provide no multi-year comparison taking account of the years before SBS was consolidated. The former Free TV segment has been renamed the Free TV German-speaking segment.

## FREE TV INTERNATIONAL SEGMENT

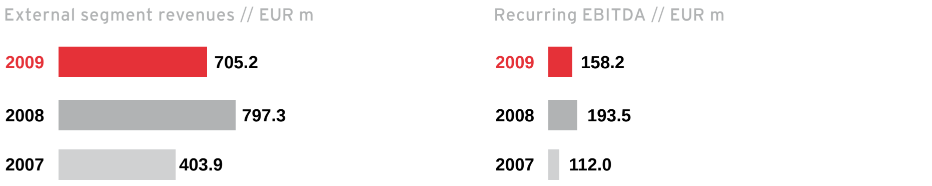
The decrease in advertising revenues from the ProSiebenSat.1 Group's international free TV operations in Northern Europe and Central and Eastern Europe, as well as the Benelux countries, slowed towards the end of the year. External revenues in the international TV segment decreased EUR 92.1 million in 2009, or 11.6 percent, to EUR 705.2 million. The segment's external revenues for Q4 2009 came to EUR 217.1 million, down EUR 15.1 million, or 6.5 percent, against the prior-year equivalent.

- Apart from lower advertising revenues that resulted from the overall economy, revenue performance was also adversely affected by foreign exchange effects in 2009. Fluctuating currency rates especially affected business performance in Hungary, Sweden and Norway. Although audience ratings were good, revenues were also down against the previous year in the Netherlands, the ProSiebenSat.1 Group's most important international market for revenues.

- Denmark posted revenue growth against 2008, especially thanks to higher distribution income. The successful launch of station 6'eren also contributed to TV advertising revenue performance.

Recurring costs decreased for the same period, but not enough to compensate for declining revenues. Recurring EBITDA was EUR 158.2 million, down 18.2 percent (previous year: EUR 193.5 million). EBITDA was down EUR 68.7 million, to EUR 146.3 million (–32.0 percent). This figure includes EUR 11.9 million non-recurring items (previous year: EUR 21.5 million).

Key figures: Free TV International segment




As part of the first consolidation of SBS in June 2007, the ProSiebenSat.1 Group's segment reporting was revised to better address the Group's expanded international business operations. Hence we provide no multi-year comparison taking account of the years before SBS was consolidated. The acquisition of the SBS Broadcasting Group brought the Group a number of free TV stations in Northern and Eastern Europe and in the Netherlands and Belgium, which are combined as the new Free TV International segment.

## DIVERSIFICATION SEGMENT

The ProSiebenSat.1 Group likewise gained ground again toward year's end in the Diversification segment. Although external revenues for the year, at EUR 357.6 million, were down 8.1 percent from the previous year's figure of EUR 389.2 million (adjusted for CMore), revenues improved 5.3 percent in the fourth quarter of 2009 to EUR 116.1 million (Q4 2008 adjusted for CMore: EUR 110.3 million). The CMore pay TV unit, which was deconsolidated in November 2008, contributed EUR 132.0 million to revenues for the year in 2008.

Key figures: Diversification segment

| EUR m | 2009 | 2008** | |
|---|---|---|---|
| | | incl. CMore | excl. CMore |
| External revenues | 357.6 | 521.2 | 389.2 |
| Recurring EBITDA* | 80.4 | 73.9 | 56.2 |

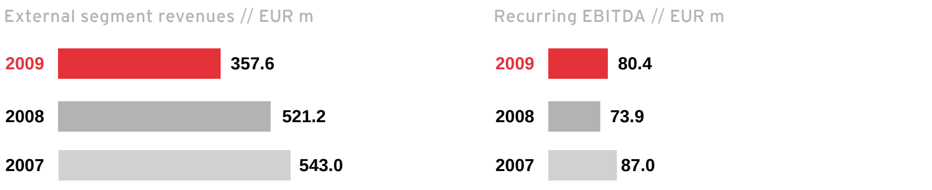
* Recurring EBITDA = EBITDA adjusted for non-recurring items. ** CMore deconsolidated in November 2008

- Apart from consolidation effects, the development of revenues was influenced by a decrease in revenues from Call TV (9Live). The introduction of new gaming regulations by the State Media Agencies at the beginning of the year had a substantial effect on 9Live's caller numbers, and thus on its call TV revenues.

- The music business in Germany remained as robust as ever in 2009. Revenues also picked up against a year earlier in the online gaming and video online advertising businesses. Moreover, advertising revenues took an upturn in the classic Internet business in the fourth quarter of the year.

Driven by a significant decrease in costs – mostly in call TV – recurring EBITDA for 2009 grew EUR 6.5 million, or 8.7 percent, to EUR 80.4 million. Compared to the previous year's figure adjusted for CMore, the operating profit was up EUR 24.2 million, or 43.1 percent, against the prior year. The segment's EBITDA improved to EUR 77.5 million (previous year: EUR 74.4 million; adjusted for CMore: EUR 57.7 million).

Key figures Diversification segment



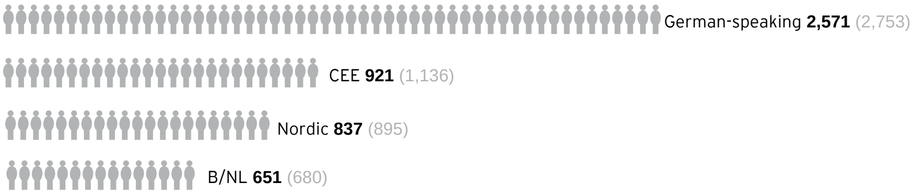

As part of the first consolidation of SBS in June 2007, the ProSiebenSat.1 Group's segment reporting was revised to better address the Group's expanded international business operations. The figures for 2007 were adjusted on a pro-forma basis (first consolidation of SBS since January 2007). Hence we provide no multi-year comparison taking account of the years before SBS was consolidated. The diversification activities brought in with SBS are shown together with diversification operations that existed previously. The former Transaction TV and Other Diversification segments were also incorporated into the new segment.

# Employees

**Key figures on employees.** At December 31, 2009, the ProSiebenSat.1 Group had 4,814 employees (previous year: 5,450 full-time equivalents). The average staff size in 2009 was 4,980 full-time equivalents (previous year: 5,464 full-time equivalents). Out of this total, 2,571 persons were working in the German-speaking area (previous year: 2,753), representing 51.6 percent of the total work force (previous year: 50.4 percent).

Employees by region

Figures for prior year in parentheses




Split by Women / men

Figures for prior year in parentheses


Personnel expenses

Personnel expenses are shown in comprising cost of sales, selling expenses and administrative expenses, page 68.

Personnel expenses came to EUR 386.4 million, compared to EUR 444.2 million in 2008 (-13.0 percent). The average employment contract duration had been with the ProSiebenSat.1 Group was 5.7 years in 2009 (previous year: 4.9 years). Annual fluctuation, at 21.9 percent, was 5.0 percentage points higher than the year before. The number of employees was below the one of December 31, 2008, primarily because of staffing adjustments in Germany and changes in the scope of consolidation.

- As part of the "2008/09 program of changes" and the moving of extensive portions of the Berlin site to Munich, 225 jobs were cut in Germany during 2009. At year's end, the Group had an average of 681 employees in Berlin (previous year: 1,024). Thirty-four employees moved from Berlin to Munich as part of the new setup.

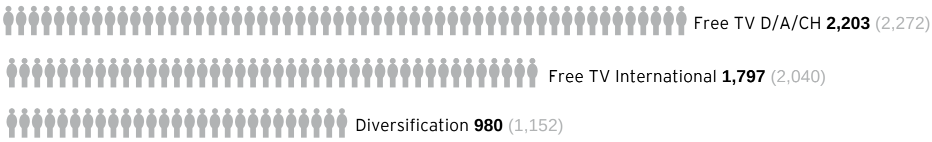
  To mitigate the impact of these changes, the Executive Board and employee representative bodies worked out extensive programs to avert hardships, as well as other internal agreements. Jobs were especially reduced at German Free TV Holding and in sales operations during the centralization process.

- A further reason for the decrease in employees in Germany was the outsourcing of IT and IT-related services at ProSiebenSat.1 Produktion GmbH. As a consequence, some 170 employees transferred from ProSiebenSat.1 Produktion to IBM in the first quarter of 2009. Staff size was further reduced by about 150 employees as a result of the takeover of ProSiebenSat.1 Berlin Produktion GmbH by fernsehwerft GmbH, as of July 1, 2009.

- In the international markets, the ProSiebenSat.1 Group had fewer employees than a year earlier primarily because of the sale of the Northern European pay TV unit CMore and the BTI television subtitling service. There were also staff adjustments at the international companies, especially in Hungary and Romania, and at the radio companies.

Employees by segment

Figures for prior year in parentheses




**Performance-based compensation guided by objective criteria.** The staff and management at ProSiebenSat.1 Media AG are managed on the principle of management by objectives, drawing on a system of goals that puts higher-level corporate objectives into more specific terms for both staff and management by breaking targets down systematically into segment, departmental and individual goals. At annual interviews, employees and their supervisors define personal targets for the financial year. These are intended not only to provide clear goals but also to encourage motivation. Consequently the system of goals is tied to a special, performance-based bonus plan that recognizes individuals' accomplishment of their goals. The maximum amount of the bonus is based in part on recurring EBITDA. In 2009, the EBITDA-based component of the bonus came to a full 100 percent.

Further information about the Code of Compliance appears on page 39.

**Incorporation of corporate values into HR management.** In addition to strategic and financial goals, the ProSiebenSat.1 Group has also defined values that guide each employee in his or her work. With shared goals and values as well as specific guidelines, we aim to ensure that employees and management conduct themselves as the law requires – both toward one another and toward the public – and that they work efficiently together. For that reason a Group-wide Code of Compliance has been prepared – a compendium of rules of conduct, laws, and guidelines.

**Successful steps taken after employee survey in Germany.** To get an objective picture of the mood within the Group, in June 2009 ProSiebenSat.1 Media AG conducted a survey of approximately 1,000 staff members. As soon as the results had been analyzed, the Company's management got together with their teams to prepare a list of specific measures that would improve critical points quickly and lastingly. The steps included regular meetings between employees and managers, a structured exchange of information among all levels of the hierarchy, and new programs for promotions and incentives.

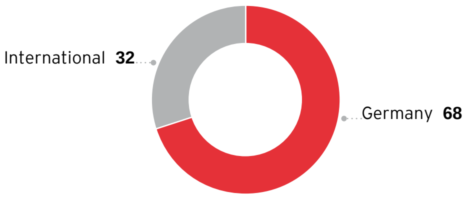
- **Expansion of internal communication measures.** The ProSiebenSat.1 Group sets a high priority on communication across all levels of management. So since the fall of 2009 employees have been able to e-mail their questions and ideas directly to the Executive Board. Questions and answers are posted anonymously on the intranet, and thus made available to all within the Company. In addition to this question portal on the intranet, there are regular informational meetings about corporate strategy, where members of the Executive Board answer employees' questions.

**Compensation structures:**
Compensation comprises fixed components and variable, performance-based components at the Executive Board level as well. Executive Board compensation is discussed under no. 36 in the Notes to the consolidated financial statements and on page 45ff in the Compensation Report.

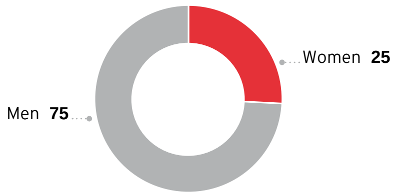
- **Trial run of new performance management model.** ProSiebenSat.1 honors top performers. In the interest of that goal, in 2009 it adopted a Group-wide pilot project entitled "Performance Development." The goal of the program is to boost staff members' contribution to performance throughout the company, and to make those contributions more transparent. Additionally, the measurement criteria for the existing bonus systems – in other words, personal goal agreements and corporate success on the basis of such criteria as recurring EBITDA or advertising revenues generated – have been expanded to include important aspects of successful management work. Under optimum conditions, the new incentive system permits a one-time bonus payment of up to 200 percent of the individual target bonus. It links performance evaluations to a systematic process of talent encouragement that is also intended to spotlight potential successors for key positions within the Company. The program was initiated early in 2010 with a pilot group of 185 executives.

"Performance Development" pilot group

Participants in the "Performance Development" pilot group in Germany and internationally // in percent




Percentage of men and women in the "Performance Development" pilot group // in percent




ProSiebenSat.1 offers an attractive working environment for young people, as shown by a survey of the trendence institute in Berlin. In the annual survey "Schülerbarometer 2009" scholars of secondary and comprehensive school chose ProSiebenSat.1 Media AG as most attractive employer.

**Training and continuing education.** Once again in 2009, ProSiebenSat.1 helped train the upcoming generation of employees in audiovisual media sales, office sales, event sales, and sound and picture media design, and organized continuing education programs for Group staff. Even with a lower budget, the Group's new setup still included important programs to allow staff to earn qualifications. These included kickoff events for newly founded companies like MAZ & more TV-Produktion GmbH, team-building programs for newly organized departments and other units, and continuing professional education for employees going into new job areas. The Group trained 343 apprentices, volunteers and trainees in 2009 (previous year: 394). They ensure that the Company will be able to rely on upcoming generations who come from within its own ranks and are already familiar with its goals and corporate culture.

**ProSiebenSat.1 expands internal day care center.** The ProSiebenSat.1 Group also actively supports its employees in balancing family needs with job demands. Since 2002, employees in Unterföhring have been able to take advantage of all-day services at the Company's own day care center. The number of day care worker positions will be increased by summer 2010. The groundbreaking ceremony for the addition to the day care center was held on December 15, 2009.

**ProSiebenSat.1 encourages flextime models and part-time work.** The ProSiebenSat.1 Group has had a flextime model in place for years. In this way the Company has quite consciously responded to its employees' varying performance peaks and encouraged the staff's willingness to go the extra distance. Employees also have the option of working on a part-time basis.

# The ProSiebenSat.1 Share

**Stock price performance.** The price of ProSiebenSat.1 AG stock, which is listed in the MDAX, rose nearly tenfold in 2009. As a result of the global economic crisis, the stock initially lost value at the start of the year, to reach its all-time low XETRA close of EUR 0.90 on March 10, 2009. But the release of the first-quarter figures brought a turnaround. Positive assessments from analysts and a general market recovery continued to boost the stock upward as the year went on. In the financial year 2009, the stock reached its high of EUR 8.98 on October 15, and closed on the last trading day of the year at EUR 8.06 (December 31, 2008: EUR 2.40).

The ProSiebenSat.1 share: Price performance

- ProSiebenSat.1
- Euro Stoxx Media
- MDAX
- DAX

Basis: Xetra closing quotes.
An index of 100 = January 2005.
Source: Reuters


The ProSiebenSat.1 share: Price performance

| | | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|---|
| Share capital | Units | 218,797,200 | 218,797,200 | 218,797,200 | 218,797,200 | 218,797,200 |
| Number of preferred shares at reporting date** | Units | 109,398,600 | 109,398,600 | 109,398,600 | 109,398,600 | 109,398,600 |
| Number of common shares at reporting date (unlisted) | Units | 109,398,600 | 109,398,600 | 109,398,600 | 109,398,600 | 109,398,600 |
| Market capitalization at year's end | EUR m | 1.764 | 525 | 3.586 | 5.437 | 3.577 |
| Close at end of financial year (XETRA) | EUR | 8.06 | 2.40 | 16.39 | 24.85 | 16.35 |
| High (XETRA) | EUR | 8.98 | 16.62 | 30.10 | 24.85 | 16.35 |
| Low (XETRA) | EUR | 0.90 | 1.26 | 16.00 | 16.02 | 12.80 |
| Dividend per preferred share | EUR | * | 0.02 | 1.25 | 0.89 | 0.84 |
| Total dividend | EUR m | * | 2.08 | 269.9 | 192.5 | 181.6 |
| Dividend yield on basis of closing price | percent | | 0.83 | 7.60 | 3.60 | 5.14 |
| Xetra trading volume (average daily volume) | Units | 1,097,195 | 1,235,341 | 716,820 | 550,670 | 442,330 |

* Dividend proposal: see p. 40. ** Before reduction of treasury shares

For further information on share buyback, see page 45.

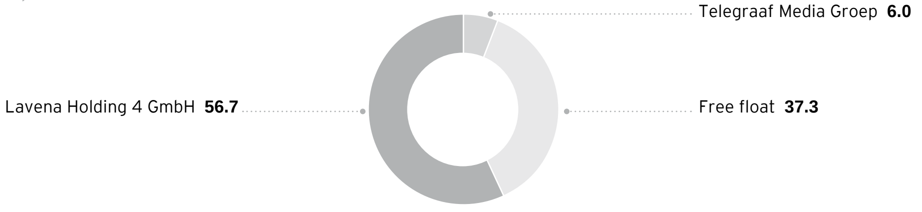
**ProSiebenSat.1 Media AG repurchases own stock.** From April 6 through June 18, 2009, ProSiebenSat.1 Media AG repurchases 4,900,000 shares of its own preferred stock, at an average price of EUR 3.14 per share. Thus, together with the preferred shares it repurchased in 2008, ProSiebenSat.1 Media AG holds a total of 6,027,500 shares of its own preferred stock, equivalent to 2.75 percent of the Company's share capital. The repurchased stock is intended primarily to service stock options under the Long Term Incentive Plan. Under Section 71b of the German Stock Corporation Act, ProSiebenSat.1 Media AG enjoys no rights from the ownership of this treasury stock; shares that the Company holds either directly or indirectly are not entitled to collect dividends.

There were no changes in shareholder structure during the financial year 2009. The Group's ownership structure is described on page 53.

**Shareholders' meeting for the financial year 2008.** The annual shareholders' meeting of ProSiebenSat.1 Media AG and the separate meeting of preferred shareholders for the financial year 2008 were held in Munich on June 4, 2009. Some 400 shareholders and guests attended the meetings. With 74.9 percent of the share capital attending, all resolutions proposed by management that required the consent of the holders of common stock at the annual meeting were carried unanimously.

Split of capital stock

In percent




- Among the annual shareholders' meeting's business, for the financial year 2008 the holders of common stock in ProSiebenSat.1 Media AG approved a dividend of EUR 0.02 per dividend entitled preference share of preferred stock (previous year: EUR 1.25 per preferred share, EUR 1.23 per common share). Holders of common stock did not receive a dividend for the financial year 2008. The total dividend distribution thus came to about EUR 2.1 million. The dividend payout began on June 5, 2009.

For the composition of the Supervisory Board, see page 36.

- The annual shareholders' meeting furthermore approved management's nominations in the regular elections for the Supervisory Board. Following the annual meeting, the new Supervisory Board elected Johannes Huth as its Chairman and Götz Mäuser as Vice Chairman.

- Moreover, the meeting created a new Authorized Capital totaling EUR 109,398,600, and authorized the issuing of convertible bonds and/or bonds with warrants, together with the creation of an associated Conditional Capital of up to EUR 109,398,600. It also amended the articles of incorporation accordingly. It furthermore renewed the authorization for the Company to purchase its own stock for up to 10 percent of the share capital, under Section 71 (1) No. 8 of the German Stock Corporation Act.

- The creation of the Conditional Capital, with the associated amendment of the articles of incorporation, was also subject to the consent of the holders of preferred stock of ProSiebenSat.1 Media AG. By about 82.5 percent, with 51.9 percent attending, the separate meeting of preferred shareholders approved the creation of a Conditional Capital and the associated amendment of the articles of incorporation.

**IR activities – Relations with investors and the capital market (financial capital).** At the annual shareholders' meeting, in personal meetings, and in regular telephone conversations, we maintain an open dialogue with journalists, analysts, institutional investors and private shareholders. At the corporate Website, www.prosiebensat1.com, we provide timely and full information about developments at the Company. Additionally, conference calls were held again in the financial year 2009 on the occasion of the releases of the quarterly and annual results. In these conference calls, the Executive Board answered questions from representatives of the capital markets about the Group's financial situation, strategy, and other matters of current concern. The Company also appeared at the industry's major investors' conferences. During the financial year 2009, 22 brokerage firms and banks published reports on ProSiebenSat.1 Media AG.

## Analysts' recommendations

| Bank Broker | Date | Recommendation |
|---|---|---|
| Close Brothers Sydler | December 14, 2009 | Sell |
| Bankhaus Lampe | December 10, 2009 | Sell |
| Deutsche Bank | December 08, 2009 | Buy |
| Nomura | November 27, 2009 | Buy |
| Barclays | November 25, 2009 | Overweight |
| Credit Suisse | November 18, 2009 | Neutral |
| NATIXIS Securities | November 06, 2009 | ADD |
| Morgan Stanley | November 06, 2009 | Overweight |
| Citigroup | November 05, 2009 | Buy/ High Risk |
| UniCredit (HVB) | November 05, 2009 | Buy |
| DZ Bank | November 05, 2009 | Sell |
| JP Morgan | November 05, 2009 | Neutral |
| Société Générale | October 26, 2009 | Buy |
| Commerzbank | October 21, 2009 | Reduce |
| Goldman Sachs | October 12, 2009 | Neutral |
| Landesbank Baden-Württemberg | August 11, 2009 | Sell |
| Kepler | August 07, 2009 | Hold |
| UBS | August 06, 2009 | Neutral |
| Sal. Oppenheim | August 06, 2009 | Neutral |
| Exane BNP Paribas | July 30, 2009 | Underperform |
| Bank of America/ Merrill Lynch | May 18, 2009 | Neutral |
| Main First | March 05, 2009 | Neutral |

# Non-Financial Performance Indicators

See the Employees section, page 82.

**International brand portfolio:**
The values of the brands acquired as part of the SBS acquisition are recognized as intangible assets in the statement of financial position, page 78.

A variety of important assets are not recognized on the statement of financial position. Most significant among these are intangible assets, such as the values of brands and other "non-financial performance indicators" that are of great importance to the ProSiebenSat.1 Group's business success. Human capital is another important factor for success for which there is no financial measurement.

## STRONG BRANDS AS A FACTOR FOR SUCCESS

Two of the Group's especially important non-financial performance indicators are the SAT.1 and ProSieben brands. For years, the two brands have stood for Germany's most popular, most successful TV stations.

- **SAT.1:** For more than 25 years now, SAT.1 has been inspiring viewers with diverse, award-winning TV for the whole family. The station has set standards for German TV with its film events "made in Germany." Along with the "Grosser SAT.1-Film," company-produced series, shows and comedy programs have sculpted an unmistakable programming profile that is further embellished with top-notch European soccer, U.S. hit series, and exciting Hollywood blockbusters. The station's brand management received the "SuperBrands Award" in 2009.

- **ProSieben:** The outstanding programming quality at ProSieben has been recognized with national and international TV awards. In a representative survey of forsa Gesellschaft für Sozialforschung und statistische Analyse and SevenOne Media, the advertising industry's key 14-to-49 demographic once again elected ProSieben in 2009 as the most popular, most innovative and most entertaining TV station in Germany. ProSieben is particularly popular among the younger target group; 34.3 percent of the 14-29 year olds named ProSieben as their favorite TV station (RTL: 16.2 percent). ProSieben's brand strength is also evident in its cross-media presence, and in its design. The brand's cross-platform focus in 2009 made ProSieben the first German TV provider with a uniform multi-media look. The brand's value is reinforced further by international stars like the Pussycat Dolls and Robbie Williams. ProSieben also obtained testimonials from many German celebrities like Stefan Raab, Heidi Klum and Christoph Maria Herbst for its image and programming campaigns in 2009.

The Group's marketing expenses in 2009 came to approximately EUR 76 million (previous year: EUR 82 million). These include all expenses for the ProSiebenSat.1 Group's programming and image communications except for marketing research and the communications activities of ProSiebenSat.1 Holding. About 57 percent of marketing expenses related to the Group's German-speaking regions. Important projects in the financial year 2009 included the launch of the new SAT.1 slogan, "Colour your Life."

### Awards in 2009

SuperBrands Award 2009

3 >>German Television Awards<<
"Wir sind das Volk" in the categories
"Best Multi-Part Series," / "Best Book," /
"Best Supporting Actress"

4 >>German Comedy Awards<<:
"Ladykracher" ("Best Sketch Comedy")
"Zwei Weihnachtsmänner" ("Best TV Comedy of 2009")
Martina Hill ("Best Actress")
Max Giermann ("Best Actor")

2 >>German Comedy Awards<<:
"Comedystreet" ("Best Hidden Camera")
"Quatsch goes Christmas" ("Best Comedy Event")

2 ROMYs:
Stefan Raab in the category "Best Program Concept" for "Schlag den Raab"
Special Jury Prize for the "Switch reloaded" team

## PROCESS CAPITAL – ORGANIZATIONAL AND PROCESS ADVANTAGES

All of the ProSiebenSat.1 Group's free TV stations – as well as most of the companies in the Diversification unit – are wholly owned subsidiaries of the Group. This arrangement provides the Company with operating advantages over the competition. As Europe's only fully integrated family of stations, the ProSiebenSat.1 Group can make better use of synergies that derive from programming development. It can also benefit from economies of scale, which can particularly result from multi-station production of programming content. Apart from additional opportunities for multiple uses of content, the SBS merger has opened up possibilities for broader geographic diversification.

Multi-entity synergy projects in 2009

| | |
|---|---|
| **Programming** | • International co-productions, back-to-back productions, and offshore productions<br>• Multi-station development of programming concepts for cross-media use<br>• Expansion of international programming sales |
| **Sales** | • Signing of multi-country contracts<br>• Implementing of new measures, such as new forms of advertising |
| **Diversification** | • International relaunch of the SevenGames game platform |
| **Organization** | • Establishment of centralized purchasing structures<br>• Best Practice Sharing Days for Group-wide exchanges of information and knowledge |

## SUPPLIER CAPITAL – LONG-STANDING SUPPLIER RELATIONSHIPS

Attractive programming is required for the ProSiebenSat.1 stations' success with viewers. That's why the Group maintains its own network of close ties with domestic and international film studios, as well as film and TV producers. ProSiebenSat.1 has long-term contracts with virtually every major Hollywood studio, including Twentieth Century Fox Television, Sony Pictures International, Paramount, CBS, Disney, Warner, Dreamworks, New Regency subsidiary Monarchy Enterprises and Constantin. These contracts safeguard the Group's long-term programming supply. Additionally, ProSiebenSat.1 works in its various markets with creative partners – external magazine-show and variety-entertainment producers who develop new concepts for the Group.

ProSiebenSat.1 strengthens content section in founding Red Arrow:
This new holding company combines existing production subsidiaries and the international programming sales operations. It is to be expanded further, page 97.

The ProSiebenSat.1 Group negotiates large and international content packages centrally; individual contracts are signed by the European broadcasters locally. ProSiebenSat.1 expanded its cooperative arrangements with programming suppliers again in 2009. Information about major contract signings is provided on page 77. Also organizationally, the Group instituted measures in 2009 to strengthen its business relationships with content providers. The ProSiebenSat.1 Group is pooling all its production, development and programming sales operations under the Red Arrow Entertainment Group. Closer networking will tap economic competitive advantages for the European Group, besides providing creative stimulus for its stations and cooperating partners.

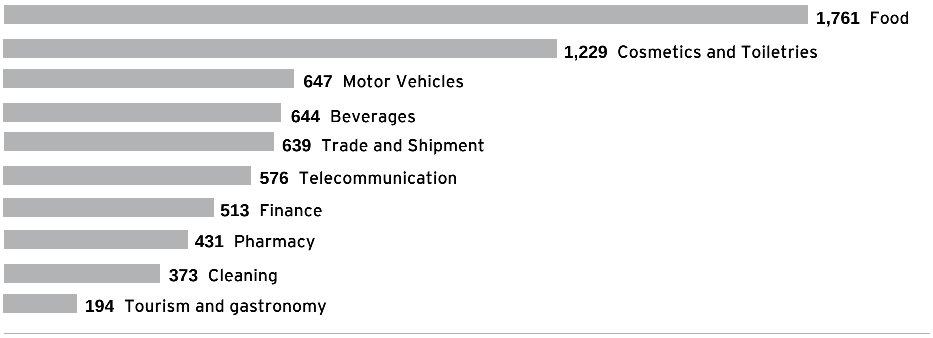
## CUSTOMER CAPITAL – SOLID CUSTOMER RELATIONSHIPS

**Advertising clients.** Stable relationships with advertising clients are a necessity to counter the short-termism and volatility in the advertising market for advertising time. For that reason, ProSiebenSat.1 sets a high priority on preserving customer loyalty. The Group offers tailor-made communication solutions that give advertising clients a competitive advantage in their markets. With their regional structures, its sales subsidiaries in the German core market can provide in-depth consulting on location, and thus take detailed account of clients' needs.

The Group's broad, international portfolio, its expertise, and its extensive service and monitoring facilities encourage long-term customer loyalty, while making business with new customers easier as well. Once again in 2009, most of Germany's top advertising clients counted on television as a medium, and increased their gross investments for TV advertising. In spite of the difficult market environment, new business also rose slightly from the year before. In 2009, nearly 650 companies in Germany invested again in television advertising for the first time in two years. Out of these, SevenOne Media was able to win 344 new customers.

Top industries in the TV advertising market by revenues

EUR m / Top 10 industries that advertised on German TV in 2009.




Audience ratings:
Stations' audience shares document the stations' performance for the advertising industry. They are determined daily by measuring viewing patterns among a representative panel of viewers.

**Audiences.** To strengthen its audience loyalty, the ProSiebenSat.1 Group offers viewers an extensive information service. There are viewer service departments in the Group's various countries to take viewers' questions and suggestions. Viewers' comments help continuously improve the Group's programming.

- In Germany, the free TV stations' centralized viewer services logged some 162,000 contacts in 2009. Each contact was dealt with individually. The focus was on information and critiques about current programming, and on filling in further background about reports that had been shown. Comments and suggestions also help optimize programming. They are analyzed qualitatively and quantitatively, and summarized in bi-weekly reports to station executives and programming departments. They are supplemented with special analyses of specific topics ordered directly by the department executives.

## SUSTAINABILITY AS A FACTOR FOR SUCCESS

Companies operate in a market environment where resources are growing scarcer and cost pressure is continually rising. For that reason, doing business sustainably is an important guarantor of future corporate success for a media corporation just as it is for any other company – besides economic and ecological sustainability, social aspects are of importance. At ProSiebenSat.1, doing business sustainably first and foremost means contributing toward public opinion-making with professional content, while at the same time acting as an advocate to safeguard the Group's economic future.

**Public value.** The media group's programming supports the public opinion-making process by building awareness of critical issues and helping with social integration. Entertainment programming can also be a creative form of education. Advice shows address viewers' problems and provide orientation. Talent shows and initiatives like the First Steps Award provide a platform for young artists and open up room for creativity. As a corporate group, the ProSiebenSat.1 Group puts its public impact to work supporting good ideas and spreading awareness of charitable initiatives like startsocial and Red Nose Day.

Additionally, German Free TV Holding is a leader among German private TV broadcasters in barrier-free television. Each year it carries more than 200 shows with subtitles to offer a better TV experience for the hearing-impaired.

As a content provider, we know that the credibility of our programming content is an important factor for success. For that reason, apart from its commitment to journalistic and media-policy principles, the ProSiebenSat.1 Group also sets a high priority on distributing socially relevant content through its broadcasts, in an honest and authentic way.

Below is a summary of major initiatives and programs in 2009

### Social responsibility

**01 Startsocial**
ProSiebenSat.1 Media AG,
Germany

**02 RED NOSE DAY**
German Free TV Holding,
Germany

**03 Barrier-free TV**
German Free TV Holding,
Germany

**04 Beter in Beeld**
SBS Belgium,
Belgium

**05 De ungre mødre**
Kanal 4,
Denmark

**06 Stop indiferentei!**
PrimaTV,
Romania

**07 Down with Johnny**
Veronica,
Netherlands

### Public opinion-making

**08 TV total Bundestagswahl**
ProSieben,
Germany

**09 "Geh wählen!" get-out-the-vote campaign**
German Free TV Holding,
Germany

**10 Ihre Wahl! Die SAT.1 Arena**
SAT.1,
Germany

**11 SAT.1 historical films**
SAT.1,
Germany

### Environment

**12 100 places – Bedrohte Wunder unserer Welt**
N24,
Germany

**13 GreenSeven Day**
ProSieben,
Germany

**14 Galileo CO2NTRA**
Campaign against climate change
ProSieben,
Germany

### Culture

**15 Fast Food-Duell**
kabel eins,
Germany

**16 FIRST STEPS AWARD**
German Free TV Holding,
Germany

**17 POPSTARS**
ProSieben,
Germany

**18 Bundesvision Song Contest**
ProSieben,
Germany

**19 Unser Star für Oslo**
ProSieben,
Germany

For more information see http://en.prosiebensat1.com/unternehmen/verantwortung/.

PRINCIPLES WE CONSIDER SELF-EVIDENT:

> **Transparency**
Relationships of trust with journalists and financial analysts have significant value. Staying present through ongoing communication 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 actors is very important. At www.prosiebensat1.com, we provide detailed information in German and English about all aspects of our business activities, ProSiebenSat.1 stock, and our financial results.

> **Journalistic independence**
The journalists and editorial staff at the ProSiebenSat.1 Group are well aware of their responsibility for information and opinion-making. Independence is one of the cornerstones of their work. For that reason, they have developed specific guidelines, based on the German Press Code, that all editors follow in their everyday work at ProSiebenSat.1.

> **Protecting young people**
Independent youth protection officers make sure that the stations offer programming appropriate for young people and comply with the requirements of law, such as under the Interstate Treaty for Protection of Youth in the Media. With its programs and initiatives to strengthen media skills, the ProSiebenSat.1 Group encourages young viewers to handle electronic media responsibly on their own.

**Economic value.** Operating in an economically sustainable way means using resources sparingly. It also includes the question of environmental protection in everyday work life. Under the "Green World" heading, ProSiebenSat.1 Group employees regularly receive information and tips over the intranet about how they can work in more ecologically aware ways in their everyday duties, for example by conserving electricity and paper.

As a media corporation, ProSiebenSat.1 is not in a position to engage in environmental protection on the same scale as a manufacturer can. But its programming provides an important contribution toward raising audience awareness of environmental issues. For example, station ProSieben uses its reach to encourage careful use of natural resources in campaigns like GreenSeven Day and Galileo CO2NTRA.

## RESEARCH AND DEVELOPMENT

The ProSiebenSat.1 Group conducts extensive market research in every area in which it does business and in every area where it foresees growth potential. However, market research activities do not fulfill the definition of research and development under IAS 38.8, and therefore these figures are omitted from the management report.

**Market research.** Market analyses are used as a guiding parameter in the process of planning operations and strategy. Market research data are incorporated into the Group-wide management of risks and opportunities, as a kind of early warning indicator. At the same time, market data and analyses are an important basis for capably advising our advertising clients. Expenses for the Group's market research activities totaled about EUR 18 million in 2009 (previous year: EUR 20 million), about 51 percent of which was for the German-speaking region (previous year: 55 percent).

- In Germany, the research unit is a part of advertising time marketer SevenOne Media. The central department conducts Group-wide studies and analyses on topics that must be on the radar of any modern audiovisual media corporation. These include media use, advertising impact, trends in the advertising market, performance projections for the economy and the advertising market, and the quantitative and qualitative assessment of individual programming concepts.

# Events after the Reporting Period

**Dan Marks becomes new Executive Board member for New Media.** Dan Marks (47) will become a member of the Executive Board of ProSiebenSat.1 Media AG with effect from May 1, 2010 and will take over the business unit of Dr. Marcus Englert, who is leaving the Company. As Chief New Media Officer, he will be responsible for the further development and coordination of the Group's digital strategy and for the operational management of the online, pay TV and Video on Demand operations in particular.

- From the end of the financial year 2009 until March 11, 2010, the date when this report was released for publication and forwarded to the Supervisory Board, no reportable events occurred that are of material significance for the Group earnings, financial position and performance of the ProSiebenSat.1 Group or ProSiebenSat.1 Media AG.

# Risk Report

The ProSiebenSat.1 Group's business approach focuses on recognizing and taking advantage of opportunities as well as detecting, analyzing and minimizing risks to the extent permitted by circumstances. In this context, risk is defined as a conceivable event that might adversely affect the achievement of our goals or the implementation of our strategy.

### Overall Assessment of the Group's Risk Situation – Management's View

There has been no fundamental change in the risk situation compared to December 31, 2008. As of the date of the preparation of this management report, in the Executive Board's opinion the overall risk situation of the ProSiebenSat.1 Group remained limited and manageable. At that date, no significant risks were evident which, individually or in combination with other risks, would have a material adverse effect on the ProSiebenSat.1 Group's earnings, financial position or performance. Based on the outcome in the planning process, we also do not anticipate material changes that might pose a threat to the ability of the ProSiebenSat.1 Group to continue as a going concern. However, it still cannot be ruled out that the overall risk position might be adversely affected in the future by a stagnating recovery or a further deterioration of the overall economic environment.

Chances in risk categories

Change from 2009 to 2008


In the present difficult environment, active risk management is of great importance. The ProSiebenSat.1 Group's overall risk situation, analyzed and managed by way of a Group-wide risk management system, is obtained through a detailed analysis of the most important individual risks and a consolidated examination of the Group's principal risk categories (external risks, content risks, technology risks, sales risks, organizational and financial risks, compliance risks). Our experience in the TV advertising market and our international expertise in the media sector, together with clear organizational structures, enable us to deal with risk appropriately and implement the right strategies for risk reduction. We address challenges posed by the economy with systematic cost management.

## OPPORTUNITY MANAGEMENT

Monitoring opportunities is part of the Group's management system as well as risk management. For this purpose, the ProSiebenSat.1 Group closely scrutinizes market scenarios and developments in the international competitive environment, and also closely watches the critical internal factors for success, such as cost drivers and non-financial performance indicators. Opportunities for the ProSiebenSat.1 Group derive primarily from corporate strategy. The organization of ProSiebenSat.1 Media AG ensures clear, unambiguous decision-making structures, so that existing growth opportunities can be utilized to strategic advantage, and where necessary, appropriate countermeasures can be taken in due time. The principal opportunities for the ProSiebenSat.1 Group are discussed in the Opportunity Report starting on page 103.

## RISK MANAGEMENT

### Risk management system

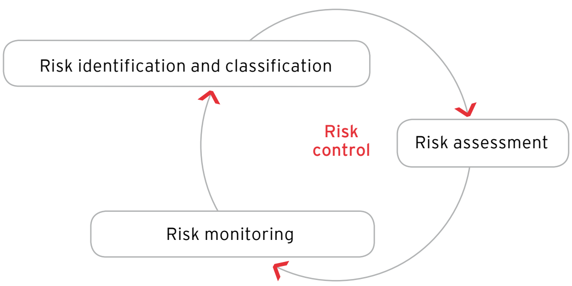
ProSiebenSat.1 Media AG has developed a comprehensive risk management system for itself and its subsidiaries that is carefully tailored to the Group and based essentially on the principle of including every relevant line of business and subsidiary in the process. A methodical approach, standardized detection, and Group-wide risk management are indispensable components of handling risk appropriately. These essential factors are ensured by way of consistent guidelines, internal organizational directives, and an unambiguous allocation of duties and areas of responsibility for risk management parameters. In simplified terms, the Group-wide risk management system can be characterized as follows:

- Decentralized **risk managers** at the various corporate units are responsible for detecting and reporting risks. The **"Group Risk and Compliance Officer"** is responsible for regular quarterly reporting to the Executive Board, as well as for any additional reports as required.

- The functioning and efficiency of the risk management system are regularly reviewed by the "Internal Audit" unit. These audits are based on the Risk Management Manual, which summarizes not only company-specific principles for risk management, but also the associated organization and procedures. Additionally, the risk management system is included in the audit of the annual financial statements.

**Risk management process.** The ProSiebenSat.1 Group's risk management process consists of the following complementary steps:

Risk management process




Planning process, page 55.

- **Risk identification and risk classification:** Risk identification and classification is founded on risk management workshops that must be held at least once a year for each important subsidiary or division, at dates close to the planning process. The risks identified in the workshop are allocated to defined risk categories so as to permit a logical aggregation of individual risks. Risk identification is consequently subject to constantly changing conditions, in an ongoing updating process, and is incorporated in the quarterly risk reporting process.

- **Risk assessment:** Risk assessment evaluates the probability of risks and their potential impact on the ProSiebenSat.1 Group's operating business performance and strategic planning. Potential impact is generally assessed with an eye to how risks could affect the recurring EBITDA and the Group's liquidity or net debt. Risk assessment also includes analyzing causes and interactions with other risks. In addition to quantitative methods, some of which are based on early warning indicators, risks are also assessed using qualitative approaches. Mitigating factors and measures are taken into account in the assessment. Risks are not being offset with opportunities.

Management system, page 54.

- **Risk management and risk monitoring:** Early warning indicators have been defined for all measurable and material categories of risk. These early warning indicators primarily cover the ProSiebenSat.1 Group's performance in terms of audience share and advertising market share, the profitability and appeal of the program inventory, human resources development, and the movements in liquidity or net debt. Reporting of relevant risks is guided by specific value thresholds set by the Executive Board. Responsible management initiates suitable measures to counter each identified risk that is deemed to need mitigation. These measures are documented and monitored as a part of the reporting system. The Executive Board discusses and decides on the necessary risk control measures, and reports to the Audit and Finance Committee of the Supervisory Board. When new opportunities or risks arise, or individual indicators change significantly, the Executive Board and Supervisory Board are notified at once, irrespective of the quarterly reporting intervals.

A special IT application has been installed for efficient risk management, to support recognition of risks and appropriate measures throughout the Group, and to track them as the risks evolve or the measures are implemented further. The software provides the capability both to monitor risk at the local level and to consolidate risk at the segment and Group level. It thus makes a significant contribution toward raising risk awareness at the ProSiebenSat.1 Group.

## DISCLOSURES ABOUT THE INTERNAL CONTROLLING AND RISK MANAGEMENT SYSTEM IN RELATION TO THE SINGLE-ENTITY AND CONSOLIDATED REPORTING PROCESS (SECTION 315 (2) NO. 5 GERMAN COMMERCIAL CODE) INCLUDING EXPLANATIONS.

Risk management process, page 94.

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 company and consolidated financial statements of ProSiebenSat.1 Media AG, and that assets and liabilities are recognized, measured and presented appropriately. The scope and focus of the implemented systems were defined by the Executive Board to meet the specific needs of ProSiebenSat.1 Media AG. Nevertheless, even appropriate and properly functioning systems cannot offer any absolute assurance that all risks will be identified and controlled. The company-specific principles and procedures to ensure that the Group's single-entity and consolidated reporting is effective and correct are described below.

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

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

- To identify risks that might jeopardize the goal of providing single-entity and consolidated financial statements that comply with regulations;
- To limit risks that are already known by identifying and implementing appropriate countermeasures;
- To analyze known risks as to their potential influence on the consolidated financial statements, and to take these risks duly into account.

**Structural organization**

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

- The single-entity financial statements are then consolidated to form the consolidated financial statements using a standardized software that has been in use for several years.
- The financial statements of the main individual entities are prepared in compliance with both local financial reporting standards and the Group's accounting and reporting manual based on IFRS (International Financial Reporting Standards).
- The financial systems employed are protected with appropriate access authorizations and controls (authorization concepts).
- The entire Group has a standardized chart of accounts, which must be followed in recording the various classes of transactions.
- Certain matters relevant to reporting (e.g., expert opinions for forming pension reserves, measurement of the stock option plan, impairment testing of intangible assets) are determined with the assistance of external experts.
- The principal functions of the reporting process – accounting and taxes, controlling, and finance and treasury – are clearly separated. Areas of responsibility are assigned without ambiguity.
- The departments and other units involved in the reporting process are adequately provided with resources in terms of both quantity and quality. Regular professional training sessions are held to ensure that financial statements are prepared at a consistent and reliable level of quality.
- An appropriate system of guidelines (e.g., accounting and reporting manual, intercompany transfer pricing guideline, purchasing guideline, travel expense guideline, etc.) has been setup and is updated to the extent necessary.
- The efficacy of the internal controlling system in regard to processes relevant to financial reporting is reviewed on a sample basis by the process independent Internal Audit unit.

**Process organization**

- There is a detailed calendar for the process of preparing the consolidated financial statements. It includes all important activities, milestones and responsibilities. All activities and milestones have specific deadlines.
- All reporting-related processes are subject to such controls as segregation of duties, the dual-control principle, procedures for approval and release, and plausibility testing.
- There is a clear allocation of duties in preparing the consolidated financial statements (e.g., reconciliation of intra-Group balances, capital consolidation, monitoring of reporting deadlines and reporting quality of the data reported by consolidated companies, etc.).
- All major information included in the consolidated financial statements is subjected to extensive technical validations within the system to ensure that the data are complete and reliable.
- Risks relating to the single-entity and consolidated reporting process are continuously detected and monitored as part of the risk management process described in the risk report.

## RISK SITUATION: DEVELOPMENT OF INDIVIDUAL RISKS

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

### External risks

**General economic risks.** Economic fluctuations have a profound effect on advertisers' willingness to spend on advertising. A general weakening of the economic environment, especially in Germany, the Group's single most important market, could consequently have a substantial adverse impact on the ProSiebenSat.1 Group's earnings. Although the initial signs of a low-level economic recovery or stabilization have now become evident, the differences among various economic forecasts show that uncertainty remains high. We have presented an assessment of economic conditions and their potential impact on the financial performance of the ProSiebenSat.1 Group on pages 103/104.

**Sector risks – Advertising market.** Close monitoring of new bookings of TV advertising spots is an integral part of the risk management process. To analyze the order status, the order volume or advertising revenues for the full year are projected from incoming bookings. Important indicators here are provided by keeping track of the competitive environment and the developments within the advertising industry and the economy as a whole. Actual and forecast values as well as the differences to previous year comparative period values are analyzed as part ot the monthly reporting process.

**Sector risks – TV consumption.** Lower TV consumption could have a material impact on the operating performance in our core business free TV. However, at present the Group views the risk of a significant change in TV consumption as rather low. There has been little or no sign so far of "cannibalization" – meaning migration of audiences to alternative media. What can be observed instead is an additive use of such media as TV and the Internet. In this regard, the quality and availability of content are crucial success factors in the use of alternative media. The ProSiebenSat.1 Group reduces its dependence on the TV market by diversifying its business activities, and at the same time extends the reach of its programming content and brands.

### Content risks

**Acquisition of licensed content.** The ProSiebenSat.1 Group acquires many of its feature films, TV films and series as licensed content from third parties, with a strong focus on major U.S. studios. In addition to the general price risk, therefore, the Group is also exposed to the risk of potential price increases due to the ongoing success of U.S. productions. The ProSiebenSat.1 Group is able to limit price risks because of its strong position as a licensee. The European Group's negotiating position with major studios and independents is further strengthened by stable business relationships founded on many years of cooperation and long-standing contractual arrangements, and by the Group's standing as one of the largest, most important licensees in the international TV market.

**In-house and commissioned productions.** The ongoing concentration of producers has resulted in an increasing price risk to the ProSiebenSat.1 Group. Additionally, because reference figures are sometimes unavailable, the prospects for the success of in-house and commissioned productions tend to be less certain than in the case of purchased programming licenses. Hence the Group's strategy includes strengthening content operations by the establishment of a Group-wide production unit. ProSiebenSat.1 constantly conducts programming and market research, so that it can assess the prospects for success of its in-house and commissioned productions as reliably as possible. Moreover, a broad supplier base with the smallest possible number of core suppliers also limits potential risk. By founding the Redseven Entertainment production company in 2008 – a wholly owned subsidiary of ProSiebenSat.1 Media AG – the Group laid a foundation that will enable it to better exploit its own or acquired programming rights, and to develop them further on a cross-platform basis. Group-wide production structures are to be established in the next few months. The Red Arrow Entertainment Group was formed for that purpose in January 2010. Red Arrow pools existing production companies such as Redseven Entertainment, development partners, and international programming sales under a single umbrella, and will continue to expand its coordinated international portfolio.

**Programming inventory.** The success of a programming policy depends on the programming content's appeal and profitability. An important early warning indicator in this regard is the total return on programming inventory. Generally, programming contracts are signed several years ahead of the broadcast date. Programming rights are capitalized at the amount of their contractual acquisition cost. To reduce inventory risk, the revenue potential of contractually ensured broadcasting rights is reviewed on a regular basis.

### Technology risks

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

Going live with the new Playout Center in Munich in April 2009 carried the ProSiebenSat.1 Group into the future with an innovative technical platform. The technology change and the establishment of a shared pool of materials enable the Group to distribute all its video materials in tapeless form, so that programming content can be edited simultaneously by different employees at different locations. The result is substantial advantages in time, efficiency and quality.

**IT risks.** The increasing complexity of the Group's systems means that IT security risks may have serious consequences for business processes. These include failures of systems, applications, or the network, as well as data integrity and data confidentiality. IT security risks are mitigated by regular investments in hardware and software, by using firewall systems and virus scanners, and by establishing various access authorizations and controls. The IT unit has multiple computer centers at separate locations, which take over one another's tasks automatically in the event of a failure, without losing either time or data. The IT security strategy is updated regularly.

### Sales risks

**Audience share/TV ratings.** Ratings of the free TV stations, and especially audience share among the key demographic target groups, are among the most important early warning indicators. A structural reduction in ratings might have financial consequences for ProSiebenSat.1. However, the Group continues to assess the likelihood of this risk as very slight.

**Sales.** The sales model for advertising time in Germany, which was revised in 2008, has now become established and accepted in the market. The principal challenges for sales are currently to use the available advertising capacity in the best possible way, at economically appropriate prices. The current economic situation creates the risk of temporary underutilization, but the Executive Board views this risk as manageable. Innovative concepts for attracting new clients, such as "Media for Revenue Share," are expected to allow the Group to make better use of capacity – in other words, to capitalize on available advertising time.

**Convergence.** Current studies indicate that despite the steadily growing range of alternative media, television still rates first with consumers. Moreover, TV content is often also used on other platforms like the Internet. The cross-media expansion of its services will offer the ProSiebenSat.1 Group significant potential in terms of revenue and growth. To enable servicing of our advertising clients with cross-media concepts, ProSiebenSat.1 refined its marketing organization in 2009. One part of this strategy was the merger of the Group's two German sales organizations, for TV (SevenOne Media) and for online (SevenOne Interactive). Since June 2009, all sales activities in Germany have been handled by SevenOne Media GmbH, so that the Group can respond better to the market's needs. As part of the same process, SevenOne AdFactory GmbH was founded in July 2009 to specialize in customized, integrated cross-media services.

### Organizational and financial risks

**Outsourcing of IT and carve-out of ProSiebenSat.1 Berlin Produktion GmbH.** Under a long-term outsourcing agreement between the ProSiebenSat.1 Group and IBM, IBM took over and further developed all IT business applications and the IT and media systems of ProSiebenSat.1 Produktion. Over the next few years, it will setup a broadcast integration center and continue standardization of processes and business applications. The outsourcing has positioned ProSiebenSat.1 more efficiently and more flexibly in the European media and entertainment market. ProSiebenSat.1 incurs risks here, however, because of the resulting greater dependency on an external service partner. As another part of the portfolio optimization process, the Berlin operations of the Group's subsidiary ProSiebenSat.1 Produktion GmbH were carved out into a separate legal entity and subsequently sold to fernsehwerft GmbH as of June 30, 2009. In its current form fernsehwerft Produk-

New Playout Center:
The new Playout Center in Munich went into operation in April 2009. The change to a new technology platform brought the Group gains in efficiency and quality.

tion GmbH, will remain a strategic partner in technology and production services for the Group's companies N24 Gesellschaft für Nachrichten und Zeitgeschehen GmbH and MAZ & more TV-Produktion GmbH.

Employees, page 82.

**Personnel risks.** The ProSiebenSat.1 Group's success depends significantly on the talents and dedication of its employees. Personnel risks arise primarily in recruiting and developing staff, and in the turnover of employees in key positions. The results of a June employee survey proved to be gratifying for the Company on the whole. Points of criticism were addressed with a concrete list of improvement measures shortly after analysis of the results of the survey. As part of this process, the Group also worked on developing a strategic promotion and performance program for all employees throughout Europe. The program will be tested as a pilot project in 2010.

**Financial risks.** The ProSiebenSat.1 Group is exposed to a variety of financial risks through its business operations. These risks are managed centrally as a part of financial risk management. Apart from ensuring solvency, the aim of financial risk management is to optimize the Group's financial result. The principles, duties and responsibilities of financial risk management are governed by the internal corporate financial guidelines of the ProSiebenSat.1 Group. Financial risk management is founded on strategies that have been defined in close cooperation with the Executive Board. These include not only the Group financial guidelines, but also other guidelines for structuring the Group's internal financing and its borrowings, and requirements to be met by external business partners for finance and treasury transactions (counterparty guidelines). Any derivative financial instruments that may be employed serve solely to hedge existing risk positions, and are not used for active trading purposes. For information on section 289 (2) No. 2 German Commercial Code concerning financial instruments we refer to the section "Further notes on financial risk management and financial instruments according to IFRS 7", Notes to the consolidated financial statements, no. 33.

Extensive government support packages, including those for the international financial industry, have significantly mitigated the crisis in the international financial markets. In association with the first signs of recovery of overall economic conditions for the European economies, on the whole the financial risk situation has improved for the ProSiebenSat.1 Group as well, although careful monitoring of that situation remains necessary:

- **Finance risk.** By finance risk, the ProSiebenSat.1 Group refers to having adequate funding available and accessible, whether through equity or through borrowings. In this context, the ProSiebenSat.1 Group monitors the situation on money markets and capital markets. The availability of borrowings depends in part on compliance with particular requirements known as "financial covenants." As overall economic conditions begin to improve, the financial risk situation pressure of ProSiebenSat.1 Group with respect to compliance with financial covenants has not further increased. Compliance with these ratios is monitored on an ongoing basis, including prospective analyzes on the basis of business plans. Based on current budgets, the Company expects no violation of its financial covenants. Further information about financial covenants is provided in the section on debt financing on page 74. The Group currently has a syndicated facilities agreement for just under EUR 4.2 billion that extends to mid-2014/15, so that it currently has no refinancing needs. At present the syndicated facility comprises two term loans totaling EUR 3.571 billion (Term Loan B and C), as well as a revolving credit facility with a facility amount of EUR 600.0 million, which can be drawn on a revolving basis for general corporate purposes.

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

The results of some Group companies that do not have the euro as their functional currency are being converted to euros as part of the preparation of the consolidated financial statements (foreign currency translation). The risk of changes in the rate of exchange to the euro in these cases is not hedged.

Exchange rate fluctuations that result when "non-euro" Group companies take out financial obligations denominated in currencies other than the euro, and the consequent impact on profits at those companies, are likewise not hedged if these liabilities are expected to be settled with euro funds provided by Group parent companies, rather than out of the operating (non-euro) cash flows of the companies themselves.

- **Interest rate risks.** The ProSiebenSat.1 Group is exposed to an interest rate risk through its credit facilities. To mitigate that risk, ProSiebenSat.1 has hedged about 78 percent of its variable-interest financial liabilities through interest rate hedges. These interest rate hedges are used to compensate for uncertain, variable-rate interest payments on borrowings by replacing those payments with fixed-rate interest payments. Known as "interest rate swaps," they qualify as cash flow hedges that are covered by hedge accounting under IAS 39.88. The remaining variable interest rate risk results not only from the unhedged portion of the term loans, but also from any drawings the Group may take on its revolving credit facility. As of December 31, 2009, EUR 497.2 million had been drawn from this facility. An interest rate risk in the meaning of a change in market value is of no relevance, since ProSiebenSat.1 Media AG's financial liabilities are reported at cost, and thus any change in market value will have no effect on the statement of financial position.

- **Liquidity risks.** Liquidity risk – meaning the risk of being unable to meet payment obligations because of a shortage of available cash funds – is managed through a central cash management system. The most important early warning indicator in this connection is the expected free liquidity headroom, which is calculated on the basis of available cash and projections, taking the seasonal nature of the business into account. The management of ProSiebenSat.1 Media AG rates the Group's liquidity as good, and assumes that the liquidity headroom will remain sufficient in the coming years.

- **Counterparty risks.** The ProSiebenSat.1 Group, as a European media corporation that operates in multiple relationships with international partners in the financial industry, must rely on fully functional markets for money, capital and derivatives. However, the international financial crisis has lent new importance to monitoring counterparty risks. To mitigate the risk of default on transactions involving financial instruments, the Group engages in finance and treasury transactions only if the external counterparties meet the strict credit standing requirements established in the counterparty guidelines. Furthermore, the risk of concentration is mitigated by diversifying finance and treasury transactions among multiple qualified counterparties.

A detailed discussion of hedging instruments, valuations and sensitivity analyses, as well as other information about the financial risk management system, is provided in the Notes to the consolidated financial statements, no. 33.

The Code of Compliance can be viewed at http://en.prosiebensat1.com/investor_relations/cg_ueberblick/.

### Compliance risks

**General compliance.** Corporate governance risks arise from potential violations of statutory reporting obligations and from insufficient transparency in corporate management and corporate communications. The ProSiebenSat.1 Group limits these risks with a Group-wide compliance structure. The program includes training employees in antitrust matters, as well as internal oversight and sanctioning mechanisms to prevent from the outset any violations of the antitrust laws. The Group has also introduced a Group-wide code of conduct. The "ProSiebenSat.1 Group Code of Compliance" ensures that the Group's business activities are in line with internationally recognized standards, as well as local laws and regulations.

**Third-party lawsuits in connection with the antitrust case in 2007.** On November 10, 2008, RTL2 and its marketing company, El Cartel, filed suit in Düsseldorf Regional Court against SevenOne Media and the ProSiebenSat.1 broadcasting companies. The current suit seeks a declaratory judgment and information, not specific damages; its aim instead is to establish an obligation in principle to pay damages. A further suit against SevenOne Media and the ProSiebenSat.1 broadcasting companies was filed in Munich Regional Court I on November 9, 2009. In an action by stages, TM-TV GmbH is seeking information and damages. On December 22, 2009, MTV Networks Germany GmbH likewise filed suit against SevenOne Media and the ProSiebenSat.1 broadcasting companies in Munich Regional Court I. This too is an action by stages seeking information and damages. Any successful suit against the ProSiebenSat.1 Group or one of its subsidiaries might have a material impact on the Group's financial and earnings situation.

### Media law/Broadcasting licenses

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

  There is a further risk that in German states that hitherto have had no requirements for programming windows, demands for similar arrangements might also follow. In these discussions as well, ProSiebenSat.1 Media AG is taking an active part to counteract an expansion of further regional TV requirements.

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

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

The switch from analog to digital broadcasting will further multiply the capacity available for carrying the Group's television programming and other services. Signing long-term distribution agreements has ensured that the reach of the Group's stations will still be assured as the transition from the analog to the digital age advances. For that reason, the ProSiebenSat.1 Group is confident that its stations will continue to be distributed nationwide in both analog and digital format. Moreover, since February 2010, the stations SAT.1, ProSieben and kabel eins have been broadcasting in high definition (HD) via the new HD+ service. In parallel, however, the stations are still broadcasting in standard resolution, thus preventing audience losses consequent upon the lack of HD-compatible consumer technology.

### Other risks

- **Rights of use in new media.** The ProSiebenSat.1 Group is currently in negotiations with various copyright holders about the use of their rights on the Group's platforms, especially in new media (online). The negotiations primarily concern the rights of (online) use for music held by various rights licensing companies. The fragmentation of rights of use is making it increasingly difficult to reach consensus with all involved, and is thus impeding a practical, quick solution to the matter. This situation could adversely affect the development of the new media business.

- **Tax risks.** The investigative proceedings brought against certain individuals by Munich Public Prosecutor's Office I were terminated in the follow-up of the completed antitrust case in 2007 in the fourth quarter of 2009 with no imposition of sanctions or fines on either the individuals concerned or the Company. Consequently we believe that the abstract income tax risk associated with the investigative proceedings has also changed for the better. However, residual risk still remains that certain past operating expenses might be retroactively declared non-deductible for tax purposes.

# Outlook

## Overall Assessment of the Group's Prospective Performance – Management's View

Thomas Ebeling,
CEO ProSiebenSat.1 Media AG

» General economic conditions are likely to recover slightly in 2010. But forecasts for the future development of the advertising market remain uncertain, and visibility on the whole is low. To ensure that we can grow profitably once again even in a difficult market environment, we will continue to apply firm cost management. We proved as a Group in 2009 that we can work creatively and intelligently with limited resources – and that we are competitive even in challenging advertising markets. We have introduced initiatives in many parts of the Group to tap new revenue sources. We will maintain the same kind of approach for 2010. «

FUTURE ENVIRONMENT

### FUTURE ECONOMIC AND INDUSTRY ENVIRONMENT

**Overall economic environment.** The **global economy** recovered faster in the second half of 2009 than had initially been expected. For that reason, the International Monetary Fund (IMF) has made a substantial 0.8 percentage-point upward revision in its growth forecast for 2010, to 3.9 percent. However, the recovery will not advance uniformly. Strong growth is expected primarily in the emerging and developing economies of Asia, while momentum is likely to remain rather low in developed economies. Among the risks the IMF cites are still-fragile financial systems, rising government deficits, and risks from rising unemployment. For that reason, forecasts of future economic performance entail uncertainties and may vary substantially. For example, the World Bank expects substantially lower growth than the IMF, at 2.7 percent for 2010.

The **European economy** is also likely to recover gradually after the 2009 recession (Eurostat: –4.1%). The projection for 2010 is currently 0.7 percent for both the Euro Zone and the entire Community. Along with large economies – Germany and France – Denmark and Sweden, among the Scandinavian countries, are also expected to perform relatively well, as are several Eastern European countries, including Poland, Slovenia and Slovakia. Some EU member states will have to deal with negative growth figures again this year, including Spain, Ireland, Bulgaria and Lithuania. Additionally, the budget problems in Greece have created new uncertainty in the financial markets.

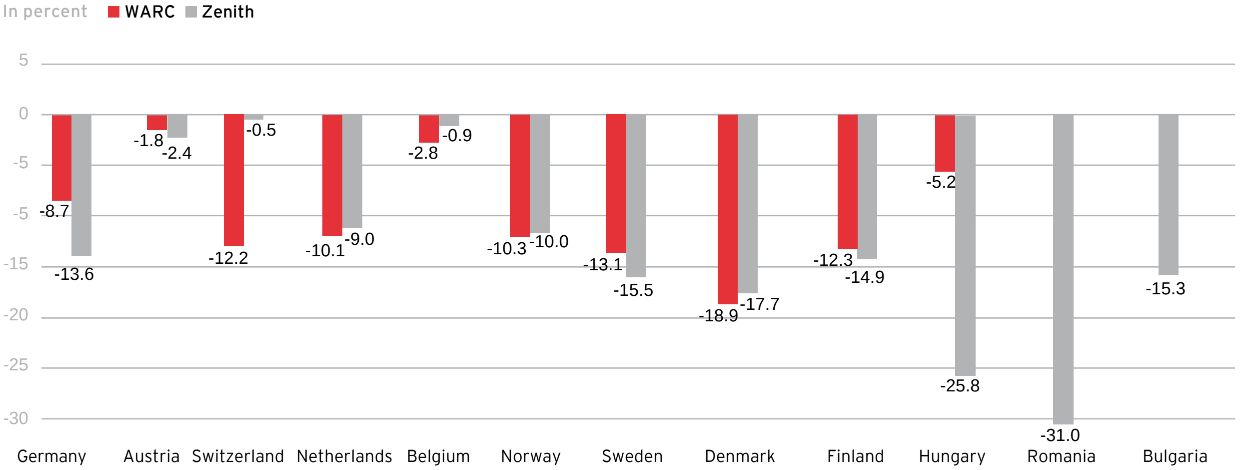
**Germany** will still feel the impact of the economic crisis in 2010. Germany's export-oriented economy will benefit from recovering world trade, but production capacity is currently far from being fully utilized. Even with a substantial economic recovery, it will be a while before production returns to pre-recession levels. Consequently many companies will rethink their employment. According to the annual economic report, the government expects unemployment to rise to an annual average of 8.9 percent (2009: 8.2 percent). This may have a considerable adverse impact on consumer spending (–0.5%). All told, real gross domestic product is expected to rise 1.4 percent in 2010, primarily on the basis of exports and capital expenditures. The IMF's projection of 1.5 percent is comparable.

**Anticipated developments in the advertising market.** The future performance of the advertising market will be closely tied to the general economy. Consumer attitudes in particular provide important hints; after all, consumers are the primary audience for advertising messages.

ZenithOptimedia currently projects that the German net TV advertising market will shrink 1.6 percent in 2010. The World Advertising Research Center (WARC) expects a decline of 1.4 percent in the German market. The two institutes' latest expectations for the final figures from 2009 are respectively minus 13.6 percent respectively minus 8.7 percent net.

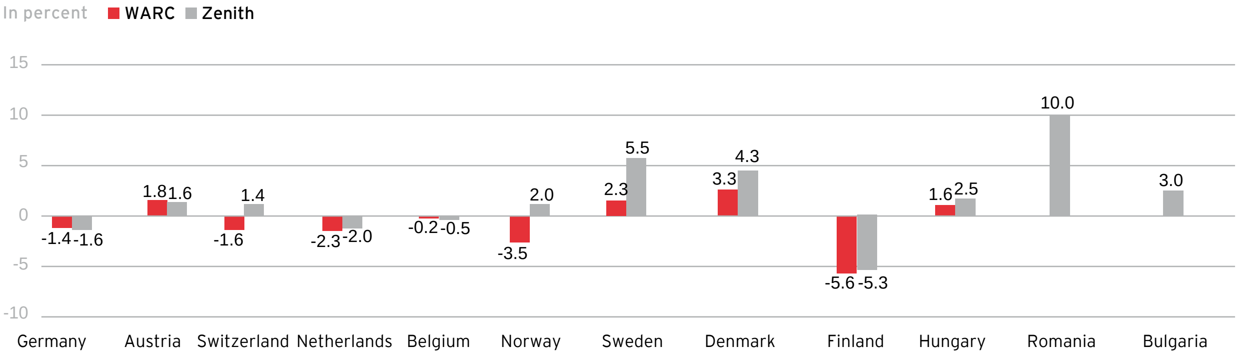
Projections for 2010 are also negative for some of the other markets where the ProSiebenSat.1 Group operates. In the Netherlands, ZenithOptimedia projects minus 2.0 percent and WARC projects minus 2.3 percent. But the net TV advertising markets in Sweden and Hungary are expected to perform significantly better than in 2009: ZenithOptimedia expects growth of 5.5 percent in Sweden and 2.5 percent in Hungary; WARC projects 2.3 percent in Sweden and 1.6 percent in Hungary. However, since the economic picture still remains unstable and visibility in the advertising markets is limited, these predictions must be treated with due caution.

Development of TV advertising markets in ProSiebenSat.1's major countries, change 2009 compared to 2008




Source: World Advertising Research Center (12/2009)/ZenithOptimedia (12/2009), figures extensivelly harmonized on a net basis, but methodological differences between different countries and sources persist.

Development of the TV advertising market in ProSiebenSat.1's major countries, change 2010 compared to 2009




Source: World Advertising Research Center (12/2009)/ZenithOptimedia (12/2009), figures extensivelly harmonized on a net basis, but methodological differences between different countries and sources persist.

Gerald Neumüller, Deputy Director Research SevenOne Media

» As expected, the recession in the past two years has seriously affected advertising markets in Europe. Which makes it all the more welcome when conditions improve, as was the case in the positive fourth quarter of 2009, especially in Germany. Economic developments in the past few months have shown once again that every recession and every recovery has its own dynamics. Precise forecasts of the future performance of economically sensitive advertising markets are difficult at the moment, in spite of the noticeable recovery. Too many influencing parameters are in play. Market visibility is still very low. Apart from economic developments, the advertising industry will also be affected by political choices, structural market changes, and business conditions in individual industries. Moreover, many effects may not become evident until the medium term – such as lower consumer spending due to a less favorable job market. «

## OPPORTUNITIES SPECIFIC TO THE INDUSTRY

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

Non-financial performance indicators, page 88.

**Media use.** Among German advertisers' key demographic between the ages of 14 and 49, viewing time increased by four minutes in 2009, to a total of 182 minutes per day (2008: 178 minutes). Television use in 2009 also remained stable at a high level among young viewers between 14 and 29, at 136 minutes per day. The example of Germany shows that there has been no interruption in TV's ever-growing appeal to viewers as a medium. At the same time, TV and its content remain important to the young media generation even on the Internet. 60 percent of online video users between the ages of 14 and 29 have used video content that they already knew from TV. 78 percent of online video users between 14 and 29 consider Internet videos something for "in between" – they would still rather watch full-length shows on the TV. 48 percent of this target audience usually take advantage of the chance to watch TV online as a kind of supplement – for example, if they have missed an episode of a series or want to re-watch the best scenes from a show. Accordingly, the Internet is by no means taking away from television. The two media are not cannibalizing one another – they complement each other.

The ProSiebenSat.1 Group offers the customer first-rate entertainment and current information on TV, on the Internet, or on mobile terminals – anytime, anywhere. The Company's video strategy is aimed at building loyalty especially among younger viewers – offering them whole episodes, live streaming and clips on its stations' video portals, in the maxdome online video library, through the MyVideo.de video community, or via video podcasts, mobile TV or mobile portals.

**New technologies.** Around 3.2 million households in Germany acquired a digital TV set last year. ProSiebenSat.1 responded to this trend by deciding to make use of SES ASTRA's new HD+ service. HD+ will offer access to new HD programming for households with satellite TVs, and will complement existing digital programming. Stations SAT.1, ProSieben and kabel eins have been broadcasting in high definition (HD) since February 2010. The stations continue to be broadcast in standard definition at the same time.

Sales as well continues to be increasingly digitized and high-tech, tapping additional growth opportunities for the media industry. Tools like personal targeting offer innovative chances to reach target audiences, since customized online advertising can be inserted individually for selected users. Thus advertisers can focus their campaigns on various age groups and other population segments, product interests, or places of residence. In December 2009, ProSiebenSat.1 marketing company SevenOne Media expanded its targeting technology to video advertising on the Internet.

## OPPORTUNITIES IN THE LEGAL AND MEDIA POLICY ENVIRONMENT

**Changes in legislation.** The implementation of Article 3g(2) of the European Media Services Directive in Germany's 13th Amending Interstate Treaty on Broadcasting has opened up new advertising opportunities. Formerly, for example, a brand product could not be incorporated into a European commissioned or in-house production in return for compensation. The new interstate treaty permits product placement in theatrical films, other films and series, sports broadcasts, and light entertainment broadcasts. The ProSiebenSat.1 Group will include product placement in its marketing portfolio, and offer it as part of an 360-degree-sales approach.

**Media-policy environment.** The German television and radio market operates within a dual system. In addition to the free TV stations financed entirely through advertising, viewers can watch public broadcasters that are financed primarily out of officially imposed fees, but also through advertising. Thus private broadcasters compete with the public broadcasters not just for viewers, but for advertisers. Currently the balance of this dual system is under debate. Private stations are calling for an improvement in their options for refinancing, through an expansion of their advertising potential and the ability to subsidize statutorily required programming by way of official fees.

## OPPORTUNITIES FOR PERFORMANCE AND STRATEGY

Strategy, page 55.

**The Group's future focus.** The economic crisis has shown that in tough economic times, the advertising industry relies more and more on time-tested media, and that TV remains the No. 1 leading medium. For that reason, the Group's activities will continue to focus clearly on the core business in free TV. But at the same time, we must also respond to the changes in our market environment. It is important to our future competitive strength for us to reduce our dependence on the TV advertising market, and to expand our value chain. For that reason, we will push ahead the diversification of our business activities even more vigorously, and develop ideas to generate additional revenue beyond our traditional primary business. The Strategy Department, founded in 2009, has the task of advancing the implementation of new business ideas. Here the Company will focus systematically on profitability and enhanced efficiency.

**Hybrid business model in Denmark:** Over the past few years, TV stations in Denmark have significantly reduced their dependence on the advertising market by establishing what is known as a "hybrid" revenue model: stations finance themselves with programming fees in addition to TV advertising revenues.

**Opportunities in corporate strategy.** Opportunities in our traditional core business in television derive particularly from the multiple use of content and from making use of unoccupied programming capacity. Hitherto we have concentrated on broadcasting TV content by way of a variety of platforms, and extending our TV brands onto the Internet especially. But we assume that refinancing programming through distribution revenues and user fees will play an increasingly important role. The ProSiebenSat.1 Group is currently examining a number of different additional revenue models for both Germany and our international markets, where hybrid business models are already established. For example, in our Danish free TV business we derive a substantial portion of our revenues from distribution fees. Our aim for the coming one to two years is to start up further special-interest and niche channels for our major stations, financed through user fees. In addition to additional pay services, there is also the possibility of distributing content for a fee via mobile services or Video on Demand, for example by making certain shows available on the Web in advance of their regular airing.

In addition to 360-degree leverage of our content on all media platforms, we can expand our classic value chain by selling or sublicensing shows that have already been aired, or local programming components that are not a good fit for our station brands. Additionally, expanding our content strategy – for example, by pooling our marketing and production capabilities for programming content at the Red Arrow Entertainment Group – will help us capitalize better on our programming inventory, and generate additional revenues. Launching new stations is another worthwhile possibility for making better use of our existing programming assets. One current example is FEM3 in Hungary, a station that was launched in January 2010 with a programming schedule targeted specifically for the female audience. Another special-interest channel for the female target audience is planned in Germany: sixx will go on the air in the spring of 2010, filling a gap in our stations' programming range. The marketing concept of the digital channel is based on individualized solutions from SevenOne AdFactory, especially for non-TV clients.

"Media for Revenue Share" or "Media for Equity":
Interested companies can find information and submit their business plans directly at www.sevenbrandventures.de.

We have identified further opportunities to tap additional revenue sources in our classic Diversification business as well. Apart from geographic and cross-media diversification, we will also use our brands in a more focused way to tap new business potential in adjacent fields. However, one essential requirement will be that any new business idea must connect with our core business and contribute toward possible growth. Another growth opportunity lies in appropriately marketing advertising inventory on which we have not capitalized before. This was why, for example, we developed our "Media for Revenue Share," respectively "Media for Equity," concept. Here the ProSiebenSat.1 Group makes advertising time available to new TV clients at no charge, and in return we participate in the value added that has jointly been created, by receiving a share of revenues or a stake in the company.

Station performance:
Audience ratings are a way of documenting the performance of a station's brand value for the advertising industry. For that reason, they are one of the most important non-financial key figures. For a further description see page 54.

**Performance opportunities.** In addition to growth opportunities that derive from our corporate strategy, we will take advantage of performance opportunities in our business operations. The recession in the advertising market in 2009 made competition more intense and increased the demand for discounts. Also our Company was not able to escape this pressure entirely. Moreover, markets are increasingly saturated, meaning that an ever larger number of competitors – including fast-growing ones like the Internet – are competing for rather stagnant target consumer groups and advertising budgets. For that reason, our most important performance opportunity lies in capitalizing better on our performance in audience share and getting appropriate prices for our strong media performance.

# Company Outlook

The ProSiebenSat.1 Group's future business success will depend to a large degree on how TV advertising investments develop in the Group's core market, Germany, where it generates about 65 percent of its total revenues. Because the advertising industry is very susceptible to cyclical fluctuations in the economy, any projection for the TV advertising market is inherently uncertain. The short-term nature of booking behaviour, especially in volatile phases like the present one, makes planning even less reliable. Due to the still exceptionally low market visibility and the macroeconomic risks, ProSiebenSat.1 desists from giving quantitative statements about the expected development of earnings, financial position and performance of the ProSiebenSat.1 Group and its segments for the 2010 and 2011 projection period.

| Our most important targets for 2009 | Results for 2009 | Our most important targets for 2010 |
|---|---|---|
| Improve audience share | Denmark, the Netherlands, Austria, Romania and Finland above last year's levels, ratings improved significantly in core market Germany | **Attractive content and complementary programming on stations:** Expand proven concepts / foster successful launch of new formats / efficient procurement, production and exploitation of content / build up strong content unit (launch of Red Arrow Entertainment Group) / launch new stations |
| Increase advertising market share | Gross share of advertising market rose 1.8 %pts in principal market, to 42.9 percent. Good acceptance of sales model for advertising time in Germany | **Sales excellence:** Increase net advertising revenues / generate additional revenue sources with differentiated, innovative advertising concepts / make better use of advertising capacity |
| Achieve economic goals | Efficiency goals achieved: recurring costs cut by more than EUR 200 million | **Cost leadership:** Tough cost management / even more efficient structures / make use of opportunities for Group-wide cost synergies |
| Launch the new German Free TV organization | New organization launched in July 2009 | **Successful pursuit of video strategy:** Make sure our TV brands are present on all platforms / cross-media use of content |
| Define new growth strategies | Innovative concept to generate new customers: "Media for Revenue Share" deals signed | **Broader diversification:** Tap new revenue sources such as pay and hybrid models / extend value chain into adjactent fields / use programming inventory more efficiently |

Risks and opportunities:

Risks and opportunities: The projections for the ProSiebenSat.1 Group's future earnings, financial position and performance take account of all events known at the time of preparation of the parent-company financial statements that might affect our business performance during the projection period of 2010 and beyond. Among others, risks that may arise in part because of economic conditions are identified in the Group-wide risk management process, and are taken into account in the budgeting process so far as possible. The budget preparation process is a part of the Group-wide planning process, and is described on page 54f.

Opportunities for the ProSiebenSat.1 Group derive in part from corporate strategy, and in part when planning proves to be based on overly conservative assumptions. Planned values may especially turn out better than originally expected when the economy performs better, when legal requirements change, or when new technological opportunities present themselves. Lower interest rates and more favorable foreign exchange rates may likewise have positive effects on the Group's financial results or profitability.

## FORECASTED GROUP REVENUE AND EARNINGS PERFORMANCE

Based on current economic projections, signs are accumulating that the German TV advertising market has bottomed out. Negotiations with our advertisers for 2010 have been within expectations so far. Because the economy remains so uncertain, the ProSiebenSat.1 Group believes a number of scenarios are possible for developments in the advertising market during 2010. These range from slight growth in the German net TV advertising market against 2009, to a further slight decrease in advertising investments. We do not expect a sustained recovery in the European TV advertising markets before 2011.

In 2008 and 2009, the ProSiebenSat.1 Group implemented extensive cost-cutting programs to stabilize its earnings situation. These will continue to have sustained effects in 2010. As a result, the ProSiebenSat.1 Group currently expects recurring costs to be either stable or even down slightly from 2009. If the macro economic picture does not permit revenue increases, the ProSiebenSat.1 Group will make additional efforts to counter this with additional cost-cutting programs. However, further cost reductions on the scale of those implemented in 2009 will not be possible. The Group is also exploring potential steps to reposition the news business at N24, within the context of optimizing costs Group-wide. All in all, the ProSiebenSat.1 Group expects operating profits (recurring EBITDA) to improve in 2010 and 2011.

## REVENUE PERFORMANCE OF SEGMENTS AND FUTURE BUSINESS MARKETS

The Group plans to maintain the German stations' successes in audience share at the same good level as last year, around 30 percent in the advertising-relevant target group – after adjustments for the effects of the 2010 Winter Olympics and the World Soccer Cup. Alongside Germany, the TV advertising markets with the largest revenue contribution are the Netherlands, Hungary and Sweden (accounted in the Free TV International segment). The same will apply in 2010. In Free TV International segment, the Company aspires to stable or slightly rising audience shares. In case, the macreconomic situation doesn't allow revenue increases in the Free TV business, the Company expects on the respective segment level a rise of the operative Free TV segment results because of additional cost reductions.

In the medium term, the ProSiebenSat.1 Group aims to considerably increase the contribution to revenues from Diversification operations (2009 contribution: 13 percent). In spite of expected revenue growth resulting from new strategic projects in the Diversifivation unit, a decline of the operative segment result within a short-term is not excluded.

## PROJECTED GROUP FINANCIAL POSITION AND PERFORMANCE

Definition leverage, page 72.

Dividend proposal, page 38.

The Group's medium-term goal is to further improve its net financial debt and leverage (December 31, 2009: leverage of 4.7). The proposed dividend for 2009 takes the especially difficult macro economic environment of the financial year 2009 into account. However, the Executive Board of the ProSiebenSat.1 Media AG does not rule out the possibility that dividend payments may be increased again in the future.

Resolutions of the shareholders' meeting, page 86.

According to current projections, the financial position and performance of the ProSiebenSat.1 Group are not likely to change materially during the 2010-2011 projection period. The current credit facilities mature only in 2014-2015. Authorizations from the shareholders' meeting of June 2009 additionally endowed the Company with the ability to take advantage of attractive financing opportunities, depending on the market situation and its own needs, and to respond more flexibly to financing needs.

Liquidity, page 75.

Further information on financial instruments and obligations to invest see Notes to the consolidated financial statements, no. 32.

Our operating cash flow and our liquidity, comprising cash funds and the unused portion of the syndicated credit facility, give us sufficient financial headroom to use the opportunities for investments and acquisitions as they arise. The ProSiebenSat.1 Group's investing activity will continue to emphasize programming assets. Each year the Group invests more than one billion euro in licensed programming and commissioned or external productions. In 2009, the ProSiebenSat.1 Group strategically revised its programming investments to better fit the economic environment, but also to better fill needs for new programming. We plan to invest appropriately in programming assets again in 2010. A fundamental goal of our video strategy, apart from safeguarding the quality of our programming inventory for free TV, is to expand our distribution rights for pay TV, online and mobile devices.

# Programming Outlook for 2010

>> The ProSiebenSat.1 Group will continue to offer audiences a broad range of TV programming with up-to-date information, exciting films, thrilling series and major show events. The Group's stations will carry both in-house productions and high-quality Hollywood programming. For example, ProSieben will feature the first German free TV showings of "Pirates of the Caribbean – At World's End," "Sex and the City - The Movie" and "Harry Potter and the Order of the Phoenix." The Group's Belgian stations will also be captivating viewers with the entire Harry Potter series starting in 2010. The deal also includes the coveted rights to the final two-part film, "Harry Potter and the Deathly Hallows."

**Great films!** The ProSiebenSat.1 Group has exclusive license agreements with almost every major Hollywood studio and many other important production companies and film dealers. In-house productions are another major asset of the stations' schedules. In the tradition of the "SAT.1 FILMFILM," SAT.1 will be showing "Keinohrhasen" for the first time on free TV in 2010 – a successful co-production by and with Til Schweiger. Another made-in-Germany programming highlight is the exciting political thriller "Die Grenze," scheduled for spring of 2010.

"Desperate Housewives" - The sixth season of the three-time Golden Globe-winning series will appear on Kanal 5 in Sweden starting in March. The latest season of the hit series has been running on ProSieben in Germany since the beginning of the year.

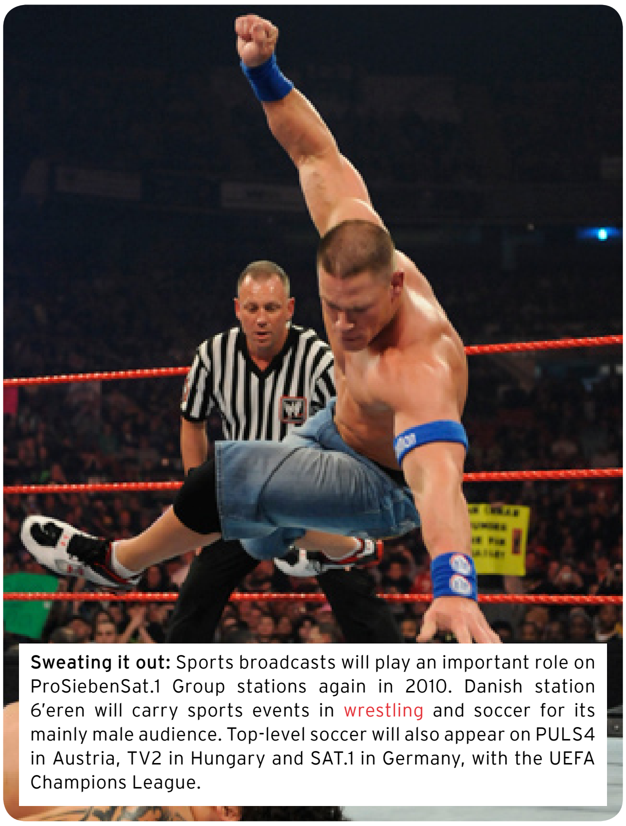
**Excitement in series:** In Germany, kabel eins has again been showing exciting U.S. series like the fifth season of "Lost," a free TV premiere, since January 2010. The new season of the mystery series starts in Belgium in mid-year.

**Off to a good start:** The mystery series "Vampire Diaries" made its debut on ProSieben in January 2010. The German premiere of the first episode earned a share of 16.9 percent of the key demographic.

**Talent scouts:** Stefan Raab headed the jury looking for German talent for the Eurovision Song Contest. Each of the episodes of "Unser Star für Oslo" also featured two new celebrity jurors to judge the contestants' performances. Stars like Sarah Connor and Peter Maffay helped the show along on ProSieben.

**Inquiring:** The next round of Hungary's "Mr és Mrs - A Sztárpár-Show" starts on TV2 in March 2010. The show, in which stars answer questions together with their partners, earned audience shares of up to 36.6 percent in 2009.

**Model business:** Austrian station PULS4 found "Austria's next Topmodel" in February 2010. And supermodel Heidi Klum has been back looking for "Germany's next Topmodel" on ProSieben since the beginning of March.



**Sweating it out:** Sports broadcasts will play an important role on ProSiebenSat.1 Group stations again in 2010. Danish station 6'eren will carry sports events in wrestling and soccer for its mainly male audience. Top-level soccer will also appear on PULS4 in Austria, TV2 in Hungary and SAT.1 in Germany, with the UEFA Champions League.

**Comedy news:** Dutch station Veronica has been carrying the second season of "CQC" since February 2010. The news show in comedy format presents funny news from around the world.

**Well informed:** On "SAT.1 Nachrichten," anchorman Peter Limbourg will be presenting the most important news from around the world again in 2010. In 2009, "SAT.1 Nachrichten" earned its best audience share since it moved to the 8 p.m. time slot with up to 11.5 percent.

Unser Star für Oslo_Photo © Johann Sebastian Hänel , Wrestling © 6'eren, CQC © Carli Hermès, Austria's next Topmodel_Photo © PULS 4/Gerry Frank, Sat.1 Nachrichten © Claudius Pflug/Dirk Schaller

# Consolidated Financial Statements.

The Consolidated Financial Statements of ProSiebenSat.1 were prepared in accordance with International Financial Reporting Standards (IFRS). They also take account of all additional requirements under the German Commercial Code (HGB). The auditors have examined the Consolidated Financial Statements and the Group Management Report, as well as the annual account and management report of ProSiebenSat.1 Media AG, and have accorded them an unqualified audit opinion.

The single-entity financial statements of ProSiebenSat.1 Media AG have been prepared in accordance with the German Commercial Code, and have been published separately from the Consolidated Financial Statements at www.prosiebensat1.com.

## Consolidated Financial Statements

Income Statement ......................................................... 114
Statement of Financial Position .................................... 115
Cash Flow Statement ..................................................... 116
Statement of Changes in Equity .................................... 117
Notes .............................................................................. 118
Basis of Preparation ....................................................... 118
Notes to the Income Statement .................................. 129
Notes to the Statement of Financial Position ............. 132
Additional Notes ............................................................ 143
Responsibility Statement of the Executive Board .......... 166
Auditors‘ Report ............................................................. 167
Additional Information .................................................. 168

## Income statement of ProSiebenSat.1 Group

| EUR k | | | 2009 | 2008 | Change | Change in % |
|---|---|---|---|---|---|---|
| 1. | Revenue | [8] | 2,760,840 | 3,054,241 | -293,401 | -10% |
| 2. | Cost of sales | [9] | -1,605,259 | -1,867,272 | -262,013 | -14% |
| 3. | **Gross profit** | | **1,155,581** | **1,186,969** | **-31,388** | **-3%** |
| 4. | Selling expenses | [10] | -395,874 | -449,852 | -53,978 | -12% |
| 5. | Administrative expenses | [11] | -309,577 | -533,855 | -224,278 | -42% |
| 6. | Other operating income | [12] | 25,358 | 63,230 | -37,872 | -60% |
| 7. | **Operating profit** | | **475,488** | **266,492** | **208,996** | **78%** |
| 8. | Income from investments accounted for using the equity method | | -4,715 | 592 | -5,307 | - / - |
| 9. | Interest and similar income | | 6,538 | 18,992 | -12,454 | -66% |
| 10. | Interest and similar expenses | | -237,136 | -274,428 | -37,292 | -14% |
| 11. | Interest result | [13] | -230,598 | -255,436 | 24,838 | 10% |
| 12. | Other financial result | [14] | -9,142 | -80,087 | 70,945 | 89% |
| 13. | **Financial result** | | **-244,455** | **-334,931** | **90,476** | **27%** |
| 14. | **Profit/loss before income taxes** | | 231,033 | -68,439 | 299,472 | - / - |
| 15. | Income taxes | [15] | -80,826 | -57,051 | -23,775 | -42% |
| 16. | **Profit/loss for the period** | | **150,207** | **-125,490** | **275,697** | **- / -** |
| | | | | | | |
| | attributable to Shareholders of ProSiebenSat.1 Media AG | | 144,538 | -129,141 | 273,679 | - / - |
| | Minority interests | | 5,669 | 3,651 | 2,018 | 55% |
| | | | | | | |
| EUR | | | | | | |
| | Basic earnings per share of common stock | [16] | 0.66 | -0.60 | 1.26 | - / - |
| | Basic earnings per share of preferred stock | [16] | 0.68 | -0.58 | 1.26 | - / - |

## Statement of comprehensive income of ProSiebenSat.1 Group

| EUR k | 2009 | 2008 | Change | Change in % |
|---|---|---|---|---|
| **Profit/loss for the period** | **150,207** | **-125,490** | **275,697** | **- / -** |
| Change in foreign currency translation adjustment * | 22,693 | -80,447 | 103,140 | - / - |
| Changes in fair value of cash flow hedges | -62,529 | -134,036 | 71,507 | 53% |
| Deferred tax on other comprehensive income | 16,352 | 36,987 | -20,635 | -56% |
| **Other comprehensive income/loss for the period** | **-23,484** | **-177,496** | **154,012** | **87%** |
| **Total comprehensive income/loss for the period** | **126,723** | **-302,986** | **429,709** | **- / -** |
| | | | | |
| attributable to Shareholders of ProSiebenSat.1 Media AG | 122,868 | -306,692 | 429,560 | - / - |
| Minority interests | 3,855 | 3,706 | 149 | 4% |

* Includes minorities from change in foreign currency translation adjustment in 2009 of -1,814 EUR k (2008: 55 EUR k)

## Statement of financial position of ProSiebenSat.1 Group

| EUR k | | | 12/31/2009 | 12/31/2008 | Change |
|---|---|---|---|---|---|
| **A.** | **Non-current assets** | | | | |
| I. | Intangible assets | [18] | 3,015,137 | 3,004,010 | 11,127 |
| II. | Property, plant and equipment | [19] | 256,636 | 248,945 | 7,691 |
| III. | Investments accounted for using the equity method | [20] | 2,096 | 6,868 | -4,772 |
| IV. | Non-current financial assets | [20] | 60,993 | 58,272 | 2,721 |
| V. | Programming assets | [21] | 1,276,419 | 1,149,157 | 127,262 |
| VI. | Accounts receivable and other non-current assets | [23] | 6,013 | 7,591 | -1,578 |
| VII. | Deferred tax assets | [15] | 90,082 | 91,528 | -1,446 |
| | | | **4,707,376** | **4,566,371** | **141,005** |
| **B.** | **Current assets** | | | | |
| I. | Programming assets | [21] | 250,100 | 230,815 | 19,285 |
| II. | Inventories | [22] | 2,256 | 5,537 | -3,281 |
| III. | Current financial assets | | 137 | 211 | -74 |
| IV. | Current tax assets | | 45,198 | 59,911 | -14,713 |
| V. | Accounts receivable and other current assets | [23] | 432,269 | 434,153 | -1,884 |
| VI. | Cash and cash equivalents | [24] | 737,399 | 632,871 | 104,528 |
| | | | **1,467,359** | **1,363,498** | **103,861** |
| **Total assets** | | | **6,174,735** | **5,929,869** | **244,866** |

| EUR k | | | 12/31/2009 | 12/31/2008 | Change |
|---|---|---|---|---|---|
| **A.** | **Shareholders' equity** | [25] | | | |
| I. | Subscribed capital | | 218,797 | 218,797 | - / - |
| II. | Capital reserves | | 552,465 | 547,139 | 5,326 |
| III. | Retained earnings | | 75,550 | -56,394 | 131,944 |
| IV. | Treasury shares | | -30,545 | -15,105 | -15,440 |
| V. | Accumulated other comprehensive income | | -243,167 | -234,090 | -9,077 |
| | Total equity attributable to shareholders of ProSiebenSat.1 Media AG | | 573,100 | 460,347 | 112,753 |
| VI. | Minority interests | | 7,733 | 18,576 | -10,843 |
| | | | **580,833** | **478,923** | **101,910** |
| **B.** | **Non-current liabilities** | | | | |
| I. | Long-term loans and borrowings | [28] | 3,534,859 | 3,523,152 | 11,707 |
| II. | Other non-current financial liabilities | [28] | 455,238 | 331,831 | 123,407 |
| III. | Provision for pensions | [26] | 8,005 | 6,961 | 1,044 |
| IV. | Other non-current provisions | [27] | 12,265 | 1,248 | 11,017 |
| V. | Other non-current liabilities | [29] | 1,806 | 25,116 | -23,310 |
| VI. | Deferred tax liabilities | [15] | 167,086 | 196,665 | -29,579 |
| | | | **4,179,259** | **4,084,973** | **94,286** |
| **C.** | **Current liabilities** | | | | |
| I. | Short-term loans and borrowings | [28] | 497,240 | 516,663 | -19,423 |
| II. | Other current financial liabilities | [28] | 476,594 | 432,043 | 44,551 |
| III. | Provision for taxes | | 93,888 | 79,488 | 14,400 |
| IV. | Other current provisions | [27] | 81,312 | 98,770 | -17,458 |
| V. | Other current liabilities | [29] | 265,609 | 239,009 | 26,600 |
| | | | **1,414,643** | **1,365,973** | **48,670** |
| **Total shareholders' equity and liabilities** | | | **6,174,735** | **5,929,869** | **244,866** |

## Cash flow statement of ProSiebenSat. 1 Group*

| EUR k | 2009 | 2008 |
|---|---|---|
| **Profit/loss for the period** | **150,207** | **-125,490** |
| Income taxes | 80,826 | 57,051 |
| Financial result | 244,455 | 334,931 |
| Depreciation/amortization and impairment of intangible and tangible assets | 147,512 | 351,822 |
| Consumption/write-up of programming assets | 1,037,829 | 1,224,120 |
| Change in provision for pensions and other provisions | 27,868 | 44,030 |
| Result from sale of assets | -12,041 | -44,532 |
| Other non-cash income/expenses | 6,255 | -89,766 |
| **Cash flow** | **1,682,911** | **1,752,166** |
| Change in working capital | 92,831 | -26,762 |
| Dividend received | 2,687 | 2,027 |
| Income tax paid | -67,572 | -118,872 |
| Interest paid | -238,221 | -267,209 |
| Interest received | 4,877 | 17,427 |
| **Cash flow from operating activities** | **1,477,513** | **1,358,777** |
| Proceeds from disposal of non-current assets | 20,166 | 24,041 |
| Expenditures for intangible and tangible assets | -97,362 | -98,238 |
| Expenditures for purchase of financial assets | -2,080 | -2,441 |
| Proceeds from disposal of programming assets | 13,407 | 44,621 |
| Expenditures for programming assets | -1,227,219 | -1,397,005 |
| Payment of loans to associated companies | -7,450 | -400 |
| Effects of changes in scope of consolidation (acquisitions) | -18,799 | -38,601 |
| Effects of changes in scope of consolidation (disposals) | 5,500 | 298,583 |
| Dividend payments to minorities | -6,284 | -5,528 |
| **Cash flow from investing activities** | **-1,320,121** | **-1,174,968** |
| **Free Cash flow** | **157,392** | **183,809** |
| Dividends paid | -2,075 | -269,899 |
| Repayment of interest-bearing liabilities | -30,541 | -5,213 |
| Proceeds from issuance of interest-bearing liabilities | - / - | 497,240 |
| Payment of finance lease liabilities | -8,267 | -4,199 |
| Repurchase of treasury shares | -15,440 | -15,105 |
| **Cash flow from financing activities** | **-56,323** | **202,824** |
| Effect of foreign exchange rate changes on cash and cash equivalents | **3,459** | **-4,609** |
| **Change in cash and cash equivalents** | **104,528** | **382,024** |
| Cash and cash equivalents at beginning of reporting period | 632,871 | 250,847 |
| **Cash and cash equivalents at end of reporting period** | **737,399** | **632,871** |

* Please find the notes to the cash flow statement under note 30

## Statement of changes in equity of ProSiebenSat.1 Group for 2008

| EUR k | Subscribed capital | Capital reserves | Retained earnings | Treasury shares | Accumulated other comprehensive income | | | Total equity attributable to shareholders of ProSiebenSat.1 Media AG | Minority interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Foreign currency translation adjustment | Fair value changes of cash flow hedges | Deferred taxes | | | |
| **December 31, 2007** | **218,797** | **546,987** | **342,646** | **- / -** | **-16,073** | **-51,185** | **10,719** | **1,051,891** | **10,435** | **1,062,326** |
| Profit/loss for the period | - / - | - / - | -129,141 | - / - | - / - | - / - | - / - | -129,141 | 3,651 | -125,490 |
| Other comprehensive income/loss | - / - | - / - | - / - | - / - | -80,502 | -134,036 | 36,987 | -177,551 | 55 | -177,496 |
| **Total comprehensive income** | **- / -** | **- / -** | **-129,141** | **- / -** | **-80,502** | **-134,036** | **36,987** | **-306,692** | **3,706** | **-302,986** |
| Dividends paid | - / - | - / - | -269,899 | - / - | - / - | - / - | - / - | -269,899 | -5,583 | -275,482 |
| Stock option plan | - / - | 152 | - / - | - / - | - / - | - / - | - / - | 152 | - / - | 152 |
| Repurchase of treasury shares | - / - | - / - | - / - | -15,105 | - / - | - / - | - / - | -15,105 | - / - | -15,105 |
| Other changes | - / - | - / - | - / - | - / - | - / - | - / - | - / - | - / - | 10,018 | 10,018 |
| **December 31, 2008** | **218,797** | **547,139** | **-56,394** | **-15,105** | **-96,575** | **-185,221** | **47,706** | **460,347** | **18,576** | **478,923** |

## Statement of changes in equity of ProSiebenSat.1 Group for 2009

| EUR k | Subscribed capital | Capital reserves | Retained earnings | Treasury shares | Accumulated other comprehensive income | | | Total equity attributable to shareholders of ProSiebenSat.1 Media AG | Minority interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Foreign currency translation adjustment | Fair value changes of cash flow hedges | Deferred taxes | | | |
| **December 31, 2008** | **218,797** | **547,139** | **-56,394** | **-15,105** | **-96,575** | **-185,221** | **47,706** | **460,347** | **18,576** | **478,923** |
| Profit/loss for the period | - / - | - / - | 144,538 | - / - | - / - | - / - | - / - | 144,538 | 5,669 | 150,207 |
| Other comprehensive income/loss | - / - | - / - | - / - | - / - | 24,507 | -62,529 | 16,352 | -21,670 | -1,814 | -23,484 |
| **Total comprehensive income** | **- / -** | **- / -** | **144,538** | **- / -** | **24,507** | **-62,529** | **16,352** | **122,868** | **3,855** | **126,723** |
| Dividends paid | - / - | - / - | - / - | - / - | - / - | - / - | - / - | - / - | -6,284 | -6,284 |
| Stock option plan | - / - | 3,859 | - / - | - / - | - / - | - / - | - / - | 3,859 | - / - | 3,859 |
| Repurchase of treasury shares | - / - | 1,467 | - / - | -15,440 | - / - | - / - | - / - | -13,973 | - / - | -13,973 |
| Other changes | - / - | - / - | -12,594 | - / - | 706 | 11,887 | - / - | -1 | -8,414 | -8,415 |
| **December 31, 2009** | **218,797** | **552,465** | **75,550** | **-30,545** | **-71,362** | **-235,863** | **64,058** | **573,100** | **7,733** | **580,833** |

# Notes

## BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

### [1] GENERAL INFORMATION

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

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

The consolidated financial statements of ProSiebenSat.1 Media AG and its subsidiaries (the "ProSiebenSat.1 Group," the "Group") for the financial year from January 1 through December 31, 2009, were prepared in accordance with the International Financial Reporting Standards (IFRSs) of the International Accounting Standards Board (IASB), as adopted by the European Union pursuant to EU Regulation No. 1606/2002 of the European Parliament and the Council concerning the use of International Accounting Standards. The term IFRSs also includes the International Accounting Standards (IASs) that are still in effect. All binding interpretations of the International Financial Reporting Interpretations Committee (IFRIC) that were mandatory for financial year 2009 were also applied. The additional requirements of Section 315a of the German Commercial Code (HGB) were also followed.

The consolidated statement of income is presented using the cost of sales method. The consolidated statement of financial position follows the organizational requirements of IAS 1. The presentation in the statement of financial position distinguishes between current and non-current assets and liabilities. Assets and liabilities are classified as current when they are expected to be settled within one year.

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

ProSiebenSat.1 Media AG prepares and publishes its consolidated financial statements in Euro.

In March 2010, the Executive Board and Supervisory Board of ProSiebenSat.1 Media AG jointly issued the annual Declaration of Compliance with the German Corporate Governance Code, as required under Section 161 of the German Stock Corporations Act (AktG), and made it permanently available to the shareholders of ProSiebenSat.1 Media AG on the Group's website (www.prosiebensat1.com).

The consolidated financial statements of ProSiebenSat.1 Media AG for financial year 2009 were approved for submission to the Supervisory Board by decision of the Executive Board on March 11, 2010.

### [2] SCOPE OF CONSOLIDATION

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

The number of subsidiaries included in the consolidated financial statements changed as follows in the financial year 2009:

| | Germany | Other Countries | Total |
|---|---|---|---|
| Included at 12/31/2008 | 50 | 112 | 162 |
| Additions | 8 | 10 | 18 |
| Disposals | -3 | -21 | -24 |
| **Included at 12/31/2009** | **55** | **101** | **156** |

The disposals relate mainly to intragroup mergers.

In addition to the fully consolidated entities, 15 (previous year: 16) associates and joint ventures were consolidated using the equity method. Associates are companies over which ProSiebenSat.1 Media AG has a significant influence, but which are neither subsidiaries nor joint ventures. Joint ventures are companies that are jointly controlled in cooperation with other entities.

The list of shareholdings in major Group companies required under Section 313 (2) of the German Commercial Code is provided on pages 160 through 163.

The following fully consolidated German entities, in the legal form of a limited liability corporation, have met the requirements of Section 264 (3) of the German Commercial Code, and are exercising their option to be exempted from certain requirements concerning the preparation, auditing and disclosure of the annual financial statements and the management report:

- ProSieben Television GmbH, Unterföhring
- Sat.1 Satelliten Fernsehen GmbH, Unterföhring
- kabel eins Fernsehen GmbH, Unterföhring
- 9Live Fernsehen GmbH, Unterföhring
- N24 Gesellschaft für Nachrichten und Zeitgeschehen mbH, Unterföhring
- ProSiebenSat.1 Produktion GmbH, Unterföhring
- SevenOne Media GmbH, Unterföhring
- MM MerchandisingMedia GmbH, Unterföhring
- SevenOne Intermedia GmbH, Unterföhring
- SevenSenses GmbH, Unterföhring

## [3] MAJOR ACQUISITIONS AND DISPOSALS

### a) Acquisitions

### Acquisitions in financial year 2009

Effective January 20, 2009, SBS Radio AB acquired 100 percent of the radio business of the Stampen Group in Sweden. The Stampen Group contributed its ownership interest to the holding company SBS Radio HNV AB (formerly Produktionsaktiebolaget Göteborg Ett), in return for a 20 percent interest in SBS Radio AB (which until then was a wholly owned subsidiary of the ProSiebenSat.1 Group). As part of the transaction, SBS Radio AB issued new shares and no additional cash purchase price was paid. The purchase agreement includes put and call options for the 20 percent minority interest held by Stampen Group companies. The call option may be exercised as of 2009, and the put option as of 2012. The fair value of the put option is recognized as a financial liability, since pursuant to IAS 32, the ProSiebenSat.1 Group has an unconditional obligation to meet the terms of the put option. For this reason minority interests have not been recognized in the Group's financial statements. During financial year 2009 SBS Radio AB made a prepayment of EUR 1.5 million for the put option liability. No additional cash purchase price was paid.

SBS Radio HNV AB and its subsidiaries have been fully consolidated in the financial statements of the ProSiebenSat.1 Group since January 20, 2009, and are included in the Diversification segment. SBS Radio NHV AB operates 9 radio stations, and strengthens the ProSiebenSat.1 Group's position in the Swedish radio market.

The impact of the acquired group's contribution to total revenues and earnings of the ProSiebenSat.1 Group can be considered minor in the Group's financial statements.

As of the acquisition date, the assets and liabilities of the ProSiebenSat.1 Group reflect the acquired companies at the following total values:

| in EUR k | | Step up | Fair value |
|---|---|---|---|
| Goodwill | - / - | 17,034 | 17,034 |
| Other intangible assets | 98 | 3,544 | 3,642 |
| Non-current assets | 50 | - / - | 50 |
| Current assets | 531 | - / - | 531 |
| Provisions and liabilities, including deferred taxes | -654 | -932 | -1,586 |
| **Total** | | | **19,671** |
| Purchase price per IFRS 3 | | | 19,671 |
| **Total** | | | **19,671** |

### Acquisitions in financial year 2008

In the previous year, SBS Radio Norge AS acquired 100 percent of Radiostasjonen Radio Norge AS. In return, SBS Belgium N.V. sold 23 percent of its stake in SBS Radio Norge AS to the former owner of Radiostasjonen Radio Norge AS. Thus, as of December 31, 2008, the ProSiebenSat.1 Group owned 77 percent of SBS Radio Norge AS. No additional cash purchase price was paid. The purchase agreement includes a put option which fair value is recognized as a financial liability, since pursuant to IAS 32, the ProSiebenSat.1 Group has an unconditional obligation to meet the terms of the put option. For this reason minority interests have not been recognized in the Group's financial statements. Through the minority interest's exercise of the contractual put option, in December 2009 SBS Belgium N.V. acquired the remaining 23 percent of SBS Radio Norge AS, for a payment of EUR 7.3 million.

On May 15, 2008, SevenOne Intermedia GmbH increased its stake in the entity lokalisten media GmbH, formerly consolidated at equity, from 29.8 percent to 90 percent and by that time the entity has been fully consolidated. At the same time, a put and call option was contracted. In July 2009, by a partial exercise of the put option, SevenOne Intermedia GmbH acquired another 3.3 percent of lokalisten media GmbH for a purchase price of EUR 1.4 million.

By purchase agreement dated April 17, 2008, SevenOne Intermedia GmbH acquired 100 percent of Fem Media GmbH for a purchase price of EUR 5.6 million. The purchase price is to be paid in four installments by 2011. Due to an additional earn-out clause agreed, during financial year 2009 a payment of EUR 2.5 million was made to the seller of Fem Media GmbH.

There were no further material acquisitions in 2008.

b) Disposals

### Disposals in financial year 2009

The full disposal of 74.8 percent of solute GmbH was consummated in February 2009, with effect as of January 1, 2009. The gain on disposal from the Group's point of view came to EUR 5.1 million, and is recognized under other operating income. The sale had no material impact on the consolidated financial statements on December 31, 2009.

Effective June 30, 2009, ProSiebenSat.1 Berlin Produktion GmbH, a wholly owned subsidiary of ProSiebenSat.1 Produktion GmbH, was sold to fernsehwerft GmbH as a part of the portfolio optimization process. The sale had no material impact on the consolidated financial statements at December 31, 2009. Subsequently the new owner changed the name of ProSiebenSat.1 Berlin Produktion GmbH to fernsehwerft Produktion GmbH. For a five-year term beginning on July 1, 2009, the former subsidiary will be a strategic partner in technology and production for the Group's companies N24 Gesellschaft für Nachrichten und Zeitgeschehen mbH and MAZ & More TV-Produktion GmbH.

### Disposals in financial year 2008

In the third quarter of the previous year, Broadcast Text International AB, Europe's largest provider of subtitling for television, videos, theatrical films and DVDs, was sold for a selling price of EUR 18.4 million. The deconsolidation gain was EUR 3.8 million, and was recognized in other operating income.

Additionally, the Scandinavian pay TV unit CMore Group AB was sold and deconsolidated in the fourth quarter of the previous year for a selling price of EUR 302.5 million. The deconsolidation gain was EUR 21.2 million, and was recognized in other operating income.

Because of these deconsolidations during the year, the statements of income for financial periods 2008 and 2009 are comparable only to a restricted degree.

## [4] CONSOLIDATION METHODS

Profits and losses, revenues, income, and expenses as well as receivables and liabilities deriving from transactions between consolidated companies are eliminated. The consolidation methods take into account deferred income-tax effects if such tax effects are likely to net one another out in later fiscal years. Where required, deferred tax assets and liabilities are offset against one another.
Capital is consolidated by eliminating the carrying amount of equity interests against the share of equity held in the subsidiary. Initial consolidation is carried out using the purchase method under IFRS 3 by eliminating the acquisition cost (including directly attributable purchase costs) against the fair value of the acquired, identifiable assets, and the assumed liabilities and contingent liabilities, as of the acquisition date. Any excess of the acquisition cost over the net fair value of the acquired entity is recognized under goodwill, which is presented under intangible assets. In accordance with IAS 36, goodwill is not amortized, but instead tested for impairment at least once a year.

Where interests held in Group companies have already been impaired in these companies' individual financial statements, such impairments are reversed in the consolidated financial statements.

Interests in companies on which the Group has a significant influence, or on which the Group has a possibility of exercising a significant influence, are measured using the equity method under IAS 28. Equity interests held in associates are initially reported based on the proportion of the adjusted equity held in each such entity. Any difference from the acquisition cost of the equity interest is recognized using the acquisition method. After their first-time recognition, carrying amounts are adjusted to reflect the Group's share of equity.

In accordance with IAS 31, shares in joint ventures are likewise recognized using the equity method.

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

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

## [5] FOREIGN CURRENCY TRANSLATION

Transactions in foreign currencies are translated at the relevant exchange rates as of the transaction date. In subsequent periods, monetary assets and liabilities are measured at the spot rate as of the end of the reporting period, and translation differences are recognized in profit or loss. Non-monetary items that were measured at historical cost in a foreign currency are translated at the exchange rate as of the transaction date.

Financial statements of subsidiaries and at-equity consolidated entities in countries outside the Euro Zone are converted using the functional currency concept. For subsidiaries, the functional currency is determined on the basis of the primary environment in which they conduct their business activities. As a rule, this is the currency in which cash funds are generated and consumed. In the ProSiebenSat.1 Group, the functional currency is generally the national currency; the functional currency differs from the national currency only in isolated cases. In converting a significant loan from Swedish Krona to Euro, the functional currency of the financing company concerned was also converted in financial year 2009 to Euro.

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

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

| Exchange rate: 1 Euro equals | Spot rate 12/31/2009 | Spot rate 12/31/2008 | Average rate 2009 | Average rate 2008 |
|---|---|---|---|---|
| Swiss Franc | 1.48 | 1.49 | 1.51 | 1.58 |
| Swedish Krona | 10.26 | 10.93 | 10.62 | 9.69 |
| Norwegian Krone | 8.30 | 9.81 | 8.73 | 8.29 |
| Danish Krone | 7.44 | 7.45 | 7.45 | 7.46 |
| US-Dollar | 1.44 | 1.40 | 1.39 | 1.47 |
| British Pound Sterling | 0.89 | 0.96 | 0.89 | 0.80 |
| Hungarian Forint | 270.15 | 264.20 | 280.34 | 250.83 |
| Romanian Leu | 4.24 | 4.00 | 4.24 | 3.70 |
| Bulgarian Lev | 1.96 | 1.96 | 1.95 | 1.96 |

## [6] ACCOUNTING POLICIES

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

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

The recognition, measurement and disclosure policies, as well as the explanations and information regarding the consolidated financial statements for financial period 2009, are substantially applied consistently. Exceptions result from changes due to the application of new or revised reporting standards (see Note 7) with respect to conveying relevant information. In this regard the presentation of the statement of cash flows was adjusted. In total such changes had no material effects.

### Recognition of income and expenses

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

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

Specifically, advertising revenues from both television and radio are considered realized when advertising spots are broadcasted. Revenues from pay TV activities and from the sale of print products are considered realized when the service is provided. Revenues from the sale of merchandising licenses are realized at the agreed guarantee amount as of the inception of the license for the customer. Revenues from the sale of programming assets and ancillary programming rights are considered realized when the license term for the purchaser of the programming asset has begun and broadcast-ready materials have been delivered to the purchaser.

Revenues from barter transactions are considered revenue-generating transactions only when goods or services that are not of the same kind are exchanged, and the amount of the proceeds and costs, as well as the economic benefit, can be clearly measured. These revenues from barter transactions are measured on the basis of the fair value of the provided (advertising) service, if that fair value can be measured reliably. Barter transactions at the ProSiebenSat.1 Group are primarily trade-off transactions relating to the sale of advertising time.

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

### Intangible assets

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

Acquired assets are capitalized under IAS 38 if it is probable that the future economic benefits will flow to the Company and the cost of the asset can be measured reliably. Unless an asset has an indefinite useful life, it is amortized, and where applicable, impaired. Amortization is recognized on a straight-line basis in accordance with the expected useful life. The underlying useful life for purchased software and internally created software as a rule is three to eight years. Licenses and other intellectual property rights are amortized over ten years or over the term of the license agreement. Other useful lives may be applied as an exception, for intangible assets with a limited useful life that are acquired in initial consolidations resulting from business (combinations) acquisitions. These are primarily broadcasting rights and customer relationships, which are amortized over an expected useful life of between four and 14 years. Useful lives are reviewed annually and adjusted in accordance with any changes in expectations.

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

### Property, plant and equipment

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

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

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

### Leases

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

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

The lease payments for an operating lease are reported as an expense in the statement of income.

### Impairment of intangible assets and property, plant and equipment

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

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

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

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

The ProSiebenSat.1 Group tests goodwill and the brand names acquired through business (combinations) acquisitions once a year for impairment, in compliance with the Group's reporting policies. A test is also performed whenever there is any indication that an asset might be impaired. Assets are measured at cost less impairment. Goodwill is tested for impairment at the level of cash-generating units or groups of cash-generating units. These represent the lowest level at which goodwill is monitored for internal management at the ProSiebenSat.1 Group. They are the Free TV in German-speaking Europe and Free TV International operating segments, and the Radio, Print and Other Media units, which belong to the Diversification segment but represent a lower level than operating segment. Due to changes in the organization- and reporting structure, the allocation of goodwill within the segment Free TV International was adjusted in financial year 2009. In this connection the cash-generating units Nordic/ CEE as well as Benelux countries were combined to one unit.

The Company normally determines the recoverable amounts using measurement methods based on discounted cash flows. These discounted cash flows are founded on five-year projections based on financial plans approved by management. The cash flow projections consider past experience, and are based on management's best estimates of future developments, along with additional external information. Cash flows beyond the planning period are extrapolated using individual growth rates. The most important assumptions underlying the changes in value in use concern future cash flows, estimated growth rates, weighted average costs of capital, and tax rates. These assumptions, as well as the method used, may have a material effect on the resulting values.

### Investments measured at equity

Investments in associates and joint ventures are measured at the share of their equity held, using the equity method in accordance with IAS 28 or IAS 31, respectively. Cost is adjusted in accordance with the ProSiebenSat.1 Group's share of the increases and decreases of the associates' and joint ventures' equity after acquisition. Additionally, where appropriate indications exist, an impairment test is applied, and if applicable an impairment loss is taken to the lower recoverable amount. The recoverable amount is determined using the principles described for intangible assets and property, plant and equipment. If the reason for the impairment ceases to exist at a later date, the impairment is reversed to the amount that would have resulted if the impairment had not been recognized.

### Programming assets

Programming assets comprise feature films, series, commissioned productions and advance payments made (including advance payments for sport rights). Feature films and series are capitalized as of the beginning of the license term; commissioned productions are capitalized as broadcast-ready programming assets as of their date of formal acceptance. Sport rights are presented within prepayments until the broadcast, and when broadcasted, are reclassified to programming assets. The assets are initially recognized at cost. Borrowing costs are generally not included in the measurement structure, since programming assets that have been acquired or internally created are fundamentally not qualifying assets under the terms of IAS 23.

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

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

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

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

Provisions for contingent losses are recognized for programming acquisition contracts signed before the ending date of the period, whose license terms do not begin until after the ending date of the period, and which current programming analyses indicate will not generate the originally anticipated revenues. Individual agreements are measured as a function of such factors as the quality and age of the programming, restrictions on use under media laws, and strategic program scheduling.

### Financial instruments

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

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

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

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

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

In accordance with IAS 39, a regular assessment is made as to whether there is substantive objective evidence of impairment of a financial asset or a portfolio of financial assets. After an impairment test, any necessary impairment loss is recognized in profit or loss. Gains or losses on a financial asset available for sale are recognized outside profit or loss until the financial asset is disposed of or an impairment is found. In the event of an impairment, the accumulated net loss is reclassified from equity to profit or loss as a reclassification adjustment. Currently the ProSiebenSat.1 Group has no financial assets available for sale that have been recognized at fair value.

**Derivative financial instruments and hedge accounting**

Derivative financial instruments are primarily used in hedging against risks. To hedge risks posed by changes in interest rates and foreign exchange rates, the ProSiebenSat.1 Group uses derivative financial instruments in the form of interest rate swaps, forward exchange transactions and currency options. Interest rate risks result from liabilities carrying variable interest rates; foreign exchange risks are incurred particularly through license payments denominated in US-Dollars.

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

Hedge accounting is possible if a clear hedging relationship can be formally designated and documented. In hedge accounting, the recognition of changes in the market values of the pertinent derivatives depends on the type of hedge relationship. If the hedge is a cash flow hedge, the changes in market value of the effective portion of the derivative are first recognized separately outside profit or loss, and are not recognized in profit or loss until the underlying transaction is realized. The ineffective portion is recognized immediately in profit or loss. To hedge currency risks on future license payments, hedge gains or losses accumulated in equity are removed from equity at the inception of the license – i.e., at the moment when the underlying transaction is capitalized – and the acquisition cost is increased or decreased accordingly. For fair value hedges, both changes in the market value of the derivative and adjustments in the carrying value of the associated underlying transaction are recognized in profit or loss. The ProSiebenSat.1 Group has no fair value hedges at present.

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

### Loans and receivables

Financial assets classified as loans and receivables are measured at their amortized cost, applying the effective interest rate method, less impairment. Impairment of trade accounts receivable is recognized in separate allowance accounts. In the valuation process, adequate allowances have been made, on the basis of objective evidence and values developed through experience, to cover known risks by valuation adjustments. Individual receivables are estimated and evaluated on the basis of the individual client's creditworthiness, current economic developments, and an analysis of historical defaults, on a portfolio basis.

### Financial assets measured at fair value through profit or loss

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

### Financial assets available for sale

Investments in equity instruments, debt instruments and fund shares are classified as financial assets available for sale, and are recognized at fair value, if that value can be determined reliably. Equity instruments for which no price is quoted on an active market, and whose fair value cannot be determined reliably, are measured at its acquisition cost.

### Cash and cash equivalents

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

### Financial liabilities

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

### Provisions for pensions

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

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

### Other provisions

Provisions are recognized if a present legal or constructive obligation to third parties has arisen as a result of a past event, if payment is probable, and if the amount of the payment can be estimated reliably. They are measured using a best estimate of the expenditure required to settle the present obligation considering the past experience. They are recognized at full cost, in the amount of the most probable outcome of the liability. The amount of the provision is regularly adjusted if new information becomes available or if circumstances change.

Long-term provisions are formed as of the end of the reporting period at the present value of expected settlement amounts, taking estimated increases in prices or costs into account as the case requires. Discount rates are regularly adjusted to prevailing market interest rates. However non-current provisions are discounted only in those cases where the discounting effect is significant.

The Company measures provisions for onerous contracts at the lower of the expected cost of settling the contract or the expected cost of terminating the contract. Additions to provisions are normally recognized in profit or loss. The ProSiebenSat.1 Group recognizes provisions for onerous contracts primarily in connection with the acquisition of programming assets.

### Income taxes

Income taxes comprise the taxes levied on taxable profits in the Group's various countries, and changes in deferred tax items. Income taxes are recognized on the basis of the terms of law in effect or substantively enacted as of the end of the reporting period, in the amount that will presumably have to be paid.

In accordance with IAS 12, deferred taxes are recognized for tax-deductible temporary differences between the carrying amounts of assets and liabilities under IFRS and their amounts in the statement of financial position for tax purposes, as well as for consolidation measures and for claims for tax reductions due to loss carry-forwards that can presumably be applied in subsequent years. As an exception no deferred tax liabilities are recognized from the initial recognition of goodwill. Calculation is based on the tax rates expected in the various countries at the realization date. These are generally based on the terms of law in effect or substantively enacted at the end of the reporting period.

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

If profits or losses are recognized in other comprehensive income, the same rules apply for the deferred tax assets and liabilities applicable to them.

Deferred tax assets resulting from temporary differences and loss carry-forwards are tested for impairment on the basis of projections particular to the Group company concerned, including considerations regarding its future earnings situation. Deferred tax liabilities recognized on planned dividend distributions by subsidiaries are dependent on the subsidiaries' anticipated earnings situation and on further assumptions, for example in their future financing structure. The deferred tax items recognized in that regard are subject to ongoing review as to their underlying assumptions. Changes in assumptions or circumstances may require corrections, which may result in additional deferred taxes or reversals of such items.

### Summary of chosen measurement methods

| Item | Measurement method |
|---|---|
| **Assets** | |
| Goodwill | At cost (subsequent measurement: impairment test) |
| Other intangible assets with indefinite useful lives | At cost (subsequent measurement: impairment test) |
| Other intangible assets with finite useful lives | At (amortized) cost |
| Tangible assets | At (amortized) cost |
| Programming assets | At (amortized) cost |
| Financial assets | |
| Loans and receivables | At (amortized) cost |
| Held to maturity | not applicable |
| Held for trading | At fair value through profit and loss |
| Available for sale | Lower of cost and fair value less cost to sell |
| Cash and cash equivalents | At cost |
| **Liabilities and provisions** | |
| Loans | At (amortized) cost |
| Pension provisions | Projected unit credit method |
| Other provisions | At settlement value (discounted if non-current) |
| Financial liabilities | At (amortized) cost or fair value respectively |
| Other liabilities | At settlement value (discounted if non-current) |

### Judgments and estimates

In preparing the consolidated financial statements under IFRS, it is to some degree necessary for management to make assumptions and estimates that may affect the measurement of recognized assets and liabilities and the amounts of expenses and income. These assumptions and estimates are based on the information currently available by the management. In particular, expectations of future business performance were based on the conditions in existence at the date of preparation of the consolidated financial statements and the presumably realistic future performance of the global environment in which the sector operates. If these circumstances should change otherwise than management has assumed, and in ways beyond management's control, the actual amounts may differ from the original estimates. If actual developments differ from expectations, the assumptions and, if applicable, the carrying amounts of the pertinent assets and liabilities will be adjusted accordingly (with an effect on profit or loss). Changes in estimates are normally recognized during the same period when they occur, and are taken into account in future periods.

Assumptions and estimates are particularly necessary for the following accounting matters:

› The recognition and measurement of assets and liabilities resulting from the purchase price allocation at the time of first consolidation,

- Impairment testing of intangible assets (especially goodwill) and property, plant and equipment,
- Determining the useful lives to be applied uniformly for non-current assets throughout the Group,
- The recognition and measurement of provisions,
- The estimate of future tax advantages and the possibility of realizing them, and
- The recognition and measurement of programming assets.

For purposes of the purchase price allocation in connection with business combinations, assumptions must be made in regard to the recognition and measurement of assets and liabilities. Assumptions are entailed in determining the fair value of acquired assets and assumed liabilities at the acquisition date, as well as the useful lives of the acquired intangible assets and property, plant and equipment. Measurement is largely based on projected cash flows. Actual cash flows may differ significantly from the cash flows assumed in measuring fair value. Independent external appraisals are obtained for the purchase price allocation of major acquisitions. Measurements in corporate acquisitions are based on information available at the acquisition date. By nature, assumptions and estimates are less certain for intangible assets than for all other assets.

The assumptions and the underlying method of the impairment tests may have a significant effect on the resulting values, and ultimately on the amount of a potential impairment of intangible assets and of property, plant and equipment. The calculation of discounted cash flows in particular is extensively subject to planning assumptions that may be sensitive to changes, and thus to impairment.

The expected useful lives and the depreciation and amortization schedules for intangible assets and property, plant and equipment are based on experiential values, plans, and estimates. The time period and distribution of future cash inflows are also estimated.

Provisions are recognized and measured on the basis of the estimate and probability of future outflows of benefits, as well as on the basis of experiential values and the circumstances known at the end of the reporting period. To determine the amount of provisions, in addition to the assessment of the associated matters and the claims asserted, in some cases the results from comparable matters are also consulted; assumptions also are made as to the probabilities whether and within what ranges the provisions may be used. Actual charges may differ from these estimates.

The estimate of and possibility of realizing future tax advantages depends on the future taxable income of the Group company concerned. If there are doubts that loss carry-forwards can be used, in some cases write-downs of deferred tax assets are taken. Impairment of deferred tax assets is evaluated on the basis of internal projections about the Group company's future earnings situation. Evaluations of the possibility of realizing tax loss carry-forwards are based on whether they can be used in the near future (essentially within the next five years).

Both the initial measurement and subsequent valuations of programming assets are based on estimated earnings potential. This earnings potential takes into account the variable usability of programming assets, and duly reflects the required consumption of the programming assets as a function of the number of relevant broadcasts.

## [7] CHANGES IN REPORTING STANDARDS

As part of its projects for the ongoing development of IFRSs and in the effort to achieve convergence with US GAAP, the IASB has amended numerous standards and adopted new ones.

### a) Reporting standards applied for the first time

On March 5, 2009, the IASB issued amendments of IFRS 7 ("Financial Instruments: Disclosures"). The amendments require expanded disclosures about fair valuations and liquidity risk. The amendments of IFRS 7 are applicable to financial periods beginning on or after January 1, 2009. Early application was permitted. No figures for comparison need to be provided in the first year of application. The first-time application in financial year 2009 resulted in additional disclosures in the Notes to the financial statements.

On September 6, 2007, the IASB issued a revised version of IAS 1 ("Presentation of Financial Statements"). The new version of the standard provides different terms for some components of the financial statements. One of the main changes is that all income and expenses, including the income and expenses recognized directly in equity with no impact on profit or loss, must now mandatorily be shown in a statement of comprehensive income together with additional infomation. The new version of IAS 1 is applicable for financial periods beginning on or after January 1, 2009. Early application was permitted. The ProSiebenSat.1 Group first applied the revised version of IAS 1 for annual period 2009. The application had effects only in the presentation of profit and loss.

The revised version of IAS 23 ("Borrowing Costs") was released on March 29, 2007. The former option of not capitalizing borrowing costs was eliminated. Effective January 1, 2009, borrowing costs that can be directly attributed to the acquisition, construction or production of a qualifying asset are to be capitalized as part of the asset's cost. Application of the revised version of IAS 23 is mandatory as of January 1, 2009, for qualified assets whose production was begun after January 1, 2009. The change has no impact on the consolidated financial statements of the ProSiebenSat.1 Group.

On May 22, 2008, the IASB adopted a number of minor changes to various standards as part of the first "Annual Improvement Project." Besides rewording the standards, the document includes changes that affect presentation, recognition and measurement. Application of a majority of the changes is mandatory for the first time for financial periods beginning on or after January 1, 2009. The application of the changes had no material impact on the assets and liabilities, financial position and profit or loss of the ProSiebenSat.1 Group.

IFRIC 13 ("Customer Loyalty Programs") was issued on June 28, 2007. This interpretation concerns the recognition and measurement of customer loyalty programs. IFRIC 13 is applicable for financial periods beginning on or after July 1, 2008. The first-time application of IFRIC 13 had no material impact on the assets and liabilities, financial position, or profit or loss of the ProSiebenSat.1 Group.

The IASB has released a set of further regulations. The accounting standards adopted for the first time have no material impact on the financial statements of the ProSiebenSat.1 Group.

### b) Accounting standards adopted by IASB or IFRIC but not yet applied

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

Material changes in IAS 27 ("Consolidated and Separate Financial Statements") relate to the recognition of transactions where control is retained, and those in which a loss of control occurs. Transactions that do not result in a change of control are recognized as an equity transaction with owners, and no gain or loss is recognized. Retained ownership interests are to be fair valued at the date when control is lost. In the case of non-controlling interests, deficit balances may be recognized – in other words, the entity must attribute to the non-controlling interests their share of losses, without limitation.
The revised standards are mandatory for financial periods beginning on or after July 1, 2009.

On April 16, 2009, as part of the "Annual Improvement Project 2009," the IASB issued a collection of amendments of 12 International Financial Reporting Standards. Most of the changes take effect for financial periods beginning on or after January 1, 2010. They may be applied earlier. The ProSiebenSat.1 Group does not expect their future application to have any material impact overall on its assets and liabilities, financial position, or profit or loss.

IFRIC 17 ("Distributions of Non-Cash Assets to Owners") was issued on November 27, 2009. It governs the measurement of non-cash assets that are distributed to shareholders as a dividend in place of cash. IFRIC 17 is applicable for financial periods beginning on or after July 1, 2009. The future application of IFRIC 17 is expected to have no material impact on the financial statements of the ProSiebenSat.1 Group.

IFRIC 18 ("Transfers of Assets from Customers") was issued on January 29, 2009. Based on the view of the IASB the interpretation is particularly relevant, although not limited, to the utility sector. It clarifies the requirements of IFRS for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services. Likewise discussed are cases in which the entity receives cash from a customer which must be used only to acquire or construct the above mentioned item of property, plant and equipment. Application is mandatory for fiscal years beginning on or after July 1, 2009. The future application of IFRIC 18 is expected to have no material impact on the financial statements of the ProSiebenSat.1 Group.

IFRIC 19 ("Extinguishing Financial Liabilities with Equity Instruments") was issued on November 26, 2009. IFRIC 19 explains the requirements of International Financial Reporting Standards (IFRSs) if an entity issues shares or other equity instruments to extinguish all or part of a financial liability. The interpretation is applicable for financial periods beginning on or after July 1, 2010. It may be applied earlier. The future application of IFRIC 19 is expected to have no material impact on the financial statements of the ProSiebenSat.1 Group.

NOTES TO THE INCOME STATEMENT

## [8] REVENUES

| in EUR k | 2009 | 2008 |
|---|---|---|
| Advertising revenues | 2,319,654 | 2,468,116 |
| Barter transactions | 44,768 | 35,545 |
| Other revenues | 396,418 | 550,580 |
| **Total** | **2,760,840** | **3,054,241** |

The items for advertising revenues and barter transactions comprise revenues generated by broadcasting advertising in Free TV operations.

Other revenues particularly include revenues from

- the sale of radio advertising,
- the sale of print products,
- license marketing and other merchandising services,
- new media services (Internet, Teletext, added-value telephone services) and
- sales of programming rights and ancillary rights.

## [9] COST OF SALES

Cost of sales primarily comprises the consumption of programming assets (including impairment). In 2009 these amounted to EUR 1,068.3 million (previous year: EUR 1,242.8 million). Also included are personnel expenses (see Note 17 "Other information") as well as expenses for licenses and transmission fees.

## [10] SELLING EXPENSES

Selling expenses mainly comprise transmission expenses, personnel expenses (see Note 17 "Other information") and advertising expenses.

## [11] ADMINISTRATIVE EXPENSES

This item represents all costs of general administrative activities. These include in addition to personnel expenses and depreciation and amortization (for these positions see Note 17 "Other information"), expenses for IT operations and expenses associated with the use of buildings. In the previous year this item included EUR 180 million for the impairment of goodwill.

## [12] OTHER OPERATING INCOME

| in EUR k | 2009 | 2008 |
|---|---|---|
| Earnings from the disposal of property, plant, and equipment and of intangible assets | 7,375 | 963 |
| Earnings from the disposal of companies | 5,589 | 44,712 |
| Rechargements | 4,296 | 5,351 |
| Other | 8,098 | 12,204 |
| **Total** | **25,358** | **63,230** |

The earnings on the disposal of property, plant and equipment and intangible assets in 2009 result mainly from the sale of leasehold improvements in connection with the SAT.1 relocation from Berlin to Munich.

The earnings on the disposal of companies for financial year 2009 includes a profit of EUR 5.1 million from the sale of ProSiebenSat.1 Media AG's interest in solute GmbH. For 2008 the item includes gains from the sale of CMore Group AB (including a compensation payment of EUR 17.4 million) as well as Broadcast Text International AB.

## [13] INTEREST RESULT

| in EUR k | 2009 | 2008 |
|---|---|---|
| Interest and similar income | 6,538 | 18,992 |
| thereof from derivatives | - / - | 8,738 |
| Interest and similar expenses | -237,136 | -274,428 |
| thereof from derivatives | -82,423 | -2 |
| **Total** | **-230,598** | **-255,436** |

In 2009 the decrease of the income from derivatives together with diminished interest level resulted in a reduction of the interest income.

The primary interest expense items pertain to interest on loans drawn. The decrease of the interest expenses in financial year 2009 is mainly due to lower interest level and slightly declined average debt position.

The interest result derives nearly completely from financial instruments which are not accounted at fair value through profit and loss.

## [14] OTHER FINANCIAL RESULT

| in EUR k | 2009 | 2008 |
|---|---|---|
| Foreign currency translation gains/losses | 11,271 | -81,714 |
| Preferred dividend | -2,067 | -2,075 |
| Impairment of non-current financial assets | -434 | -2,957 |
| Other | -17,912 | 6,659 |
| **Total** | **-9,142** | **-80,087** |

Other financial result comprises mainly the non-operating foreign currency translation gains and losses. In 2009 the foreign currency translation gains are mainly due to the recovery of Swedish Krona rate against the Euro whereas in 2008 the foreign currency translation losses were primarily caused by the devaluation of Swedish Krona against the Euro.

Impairment of non-current financial assets in the previous year came from the decline in value of an equity interest and write-downs of fund shares.

The position "Other" mainly includes, in addition to a number of small items, other financing costs relating to financial liabilities. In the previous year the gain from hedging the proceeds from the CMore transaction was also shown under this position.

## [15] INCOME TAXES

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

Taxes on income comprise the following:

| in EUR k | 2009 | 2008 |
|---|---|---|
| Current tax expenses | 94,784 | 69,477 |
| Deferred tax income | -13,958 | -12,426 |
| **Total Income tax expenses** | **80,826** | **57,051** |

The current tax expenses comprise all domestic and foreign taxes which are based on taxable profits in 2009 (corporate income tax, trade tax and appropriate foreign taxes) including adjustments for prior years.

The deferred tax income for fiscal year 2009 includes a deferred tax income of EUR 2.3 million (previous year: EUR 1.9 million deferred tax expense) resulting from the change in deferred taxes on loss carry-forwards and a deferred tax income of EUR 9.3 million (previous year: EUR 10.7 million) relating to the origination and reversal of temporary differences. The benefit arising from previously unrecognized temporary differences amounts to EUR 1.5 million (previous year: EUR 0.1 million).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled. The deferred tax rate applied for Germany was reduced from 29.0 percent in 2008 to 28.0 percent in 2009 due to an expected lower trade tax basis factor. For Hungary, the applied deferred tax rate was reduced to 19.0 percent (previous year: 20.0%) by reason of new tax law. These two changes in deferred tax rates resulted in deferred tax benefit in the amount of EUR 0.8 million (previous year: EUR 3.5 million).

The corporate income tax rate in Germany in 2009 of 15.0 percent as well as the German reunification surtax ("solidarity surtax") of 5.5 percent both remain unchanged compared to the previous year. Including the trade tax (local business income tax) with an average basis factor of 380 percent, the total tax rate for 2009 was 29.0 percent (previous year: 29.0%).

The applicable tax rates for Group companies outside Germany vary from 10.0 percent to 34.0 percent.

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

| in EUR k | 2009 | 2008 |
|---|---|---|
| **Profit/loss before income taxes** | 231,033 | -68,439 |
| Applicable Group tax rate | 29% | 29% |
| Expected income tax expense | 67,000 | -19,847 |
| **Adjustments to the expected income tax expense:** | | |
| **Deviation from expected tax rate** | | |
| Effects due to foreign tax rate differences | 1,666 | -486 |
| Effects due to changes in statutory tax rates | -2,360 | -3,557 |
| **Effects from deviation in taxable base** | | |
| Non-deductible interest expenses | 16,098 | 21,528 |
| Other non-deductible operating expenses | 8,383 | 8,494 |
| Tax-free earnings | -706 | -16,006 |
| Non-taxable disposal effects | - / - | -11,295 |
| Goodwill | 1,423 | 52,282 |
| **Recognition and measurement of deferred tax assets** | | |
| Changes in the realization of deferred tax assets | -7,267 | 25,613 |
| **Other effects** | | |
| Tax effects from previous years | -3,368 | -1,063 |
| At-equity accounted investments | -38 | 1,366 |
| Other | -5 | 22 |
| **Total Income tax expenses** | **80,826** | **57,051** |

Deferred tax assets on tax loss carry-forwards and on temporary differences were recognized and measured on the basis of projected future taxable income. The amount of deferred tax assets on tax loss carry-forwards increased by EUR 3.7 million against the year before. For financial year 2009, the deferred tax income of the reversal of a previous write-down of deferred tax assets recognized on loss carry-forwards amounted to EUR 7.2 million (previous year: EUR 3.7 million) and the deferred tax expense from the write-down of deferred tax assets recognized on loss carry-forwards was EUR 4.4 million (previous year: EUR 3.1 million). The benefit arising from previously unrecognized tax losses reduced the current tax expenses by EUR 4.8 million (previous year: EUR 0.4 million).

Deferred tax assets on temporary differences and tax loss carry-forwards are recognized only to the extent that it is probable that sufficient taxable profit will be available to allow the benefit of the deferred tax asset to be utilized. In total, no deferred tax assets were recognized for tax loss carry-forwards amounting to EUR 131.4 million (previous year: EUR 172.3 million) and for tax credits of EUR 57.7 million (previous year: EUR 17.7 million) as of December 31, 2009. Mainly these tax loss carry-forwards can be carried forward indefinitely and in unlimited amounts whereas an amount of EUR 2.4 million of these tax loss carry-forwards will expire over the next five years if not utilized.

Recognized deferred tax assets and liabilities relate to the following items:

| in EUR k | 2009 Assets | 2009 Liabilities | 2008 Assets | 2008 Liabilities |
|---|---|---|---|---|
| Intangible assets | 17,762 | 181,254 | 18,649 | 187,224 |
| Property, plant and equipment | 5,325 | 35,203 | 6,738 | 36,533 |
| Investments in associates and joint ventures (at equity) | - / - | 449 | - / - | 412 |
| Non-current financial assets | 2,976 | 247 | 2,870 | 314 |
| Programming assets | 4,667 | 7,232 | 3,810 | 8,885 |
| Inventories and other assets | 12,120 | 4,469 | 10,636 | 10,572 |
| Provision for pensions | 74 | - / - | - / - | 58 |
| Other provisions | 13,057 | 3 | 10,075 | 1,049 |
| Liabilities | 99,458 | 21,122 | 91,183 | 17,882 |
| Tax loss carry-forwards | 17,536 | - / - | 13,831 | - / - |
| Netting | -82,893 | -82,893 | -66,264 | -66,264 |
| **Total** | **90,082** | **167,086** | **91,528** | **196,665** |

Regarding the netting of deferred tax assets and deferred tax liabilities, please refer to Note 6 "Accounting policies".

A deferred tax liability for planned future dividend distributions was recognized for ownership interests in subsidiaries (outside basis differences). Since the reversal of other temporary differences can be controlled and it is not likely that other temporary differences will be reversed in the foreseeable future, no deferred tax items for other temporary differences were recognized.

Deferred tax assets recognized directly in equity increased from the previous year by EUR 16.4 million to EUR 64.1 million. The deferred tax assets recognized without an impact to profit and loss relate to currency derivatives and interest rate swaps.

## [16] EARNINGS PER SHARE

| | | 2009 | 2008 |
|---|---|---|---|
| Profit/loss for the period | EUR k | 150,207 | -125,490 |
| Less minority interest | EUR k | -5,669 | -3,651 |
| Attributable to shareholders of ProSiebenSat.1 Media AG | EUR k | 144,538 | -129,141 |
| Weighted average number of shares outstanding | | 214,476,967 | 217,917,756 |
| Profit share attributable to common stock | EUR k | 72,653 | -65,921 |
| Profit share attributable to preferred stock | EUR k | 71,885 | -63,220 |
| Weighted average number of shares of common stock outstanding | | 109,398,600 | 109,398,600 |
| Weighted average number of shares of preferred stock outstanding | | 105,078,367 | 108,519,156 |
| in Euro | | | |
| Basic earnings per share of common stock | | 0.66 | -0.60 |
| Basic earnings per share of preferred stock | | 0.68 | -0.58 |

The additional dividend of EUR 0.02 per preferred share is taken into account in calculating earnings per preferred share. The diluted earnings per share were the same as the basic earnings per share. Dilution impacts can occur from the grant of share options only on earnings per share of preferred stock. In the current accounting period only small dilution impacts arose which did not have any effect on the presented earnings per share.

## [17] OTHER INFORMATION

### Personnel expenses and number of employees

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

| in EUR k | 2009 | 2008 |
|---|---|---|
| Wages and salaries | 335,490 | 382,954 |
| Social security contributions and expenses for pensions and other employee benefits | 50,934 | 61,240 |
| **Total** | **386,424** | **444,194** |

Employer contributions to the public retirement insurance system totaled EUR 19.0 million in financial year 2009 (previous year: EUR 20.8 million).

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

| | 2009 | 2008 |
|---|---|---|
| Female employees | 2,432 | 2,599 |
| Male employees | 2,548 | 2,865 |
| **Total** | **4,980** | **5,464** |

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

### Depreciation, amortization and impairment

The following depreciation, amortization and impairment are included under cost of sales, selling expenses and administrative expenses:

| in EUR k | 2009 | 2008 |
|---|---|---|
| Amortization of intangible assets | 88,015 | 96,276 |
| Depreciation of property, plant and equipment | 37,418 | 42,996 |
| Impairment of intangible assets | 22,079 | 182,001 |
| Impairment of property, plant and equipment | - / - | 30,549 |
| **Total** | **147,512** | **351,822** |

## [18] INTANGIBLE ASSETS

| in EUR k | Other intangible assets | Goodwill | Advances paid on intangible assets | Total |
|---|---|---|---|---|
| Acquisition cost | | | | |
| **Balance as of 1/1/2008** | **1,062,705** | **2,730,977** | **3,074** | **3,796,756** |
| Exchange rate differences | -37,311 | -110,371 | - / - | -147,682 |
| Changes in scope of consolidation | -54,168 | -112,824 | - / - | -166,992 |
| Additions | 42,678 | 438 | 8,585 | 51,701 |
| Reclassifications | 1,918 | -3,363 | -1,474 | -2,919 |
| Disposals | -10,384 | -6,595 | -322 | -17,301 |
| **Balance as of 12/31/2008 / 1/1/2009** | **1,005,438** | **2,498,262** | **9,863** | **3,513,563** |
| Exchange rate differences | 19,955 | 40,601 | - / - | 60,556 |
| Changes in scope of consolidation | 340 | 23,656 | - / - | 23,996 |
| Additions | 44,438 | 13 | 11,069 | 55,520 |
| Reclassifications | 8,885 | - / - | -8,885 | - / - |
| Disposals | -26,093 | - / - | - / - | -26,093 |
| **Balance as of 12/31/2009** | **1,052,963** | **2,562,532** | **12,047** | **3,627,542** |
| Amortization and impairment | | | | |
| **Balance as of 1/1/2008** | **174,210** | **82,175** | **- / -** | **256,385** |
| Exchange rate differences | -1,327 | - / - | - / - | -1,327 |
| Changes in scope of consolidation | -13,698 | -1,044 | - / - | -14,742 |
| Additions *) | 98,277 | 180,000 | - / - | 278,277 |
| Reclassifications | 372 | -369 | - / - | 3 |
| Disposals | -9,112 | 69 | - / - | -9,043 |
| **Balance as of 12/31/2008 / 1/1/2009** | **248,722** | **260,831** | **- / -** | **509,553** |
| Exchange rate differences | 5,369 | 1,271 | - / - | 6,640 |
| Changes in scope of consolidation | -566 | - / - | - / - | -566 |
| Additions *) | 104,759 | 5,335 | - / - | 110,094 |
| Reclassifications | - / - | - / - | - / - | - / - |
| Disposals | -13,316 | - / - | - / - | -13,316 |
| **Balance as of 12/31/2009** | **344,968** | **267,437** | **- / -** | **612,405** |
| | | | | |
| **Carrying amount 12/31/2009** | **707,995** | **2,295,095** | **12,047** | **3,015,137** |
| **Carrying amount 12/31/2008** | **756,716** | **2,237,431** | **9,863** | **3,004,010** |

*) Of this amount, impairment of EUR 0 thousand (previous year: EUR 118 thousand) is included in cost of sales, EUR 0 thousand (previous year: EUR 1,000 thousand) in selling expenses, and EUR 22,079 thousand (previous year: EUR 180,883 thousand) in administrative expenses. The goodwill impairment in 2009 relates to adjustments of deferred taxes.

Other intangible assets include brands, software, intellectual property rights, customer relationships and broadcasting licenses. Amortization and impairments are included in the income statement under cost of sales, selling expenses and administrative expenses.

In 2009 all goodwill was tested for annual impairment in terms of IAS 36 on the basis of value in use, applying the procedure described in Note 6 “Accounting policies.”

The following table summarizes the tested goodwill of cash-generating units and the assumptions applied in the associated impairment tests.

| Name of Segment | Free TV German-speaking | Free TV International | Diversification | Diversification | Diversification |
|---|---|---|---|---|---|
| Name of Cash Generating Unit | Free TV German-speaking | Free TV International | Radio | Print | Other Media |
| in EUR k | | | | | |
| Carrying value of goodwill at 12/31/2008 | 433,137 | 1,251,940 | 84,287 | 93,100 | 374,967 |
| Carrying value of goodwill at 12/31/2009 | 434,101 | 1,289,613 | 105,099 | 93,100 | 373,182 |
| Impairment for financial 2009 | - / - | - / - | - / - | - / - | - / - |
| Duration of projection period | 5 years | 5 years | 5 years | 5 years | 5 years |
| Revenue growth p.a. at end of projection period | 1.5% | 1.6% | 1.7% | 0.0% | 1.5% |
| Discount rate | 10.4% | 10.3% | 10.0% | 10.5% | 10.2% |

Apart from these assumptions, the annual revenue growth rate (CAGR) in the projection period as well as the average EBITDA margin in and after the projection period are relevant.

The assumed annual revenue growth rate in the projection period for the cash-generating unit Free TV German-speaking is 4.1 percent, for Free TV International 6.6 percent, for Radio 7.7 percent, for Print 1.7 percent and for Other Media 9.9 percent. The assumptions for revenue growth in the projection period used in the impairment tests are based on externally published sources for the projection period. In some cases, risk discounts were taken for regional characteristics.

The average EBITDA margins for the cash-gernerating units in the projection period amount to 31.6 percent for Free TV German-speaking, 25.7 percent for Free TV International, 25.6 percent for Radio, 39.3 percent for Print and 22.0 percent for Other Media. The average EBITDA margins at the end of the projection period for the cash-generating units amount to 34.6 percent for Free TV German-speaking, 29.6 percent for Free TV International, 32.1 percent for Radio, 40.9 percent for Print and 26.7 percent for Other Media. The assumed EBITDA margins are based on past experience, or were adjusted on the basis of cost-cutting measures that have already been introduced.

The discount rate for each case reflects the weighted average cost of capital (WACC) – the risk-adjusted minimum interest before taxes entitlement derived from the capital market for each case.

The two following cash-generating units are subject to sensitivity analysis with respect to potential impairment.

The recoverable amount of the cash-generating unit Free TV International is based on planned average EBITDA margin of 25.7 percent. On the basis of these assumptions, the recoverable amount exceeds the carrying amount by EUR 730 million. Assuming a 10.6 percentage-point decrease in the sustainable EBITDA margin, to 19.0 percent, the recoverable amount would be equivalent to the asset's carrying amount.

The recoverable amount of the cash-generating unit Radio is based on planned average EBITDA margin of 25.6 percent. On the basis of these assumptions, the recoverable amount exceeds the carrying amount by EUR 104 million. Assuming a 13.1 percentage-point decrease in the sustainable EBITDA margin, to 19.0 percent, the recoverable amount would be equivalent to the asset's carrying amount.

In 2009 all brands were tested for annual impairment in terms of IAS 36 on the basis of fair value less costs to sell, applying the procedure described in Note 6, "Accounting policies."

The following table summarizes attribution of brands to segments and the assumptions applied in the associated impairment tests.

| Name of Segment | Free TV German-speaking | Free TV International | Diversification | Diversification | Diversification |
|---|---|---|---|---|---|
| Name of Cash Generating Unit | Free TV German-speaking | Free TV International | Radio | Print | Other Media |
| in EUR k | | | | | |
| Carrying value of brands at 12/31/2008 | 3,367 | 353,866 | 40,810 | 26,637 | 17,428 |
| Carrying value of brands at 12/31/2009 | 3,367 | 363,936 | 33,633 | 26,637 | 16,360 |
| Impairment for financial 2009 | - / - | - / - | 8,022 | - / - | - / - |
| Assumed royalty fee (range) | 4.0%-6.0% | 4.0%-6.0% | 2.5%-6.0% | 4.0%-6.0% | 4.0%-6.0% |
| Duration of projection period | 5 years | 5 years | 5 years | 5 years | 5 years |
| Revenue growth p.a. at end of projection period | 1.5% | 1.5%-2.0% | 0.0%-2.0% | 0.0% | 1.5% |
| Ø Discount rate | 10.4% | 10.3% | 10.0% | 10.5% | 10.2% |

The valuation is carried out using the Relief from Royalty Method that calculates together the royalties that the ProSiebenSat.1 Group should pay to an external party for the use of respective intangible assets. The valuation of the assets is then based on the present value of saved future royalty payments.

The assumed annual revenue growth rate in the projection period for the cash-generating unit Free TV German-speaking is 4.1 percent, for Free TV International 6.6 percent, for Radio 7.7 percent, for Print 1.7 percent and for Other Media 9.9 percent.

At the reporting date the recoverable amount of the brand "The Voice TV" exceeds its carrying amount (EUR 4.8 million) by EUR 0.1 million. A slight variation in the valuation assumptions could lead to impairment. The total impairment risk here is restrained to the carrying amount of the asset.

The useful life of the brands is determined as indefinite since they are not assigned to any contractually defined fixed period.

## [19] PROPERTY, PLANT AND EQUIPMENT

| in EUR k | Buildings on land owned by others, fixtures and renovations | Technical equipment | Office furniture and other equipment | Advances paid on property, plant and equipment | Total |
|---|---|---|---|---|---|
| Acquisition cost | | | | | |
| **Balance as of 1/1/2008** | **330,140** | **281,495** | **78,287** | **959** | **690,881** |
| Exchange rate differences | -333 | -2,249 | -362 | -1 | -2,945 |
| Changes in scope of consolidation | -149 | -8,446 | -644 | 2 | -9,237 |
| Additions | 11,347 | 31,085 | 5,413 | 10,906 | 58,751 |
| Reclassifications | -535 | -1,340 | 1,258 | -416 | -1,033 |
| Disposals | -4,695 | -56,090 | -2,301 | -858 | -63,944 |
| **Balance as of 12/31/2008 / 1/1/2009** | **335,775** | **244,455** | **81,651** | **10,592** | **672,473** |
| Exchange rate differences | -137 | 1,684 | 666 | -16 | 2,197 |
| Changes in scope of consolidation | - / - | -56 | -618 | -2 | -676 |
| Additions | 11,118 | 38,556 | 4,265 | 4,185 | 58,124 |
| Reclassifications | 408 | 9,406 | 105 | -9,919 | - / - |
| Disposals | -92,530 | -17,868 | -16,983 | -2,419 | -129,800 |
| **Balance as of 12/31/2009** | **254,634** | **276,177** | **69,086** | **2,421** | **602,318** |
| Depreciation and impairment | | | | | |
| **Balance as of 1/1/2008** | **127,617** | **228,326** | **67,069** | **- / -** | **423,012** |
| Exchange rate differences | -56 | -2,692 | -395 | - / - | -3,143 |
| Changes in scope of consolidation | -180 | -7,522 | -843 | - / - | -8,545 |
| Additions | 43,309 | 25,316 | 4,920 | - / - | 73,545 |
| Write-ups | - / - | -51 | - / - | - / - | -51 |
| Reclassifications | -425 | 914 | -511 | - / - | -22 |
| Disposals | -4,280 | -54,989 | -1,999 | - / - | -61,268 |
| **Balance as of 12/31/2008 / 1/1/2009** | **165,985** | **189,302** | **68,241** | **- / -** | **423,528** |
| Exchange rate differences | 92 | 1,433 | 548 | - / - | 2,073 |
| Changes in scope of consolidation | - / - | -15 | -395 | - / - | -410 |
| Additions | 8,234 | 24,753 | 4,431 | - / - | 37,418 |
| Reclassifications | - / - | -94 | 94 | - / - | - / - |
| Disposals | -83,684 | -16,676 | -16,567 | - / - | -116,927 |
| **Balance as of 12/31/2009** | **90,627** | **198,703** | **56,352** | **- / -** | **345,682** |
| | | | | | |
| **Carrying amount 12/31/2009** | **164,007** | **77,474** | **12,734** | **2,421** | **256,636** |
| **Carrying amount 12/31/2008** | **169,790** | **55,153** | **13,410** | **10,592** | **248,945** |

Property, plant and equipment includes leased buildings for a residual carrying amount of EUR 118.2 million (previous year: EUR 120.7 million) whose underlying lease agreements qualify as finance leases, and which are therefore reported as assets of which the Group has beneficial ownership. The underlying leases cover land and buildings at the Unterföhring site, and were originally leased for terms of 22 years each. The earliest expiration is scheduled for 2019, but the interest rate conversion points (the end of the lock-in period for interest rates) are not yet determined. The real estate leases were signed on prevailing market terms. Other leases, in the carrying amount of EUR 18.9 million (previous year: EUR 5.4 million), exist for technical equipment which also qualify as finance leases.

The interest expense for the above-mentioned finance leases for financial year 2009 was EUR 7.0 million (previous year: EUR 6.4 million) and the associated depreciation amounted to EUR 6.3 million (previous year: EUR 3.2 million).

The minimum lease payments comprise the following:

| in EUR k | Remaining term 1 year or less | Remaining term 2 to 5 years | Remaining term over 5 years | Total 12/31/2009 | Total 12/31/2008 |
|---|---|---|---|---|---|
| Property, plant and equipment | | | | | |
| Minimum lease payments | 17,400 | 59,390 | 59,473 | 136,263 | 130,817 |
| Share of interest minimum lease payments | 7,057 | 21,907 | 17,976 | 46,940 | 49,563 |
| Present value of minimum lease payments | 10,343 | 37,483 | 41,497 | 89,323 | 81,254 |

Additionally, lease obligations of EUR 37.4 million (previous year: EUR 37.4 million) still exist that under the repayment plan will not be paid until the year 2019 or 2023 respectively. Therefore, the lease liabilities at December 31, 2009, amounted to EUR 126.7 million (previous year: EUR 118.6 million).

## [20] INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD AND NON-CURRENT FINANCIAL ASSETS

The principal shares of entities that are recognized at equity are as follows:

| | 12/31/09 | | 12/31/08 | |
|---|---|---|---|---|
| **Company** | **Share of capital held in %** | **Carrying amount in EUR k** | **Share of capital held in %** | **Carrying amount in EUR k** |
| autoplenum GmbH | 25.1 | 765 | 25.1 | 765 |
| TV 10 Holdings LLC | 50.0 | 564 | 50.0 | 564 |
| Privatfernsehen in Bayern GmbH & Co. KG | 49.9 | 208 | 49.9 | 208 |
| maxdome GmbH & Co. KG | 50.0 | - / - | 50.0 | 3,847 |
| Poolside Reise GmbH | - / - | - / - | 40.0 | 434 |
| Others | | 559 | | 1,050 |
| **Total** | | **2,096** | | **6,868** |

Non-current financial assets comprise the following:

| in EUR k | 12/31/09 | 12/31/08 |
|---|---|---|
| Investments | 53,953 | 52,066 |
| Securities | 6,884 | 6,067 |
| Others | 156 | 139 |
| **Total** | **60,993** | **58,272** |

A major position under "investments" is the Group's investment in Zenimax Media Inc. The entity is incorporated in Rockville, USA and develops interactive entertainment content for consoles, the PC, and wireless devices. The investment is valued at (amortized) acquisition cost.

The "securities" item essentially comprises shares in investment funds acquired to cover the pension obligations that are recognized at fair value through profit and loss.

## [21] PROGRAMMING ASSETS

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

| in EUR k | Free TV rights | Pay TV rights | Advance payments | Total |
|---|---|---|---|---|
| **Carrying amount 1/1/2008** | **1,122,481** | **49,804** | **145,400** | **1,317,685** |
| Exchange rate difference | 4,664 | 3,293 | -2,940 | 5,017 |
| Changes in the scope of consolidation | - / - | -52,317 | - / - | -52,317 |
| Additions | 1,170,133 | 101,007 | 125,866 | 1,397,005 |
| Disposals | -14,287 | - / - | -30,334 | -44,621 |
| Reclassifications | 91,873 | -24,445 | -67,428 | - / - |
| Consumption * | -1,174,431 | -68,367 | - / - | -1,242,798 |
| thereof scheduled | | | | -1,184,186 |
| thereof impairment | | | | -58,612 |
| **Carrying amount 12/31/2008 and 1/1/2009** | **1,200,433** | **8,975** | **170,564** | **1,379,972** |
| thereof non-current programming assets | | | | 1,149,157 |
| thereof current programming assets | | | | 230,815 |
| | | | | |
| Exchange rate difference | -345 | - / - | 1,578 | 1,233 |
| Changes in the scope of consolidation | - / - | - / - | - / - | - / - |
| Additions | 1,060,974 | 1,193 | 165,052 | 1,227,219 |
| Disposals | -13,557 | -89 | - / - | -13,646 |
| Reclassifications | 120,754 | 198 | -120,952 | - / - |
| Consumption * | -1,064,883 | -3,376 | - / - | -1,068,259 |
| thereof scheduled | | | | -974,661 |
| thereof impairment | | | | -93,598 |
| **Carrying amount 12/31/2009** | **1,303,376** | **6,901** | **216,242** | **1,526,519** |
| thereof non-current programming assets | | | | 1,276,419 |
| thereof current programming assets | | | | 250,100 |

* Consumption including additions of provision for contingent losses

Because of their high importance, programming assets – which would normally be classified under intangible assets – are presented as a separate item in the statement of financial position. Consumption of programming assets is presented under cost of sales.

Consumption resulting from broadcasts is measured using a declining-balance method according to a standardized matrix that is uniform for the entire Group. Consumption of programming assets represents the portion of advertising revenues for the given reporting period out of the total expected advertising revenues from the broadcasts defined by contract or planned by management. As part of the Group-wide harmonization of the recognition of consumption in the financial statements, the existing guidelines were revised in 2009. The estimate for total expected advertising revenues is regularly reviewed, and impairment is recognized if necessary. In addition, provisions are recognized for onerous contracts if from today's programming viewpoint, contracts to acquire programming assets that were signed before the end of the reporting period now appear to be economically disadvantageous because the future use of the programming asset is not expected to generate the revenues originally projected.

During the year, impairment of programming assets, including allocations to provisions for onerous contracts, amounted to EUR 93.6 million (previous year: EUR 58.6 million) for the Group.

Obligations to purchase programming assets in future years are reported in Note 32 "Other financial obligations".

## [22] INVENTORIES

Inventories consist primarily of commercial goods at subsidiary MM MerchandisingMedia GmbH and advertising materials at ProSieben Television GmbH.

## [23] RECEIVABLES AND OTHER CURRENT ASSETS

| in EUR k | 12/31/2009 current | 12/31/2009 non-current | 12/31/2009 Total | 12/31/2008 current | 12/31/2008 non-current | 12/31/2008 Total |
|---|---|---|---|---|---|---|
| Trade accounts receivables | 310,865 | 981 | 311,846 | 292,760 | 1,227 | 293,987 |
| Receivables from at-equity investments | 30,051 | - / - | 30,051 | 21,448 | - / - | 21,448 |
| Advance payments | 24,593 | - / - | 24,593 | 28,139 | - / - | 28,139 |
| Accrued items | 12,615 | - / - | 12,615 | 12,473 | - / - | 12,473 |
| Derivatives | 11,129 | - / - | 11,129 | 28,718 | - / - | 28,718 |
| Other | 43,016 | 5,032 | 48,048 | 50,615 | 6,364 | 56,979 |
| **Total** | **432,269** | **6,013** | **438,282** | **434,153** | **7,591** | **441,744** |

The carrying amounts of receivables and other current assets, in accordance with IFRS 7 categories, are shown under Note 33 "Further notes on financial risk management and financial instruments according to IFRS 7".

The following table shows the changes in credit allowances on the gross total of current and non-current trade accounts receivable:

| in EUR k | 12/31/2009 | 12/31/2008 |
|---|---|---|
| Impairments at the beginning of the year | 29,006 | 28,851 |
| Additions | 6,818 | 5,049 |
| Release | -3,839 | -2,388 |
| Usage | -1,715 | -2,475 |
| Change in foreign currency | 59 | -31 |
| **Impairments at the end of the year** | **30,329** | **29,006** |

As of December 31, 2009, the Group's gross trade accounts receivable before credit allowances had the following aging structure:

| in EUR k | 12/31/2009 | 12/31/2008 |
|---|---|---|
| Not overdue at end of reporting period | 247,685 | 227,451 |
| Amount past due for the following time ranges: | | |
| Less than 3 months | 48,034 | 50,638 |
| Between 3 and 6 months | 4,568 | 5,842 |
| Between 6 and 9 months | 7,097 | 2,482 |
| Between 9 and 12 months | 2,658 | 2,743 |
| More than 12 months | 32,133 | 33,837 |
| **Subtotal** | **342,175** | **322,993** |
| thereof impaired | 30,329 | 29,006 |
| **Total trade accounts receivables** | **311,846** | **293,987** |

The amounts for the previous year were adjusted because of a change in presentation.

## [24] CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in bank with a maturity of three months or less as of their acquisition date as well as cash on hand.

## [25] SHAREHOLDERS' EQUITY

At the end of the year, the subscribed capital of ProSiebenSat.1 Media AG amounted to EUR 218,797,200. This capital is divided into 109,398,600 registered shares of common stock with no par value, and 109,398,600 nonvoting bearer shares of preferred stock with no par value, each share representing a nominal value of EUR 1.00 of the share capital. Thus, as of December 31, 2009, the number of shares outstanding was 218,797,200, of which the Company itself held 6,027,500 preferred shares.

The listed preferred shares do not carry voting rights, except as provided by mandatory law, and entitle the holder to receive a share of profits EUR 0.02 greater than for the common shares. In addition, a minimum dividend of EUR 0.02 per preferred share is set. If the distributable profit for one or more financial years is not sufficient to pay the minimum amount per preferred share, the unpaid amounts, without interest, are paid out of the distributable profit for the subsequent financial year before the distribution of that year's share of profits for preferred shares, and before the distribution of profits to the holders of common stock. The guaranteed dividend for preferred shares results in a recognized financial liability of EUR 26.2 million (previous year: EUR 27.8 million).

Capital reserves amounted to EUR 552.5 million (previous year: EUR 547.1 million). They comprise mainly the share premium from the share issuance in 1997 and the capital increase in 2004.

The change in retained earnings results mainly from the profit for the period of EUR 144.5 million (previous year: EUR minus 129.1 million).

The accumulated other comprehensive income of the ProSiebenSat.1 Group, in the amount of EUR minus 243.2 million (previous year: EUR minus 234.1 million) results from the measurement of financial instruments outside profit or loss, and from currency translation adjustments of the financial statements of foreign subsidiaries. The measurement of financial instruments outside profit or loss pertains to currency hedges in the amount of EUR minus 9.6 million (previous year: EUR 13.2 million) and interest rate hedges in the amount of EUR minus 226.3 million (previous year: EUR minus 198.4 million), before deduction of the associated deferred taxes. Deferred taxes on the currency hedges amount to EUR 2.7 million (previous year: EUR minus 3.8 million) and on the interest rate hedges to EUR 61.4 million (previous year: EUR 51.5 million).

### Allocation of profits

Last financial year, under a resolution adopted at the shareholders' meeting on June 4, 2009, a dividend of EUR 2.1 million was paid out to holders of preferred stock, out of ProSiebenSat.1 Media AG's 2008 distributable profit of EUR 1,899.9 million. This represents a payout of EUR 0.02 per dividend eligible bearer share of preferred stock.

In accordance with the German Stock Corporations Act, the dividend payable to shareholders depends on the distributable profit shown in the annual financial statements of ProSiebenSat.1 Media AG under the German Commercial Code. The Executive Board of ProSiebenSat.1 Media AG will propose that the Company's distributable profit of EUR 1,819.7 million for financial period 2009 should be allocated as follows:

| Euro | |
|---|---|
| Distribution of a dividend of EUR 0.02 per bearer share of preferred stock | 2,067,422.00 |
| Distribution of a dividend of EUR 0.00 per registered share of common stock | 0.00 |
| Balance to be carried forward to the next accounting period | 1,817,641,013.28 |
| **Distributable profit** | **1,819,708,435.28** |

Distribution of the dividend is contingent on the approval of the shareholders' meeting on June 29, 2010.

### Authorized capital

The authorization of the Executive Board to increase the share capital (authorized capital) under Article 4 (4) of the Company's articles of incorporation expired on May 6, 2009. The shareholders' meeting on June 4, 2009, approved a new Authorized Capital, together with an authorization to exclude 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 June 3, 2014, by not more than EUR 109,398,600, in return for contributions in cash and/or in kind, by issuing new no-par shares of stock.

### Conditional capital

The shareholders' meeting of June 4, 2009, approved a conditional 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 conditional 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 shareholders' meeting of the same date.

### Treasury shares

At the shareholders' meeting of July 10, 2008, the shareholders authorized the Company under Sec. 71 (1) 8 of the German Stock Corporations Act to acquire its own stock in the amount of up to 10 percent of the share capital. This authorization would have expired on December 9, 2009, and was replaced by a new authorization at the shareholders' meeting of June 4, 2009. The Company is now authorized to acquire its own common and/or preferred stock on or before December 3, 2010, up to the total notional amount of 10 percent of the Company's share capital at the time of the authorization.

The June 4, 2009 authorization may be exercised by the Executive Board for any legal purpose, especially in pursuit of the share options with a purchase right of the preferred stock of ProSiebenSat.1 Media AG, which are granted as a part of the stock option plans.

In 2009, the Company acquired a total of 4,900,000 (previous year: 1,127,500) shares of its own preferred stock, at an average price of EUR 3.14 (previous year: EUR 13.36) per share. Thus at December 31, 2009, ProSiebenSat.1 Media AG held a total of 6,027,500 (previous year: 1,127,500) shares of its own preferred stock.

### Minority interests

Minority shareholders' share of the capital amounted to EUR 7.7 million (previous year: EUR 18.6 million). The figure includes their share of the profit for the period, in the amount of EUR 3.9 million (previous year: EUR 3.7 million). These interests primarily include MTM-SBS Televízío Zrt. (EUR 1.3 million), SAT.1 Privatrundfunk und -programmgeschellschaft mbH (EUR 2.2 million) and Sat.1 (Schweiz) AG (EUR 1.6 million).

### Information about capital management

The primary capital management tools used by the ProSiebenSat.1 Group are equity capital measures, dividend payments to the shareholders, repurchase of shares and borrowing.

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

As part of active management of borrowings, particular attention is given to managing leverage, measured as the ratio of net financial debt to recurring EBITDA (earnings before taxes, financial result and depreciation and amortization excluding one-time effects), as well as needs for capital and liquidity, and to matching the timing of refinancing measures.

The ProSiebenSat.1 Group's capital structure as of the end of the reporting period was as follows:

| in EUR k | 12/31/2009 | 12/31/2008 |
|---|---|---|
| Shareholders' equity | 580,833 | 478,923 |
| Share from total capital | 9.4% | 8.1% |
| | | |
| Short-term loans and borrowings | 497,240 | 516,663 |
| Long-term loans and borrowings | 3,534,859 | 3,523,152 |
| Loans and borrowings total | 4,032,099 | 4,039,815 |
| Share from total capital | 65.3% | 68.1% |
| | | |
| **Total capital (total assets)** | **6,174,735** | **5,929,869** |

The consolidated shareholders' equity of the ProSiebenSat.1 Group increased by 21.3 percent during the year to EUR 580.8 million. The equity ratio of the Group increased as of reporting date by 9.4 percent (previous year: 8.1%) Most of the increase during the financial period 2009 resulted from the profit generated for the period of EUR 144.5 million. The payment of minimum dividend for financial year 2008 to shareholders of preferred shares amounting to EUR 2.1 million did not cause any changes on the equity. During previous year the loss for the period amounted to EUR 129.1 million and a dividend of EUR 269.9 million was paid out from the equity. Additionally, in 2009 the ProSiebenSat.1 Group bought back 4,900,000 shares of its own preferred stock, thus reducing the consolidated equity by EUR 14.0 million. The repurchase of shares primarily serves to meet future obligations under the stock option plan for selected members of management of the ProSiebenSat.1 Group. In the previous year the repurchase of shares reduced the equity by EUR 15.1 million.

The ProSiebenSat.1 Group is striving to improve its financial profile. For this purpose, the aim is especially in the positive result development as well as an improvement of net debt position.

No significant capital arrangements were carried out during the financial year 2009. The ProSiebenSat.1 Group and its financial liabilities are not officially rated by international rating agencies.

## [26] PROVISIONS FOR PENSIONS

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

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

| in EUR k | 12/31/2009 | 12/31/2008 |
|---|---|---|
| Present value of obligation at January 1 | 6,961 | 4,344 |
| Service cost | 342 | 717 |
| Interest cost | 397 | 274 |
| Actuarial losses | 628 | 1,706 |
| Pension payments | -323 | -80 |
| **Present value** | **8,005** | **6,961** |

The interest expense for pension obligations is reported as part of the net interest expense. Actuarial gains and losses are recognized immediately in profit or loss in the year of their occurrence. The measurement date for the present value of obligations is December 31. The following parameters and assumptions were applied:

| | 2009 | 2008 |
|---|---|---|
| Actuarial interest rate | 5.1% | 5.8% |
| Rate of salary progression | 0.0% | 0.0% |
| Rate of pension progression | 1.0% | 1.0% |

The expected payments in 2010 to acquire shares in investment funds to cover the obligation for defined-benefit pension plans are EUR 0.6 million. Pension payments of EUR 0.3 million were made in financial period 2009 (previous year: EUR 0.1 million). Pension payments of EUR 0.3 million are expected in 2010.

## [27] OTHER PROVISIONS

| in EUR k | 01/01/2009 | Exchange rate differences | Additions | Consump-tion | Release | Reclassifi-cation | Deconsoli-dation effects | 12/31/2009 |
|---|---|---|---|---|---|---|---|---|
| Provisions for onerous contracts | 28,660 | - / - | 40,612 | -30,722 | -82 | - / - | - / - | 38,468 |
| Provisions for business operations | 10,928 | 42 | 15,535 | -6,674 | -3,874 | -105 | -30 | 15,822 |
| Other provisions | 60,430 | 83 | 11,584 | -24,358 | -2,931 | 105 | -5,626 | 39,287 |
| **Total** | **100,018** | **125** | **67,731** | **-61,754** | **-6,887** | **- / -** | **-5,656** | **93,577** |
| thereof current provisions | 98,770 | | | | | | | 81,312 |
| thereof non-current provisions | 1,248 | | | | | | | 12,265 |

ProSiebenSat.1 Media AG expects that the majority of the provisions will fall due within the next year. The majority of the long-term provisions are expected to be settled within three years.

Provisions for onerous contracts are formed almost entirely for programming assets. Provisions for business operations include provisions for sales discounts. Please see Note 31 "Contingent liabilities" for additional information about contingent liabilities.

## [28] FINANCIAL LIABILITIES

Financial liabilities comprise a non-current part, with a remaining maturity of more than one year, and a part recognized under current liabilities, with a remaining maturity of less than one year.

| in EUR k | current | non-current | Total 12/31/2009 |
|---|---|---|---|
| Liabilities to banks | 497,240 | 3,534,859 | 4,032,099 |
| **Total loans and borrowings** | **497,240** | **3,534,859** | **4,032,099** |
| | | | |
| Trade accounts payable | 432,078 | 49,162 | 481,240 |
| Accrued interest | 21,292 | - / - | 21,292 |
| Liabilities from finance leases | 10,235 | 116,461 | 126,696 |
| Liabilities from derivatives | 9,464 | 235,290 | 244,754 |
| Liabilities from at-equity investments | 2,367 | - / - | 2,367 |
| Liabilities to holders of preferred stock | - / - | 26,240 | 26,240 |
| Other liabilities | 1,158 | 28,085 | 29,243 |
| **Total other financial liabilities** | **476,594** | **455,238** | **931,832** |
| | | | |
| **Total financial liabilities** | **973,834** | **3,990,097** | **4,963,931** |

| in EUR k | current | non-current | Total 12/31/2008 |
|---|---|---|---|
| Liabilities to banks | 516,663 | 3,523,152 | 4,039,815 |
| **Total loans and borrowings** | **516,663** | **3,523,152** | **4,039,815** |
| | | | |
| Trade accounts payable | 386,958 | 3,247 | 390,205 |
| Accrued interest | 23,472 | - / - | 23,473 |
| Liabilities from finance leases | 6,071 | 112,610 | 118,681 |
| Liabilities from derivatives | 13,179 | 188,203 | 197,751 |
| Liabilities from at-equity investments | 2,363 | - / - | 2,363 |
| Liabilities to holders of preferred stock | - / - | 27,771 | 27,771 |
| **Total other financial liabilities** | **432,043** | **331,831** | **763,874** |
| | | | |
| **Total financial liabilities** | **948,706** | **3,854,983** | **4,803,689** |

The carrying amounts of financial liabilities according to IFRS 7 categories are disclosed under Note 33 "Further notes on financial risk management and financial instruments according to IFRS 7".

Liabilities to banks comprise the following:

### Syndicated facilities agreement

The facilities agreement covers a number of term loans totaling EUR 1,771 million with an original term of seven years (Term Loan B), and loans for a total of EUR 1,800 million with an original term of eight years (Term Loan C). Term Loan B matures on July 3, 2014, and Term Loan C on July 3, 2015. The agreement also includes a revolving credit facility with a term of seven years to July 3, 2014, and a total facility amount of EUR 600 million on a revolving basis. It may be drawn in variable amounts. The loan agreement was made with an international banking syndicate and institutional investors. A portion of the loans can also be drawn in currencies other than Euro. As of December 31, 2009, all the loans have been drawn in Euro.

Under the facilities agreement, the ProSiebenSat.1 Group has pledged as security equity interests in various material subsidiaries. A number of companies also furnished guarantees to the lenders. The loan agreement furthermore includes the usual undertakings, which in turn are qualified or mitigated with exceptions. The loan agreement additionally includes the customary grounds for termination by the lender, which apply to breaches of contract not otherwise covered by more detailed provisions of the contract. In case, as a result of acquisition of majority stake, the control under company law over the Company changes, then within a certain time period every lender is entitled to require the termination of its participation in the loan and a repayment of the outstanding amount. The agreement obligates the Company among other things to maintain a certain ratio between consolidated net debt and consolidated EBITDA as well as between consolidated EBITDA and consolidated net interest result (in each case as defined in the agreement). In financial period 2009 the ProSiebenSat.1 Group has complied with all contractual obligations.

The revolving facility credit that was currently available at December 31, 2009, amounted to EUR 594.7 million. At December 31, 2009 from that amount EUR 497.2 million (previous year: EUR 497.2 million) was drawn down. The ProSiebenSat.1 Group can draw variably on the revolving credit facility for general corporate purposes. Allowing for guaranteed utilisations of EUR 30.8 million, EUR 66.7 million (previous year: EUR 54.1 million) of the revolving credit facility was unused as of December 31, 2009.

### Sat.1 annuity loans

In financial year 2008, liabilities to banks also included annuity loans issued by Sat.1 Satelliten Fernsehen GmbH and Sat.1 Grundstücksverwaltungs GmbH & Co. KG which were secured by mortgage liens. These loans were paid back in full during financial year 2009. As of December 31, 2008, liabilities under these loans amounted to EUR 30.5 million.

## [29] OTHER LIABILITIES

The other liabilities comprise the following:

| in EUR k | 12/31/2009 | | 12/31/2008 | |
|---|---|---|---|---|
| | current | non-current | current | non-current |
| Accrued items | 82,923 | - / - | 83,755 | - / - |
| Liabilities from VAT | 49,461 | - / - | 32,667 | - / - |
| Received prepayments | 33,019 | 192 | 34,664 | 250 |
| Liabilities from fees and toward employees | 30,748 | - / - | 22,651 | - / - |
| Vacation payment accruals | 14,686 | - / - | 14,402 | - / - |
| Liabilities from other taxes | 13,866 | - / - | 13,503 | 48 |
| Liabilities from collecting societies | 7,081 | - / - | 4,124 | - / - |
| Accruals from social security payments | 2,288 | 17 | 2,815 | 13 |
| Other | 31,536 | 1,597 | 30,428 | 24,805 |
| **Total** | **265,609** | **1,806** | **239,009** | **25,116** |

ADDITIONAL NOTES

## [30] CASH FLOW STATEMENT

The cash flow statement shows how cash and cash equivalents have changed as a result of cash inflows and outflows during the year. In accordance with IAS 7, cash flows are distinguished between operating activities, investing activities and financing activities.

The funds covered by the cash flow statement include all cash and cash equivalents shown in the statement of financial position with terms of not more than three months, subject only to minor risks of fluctuation in value. Cash is not subject to restrictions on its use.

Cash flows from operating activities are derived indirectly from the annual financial statements. Cash flows from investing and financing activities are calculated from the payments.

The presentation of the cash flow statement has been revised in 2009. The structure of the cash flow statement was adjusted in terms of presenting relevant information on the financial position. In this connection the previously separately presented payments for income taxes and interests were integrated as a part of the operating cash flow. The figures for the previous year have been adjusted accordingly in accordance with IAS 8.

In financial period 2009 material non-cash transactions amounted to EUR 34.6 million (previous year: EUR 19.6 million). These pertain mainly to the acquisition of assets by means of a finance lease as well as non-cash business acquisitions.

## [31] CONTINGENT LIABILITIES

At December 31, 2009, total contingent liabilities from pledges and guarantees for domestic and foreign companies totaled EUR 3.5 million (previous year: EUR 10.3 million). Currently there is no indication that these contingent liabilities will actually be incurred.

Under the bank loan agreement, the ProSiebenSat.1 Group has pledged as security equity interests in various significant subsidiaries. Furthermore, written guarantees for the lenders were given by various subsidiaries.

## [32] OTHER FINANCIAL OBLIGATIONS

| in EUR k | 12/31/2009 | 12/31/2008 |
|---|---|---|
| **Purchase commitment for programming assets** | | |
| Remaining term 1 year or less | 805,986 | 931,308 |
| Remaining term 1 to 5 years | 1,933,151 | 1,463,056 |
| Remaining term over 5 years | 529,185 | 160,003 |
| **Total** | **3,268,322** | **2,554,367** |
| | | |
| **Royalties** | | |
| Remaining term 1 year or less | 93,661 | 87,593 |
| Remaining term 1 to 5 years | 212,431 | 169,472 |
| Remaining term over 5 years | 88,773 | 70,055 |
| **Total** | **394,865** | **327,120** |
| | | |
| **Leasing and long-term rental commitments** | | |
| Remaining term 1 year or less | 22,742 | 23,476 |
| Remaining term 1 to 5 years | 47,905 | 58,363 |
| Remaining term over 5 years | 22,442 | 37,846 |
| **Total** | **93,089** | **119,685** |
| | | |
| **Other financial obligations** | | |
| Remaining term 1 year or less | 118,039 | 113,159 |
| Remaining term 1 to 5 years | 206,805 | 138,728 |
| Remaining term over 5 years | 65,550 | 84,592 |
| **Total** | **390,394** | **336,479** |

Other, off-balance-sheet financial obligations exist in addition to the liabilities shown in the statement of financial position. These derive from contractual agreements entered into before the reporting date, and pertain to payment obligations due after the reporting date.

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

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

The remaining financial liabilities essentially comprise payments to collecting societies and fees for news services and other services.

## [33] FURTHER NOTES ON FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS ACCORDING TO IFRS 7

The ProSiebenSat.1 Group's operations and financing needs expose it to various financial risks. Fluctuation of interest rates and foreign exchange rates may affect the Group's assets and liabilities, financial position, and profit or loss. Financial risks are managed and monitored centrally as a part of financial risk management. For the Group's German-speaking regions, the principles, duties and responsibilities of financial risk management are governed by the Group's internal corporate financial guidelines. One of the primary tasks of the past two financial years has been to fully integrate the SBS Broadcasting Group into the ProSiebenSat.1 Group's financial risk management system, and to incorporate it into Group-wide regulations. The objective of financial risk management is to cushion the adverse effects that fluctuations in financial risk factors may have on the Company's assets and liabilities, financial position and profit or loss. The derivative financial instruments acquired for this purpose serve solely to hedge existing risk positions, not for speculation. Risk positions are assessed regularly, and existing risks are quantified using sensitivity analyses. The ProSiebenSat.1 Group does not consider itself to be exposed to any material concentrations of risk.

### Currency risks

The ProSiebenSat.1 Group signs a substantial number of its license agreements with production studios in the United States. As a rule, the Group meets its financial obligations deriving from these programming rights purchases in US-Dollars. Consequently fluctuations in the exchange rate between Euro and US-Dollar may adversely affect the ProSiebenSat.1 Group's financial position and profit or loss. Receivables and liabilities in other foreign currencies, or for other purposes, are not considered here because of their low volume.

To hedge against fluctuations in exchange rates, the ProSiebenSat.1 Group enters into forward exchange contracts and currency options and holds US-Dollar bank accounts.

Maturity analysis of foreign currency hedge

| | | | Year of maturity | Nominal amount | Fair value | Fair value |
|---|---|---|---|---|---|---|
| | 2010 in USD k | 2011-2014 in USD k | from 2015 in USD k | as of 12/31/2009 in USD k | as of 12/31/2009 in EUR k | as of 12/31/2008 in EUR k |
| Currency forwards | 319,058 | 459,501 | - / - | 778,559 | -10,153 | 11,600 |
| (thereof whithin cash flow-hedges) | 222,462 | 438,032 | - / - | 660,494 | -7,318 | 13,100 |
| Currency options | 54,000 | 75,000 | - / - | 129,000 | 3,797 | 2,106 |
| (thereof whithin cash flow-hedges) | 14,000 | 15,000 | - / - | 29,000 | 295 | 2,084 |
| US-Dollar bank account | 123,300 | - / - | - / - | 123,300 | 85,595 | 3,434 |

Hedged foreign currency payments are expected to have an impact on earnings when the respective license is broadcasted, whereas non-hedged foreign currency payments are expected to imapct earnings at the same time when the cash is paid.

Forwards are unconditional contractual agreements to exchange two currencies. The total par value, exchange rate and maturity date are specified when the contract is entered into. As of December 31, 2009, ProSiebenSat.1 Media AG had forwards worth a par value of USD 778.6 million (previous year: USD 938.1 million) in its portfolio. As of the same date, it had options for the purchase of dollars covering a total nominal value of USD 129.0 million (previous year: USD 38.5 million). As the purchaser of a currency option, ProSiebenSat.1 Media AG has the right, but not the obligation, to buy U.S. dollars for Euros in return for paying an option premium. As with a forward, in a currency option the total nominal value, exchange rate and maturity date are also defined at the time the contract is made. The market values of forwards are measured using the discounted cash flow method. Market values for currency options are measured using the Black/Scholes option pricing formula. Differences may arise where other methods are used. Measurement was based on market figures (mid-rates) on December 31, 2009. Inefficiencies occurred neither in 2009 nor in the previous year. The currency holdings amounted as at December 31, 2009 to USD 123.3 million (previous year: USD 4.8 million).

The license payments on hedged US-Dollar-denominated license agreements, together with the associated hedging instruments, are gathered and managed in what are known as "hedge books" if the hedging relationship qualifies as a hedge under IAS 39.88 and hedge accounting can be applied. As of December 31, 2009, there were 13 (previous year: 15) hedge books covering a total of USD 1,156 million (previous year: USD 1,151 million) in pending license payments. Under hedge accounting, at December 31, 2009, EUR 9.6 million (previous year: EUR 13.2 million) was entered in a separate item under other comprehensive income. In 2009, EUR 2.9 million (previous year: EUR 13.7 million) was taken out from equity and applied directly to the purchase cost of the underlying license agreement. The average hedge ratio varies between the defined hedge books and is on average 67 percent. A separate hedging strategy is developed for each portfolio on the basis of current market assessments and the overall risk position. The hedge books are constantly monitored under a system of limits, and any applicable open positions are closed to stop potential losses or take advantage of a favorable change in exchange rates.

No hedge accounting was applied for a certain portion of the foreign currency exposure in US-Dollar. In these cases, liabilities for pending license payments amounted to USD 508 million at December 31, 2009 (previous year: USD 505 million).

The risk position in US-Dollars is assessed regularly using current market data, and existing risks are quantified using sensitivity analyses. The following table shows the impact of a ten percent rise in the value of the US-Dollar on the equivalent value in Euro for future payments in US-Dollar. It shows the change in the impact of the exchange rate for the US-Dollar on cash flows in US-Dollar in economic terms, and is therefore not an accounting analysis. From an accounting point of view most of the resulting effects from the sensitivity analysis would be recognized within other comprehensive income.

| in USD k | 12/31/2009 | 12/31/2008 |
|---|---|---|
| Gross foreign currency exposure | -1,664,138 | -1,655,872 |
| | | |
| Currency hedges | 1,030,859 | 981,415 |
| thereof micro hedges | 751,298 | 863,187 |
| thereof macro hedges | 156,262 | 113,428 |
| US-Dollar bank account | 123,300 | 4,800 |
| | | |
| **Net exposure** | **-633,279** | **-674,457** |
| Hedge ratio | 62% | 59% |
| | | |
| Spot rate at reporting date | 1.4405 | 1.3976 |
| US-Dollar increase by 10 % | 1.3095 | 1.2705 |
| | | |
| EUR k | | |
| **Change in future payments resulting from a 10% increase in the US-Dollar** | -43,962 | -48,258 |

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

### Interest rate risks

Through its financial liabilities, the ProSiebenSat.1 Group is exposed to an interest rate risk. The acquisition of the SBS Broadcasting Group was financed entirely through a new loan agreement. The facilities agreement covers a number of term loans totaling to a nominal value of EUR 1,771 million with an original term of seven years and a maturity date of July 3, 2014 (Term Loan B), and loans totaling to EUR 1,800 million with an original term of eight years and a maturity date of July 3, 2015 (Term Loan C). Through these variable-interest financial liabilities, the ProSieben-

Sat.1 Group is exposed to an increased interest rate risk. For that reason, the ProSiebenSat.1 Group has hedged 78 percent (previous year: 78%) of this liability with interest-rate swaps. In interest rate swaps, variable-rate interest payments are exchanged for fixed-rate interest payments. Uncertain, variable-rate interest payments on the borrowings described above are thus compensated and replaced with fixed-rate interest payments. The fair values of the interest-rate swaps were determined using the discounted cash flow method. Differences may arise when other methods are used. However, since the transactions are intended for hedging purposes, there is no intention to close them out. The interest rate swaps have a total value of EUR 2,800 million (previous year: EUR 2,800 million), with an average fixed rate of 4.57 percent (previous year: 4.57%). The swaps have remaining terms of approximately 2.6 years for a total of EUR 1,200 million and 4.5 years for a total of EUR 1,600 million. For the year due to a decreased interest level, these transactions contributed a negative balance of EUR 82.4 million to the net interest result (previous year: positive result of EUR 2.2 million). The interest rate swaps qualify as cash flow hedges that are covered by hedge accounting. As of December 31, 2009, they had a negative market value of EUR 238.7 million (previous year: negative value of EUR 186.9 million). Of this amount, EUR 226.5 million (previous year: EUR 184.4 million) is recognized within a separate item under other comprehensive income of equity and unrealized accrued interests amounting to EUR 11.4 million (previous year: EUR 1.5 million) within interest expenses. Because of the partial ineffectiveness of the hedges, EUR 0.2 million were recognized under interest income (previous year: EUR 2.5 million under interest expenses).

The remaining variable interest rate risk results not only from the unhedged portion of the term loans, but also from any drawings the Group may take on its revolving credit facility. As of December 31, 2009, EUR 497.2 million (previous year: EUR 497.2 million) had been drawn on this credit facility. An interest rate risk in the sense of a change in market value is of no relevance here, since the ProSiebenSat.1 Group's financial liabilities are reported at cost, and thus any change in market value will have no effect on the statement of financial position.

The interest-rate risk position is assessed regularly using current market data, and existing risks are quantified with the help of sensitivity analyses. The following table shows the effects of a one percentage-point increase in the relevant interest rates. It shows the impact of such an increase from an economic viewpoint, and therefore represents no accounting analysis. From an accounting point of view most of the resulting effects from the sensitivity analysis would be recognized within other comprehensive income.

| in EUR k | Type of interest | 12/31/2009 | 12/31/2008 |
|---|---|---|---|
| Deposits with banks | variable | 737,399 | 632,871 |
| Liabilities to banks | variable | -4,032,099 | -4,009,292 |
| Annuity loans | fixed | - / - | -30,523 |
| **Gross exposure** | **variable** | **-3,294,700** | **-3,376,421** |
| | **fixed** | **- / -** | **-30,523** |
| Interest rate hedges | | 2,800,000 | 2,800,000 |
| **Net exposure** | **variable** | **-494,700** | **-576,421** |
| Hedge ratio | | 85% | 83% |
| Annual potential loss from an increase of 100 basis points (1 percentage point) in short-term interest rates [1] | | -4,947 | -5,764 |

[1] Because of the short position, the scenario assumes an increase of 100 basis points.

The annuity loans secured by mortgage liens issued by Sat.1 Satelliten Fernsehen GmbH and Sat.1 Grundstücksverwaltungs GmbH & Co. KG were repaid in full during financial year 2009. As of December 31, 2008, the book value of these annuity loans amounted to EUR 30.5 million.

### Credit and counterparty risks

The ProSiebenSat.1 Group is exposed to a credit and counterparty risk from its financing and operating activities. The carrying amount of financial assets under the statement of the financial position reflects the maximum credit risk exposure.

Under financing activities credit and counterparty risks for the ProSiebenSat.1 Group normally exist in the form of losses on receivables. To minimize this risk the ProSiebenSat.1 Group attempts to enter into financial transactions as well as derivative contracts exclusively with counterparties with first-class to good credit ratings. The book value of the financial assets after impairments represents the maximum risk of the ProSiebenSat.1 Group. The Group has no significant concentration of counterparty risk in regard to any single counterparty or any clearly definable group of counterparties. At the end of the reporting period there were no significant agreements reducing the maximum counterparty risk. In total the ProSiebenSat.1 Group does not believe it is exposed to any major counterparty risk. The positive market values of all the derivative financial instruments after an offset per each counterparty amounted as at December 31, 2009 to EUR 1.1 million (previous year: EUR 8.9 million). This positive market value falls upon a counterparty which has a credit rating of A1 from the rating agency Moody's.

The ProSiebenSat.1 Group has established appropriate risk provisions against the credit and counterparty risk arising from the operating activities. For this purpose all the receivables are reviewed regularly and in case of indication of loss or other event of default impaired accordingly. Considering the net value of the trade account receivables and other financial assets there were no indications of material payment defaults at the reporting date. For information on the aging analysis of trade accounts receivable, please refer to Note 23 "Receivables and other current assets". Information regarding major customers is to be found under Note 34 "Segment reporting".

### Liquidity risks

As part of its liquidity management, the ProSiebenSat.1 Group ensures that adequate cash and cash equivalents are available at all times, in spite of the industry's sharp seasonal fluctuations in revenues. One of the integral parts of the facilities agreement to finance the acquisition of the SBS Broadcasting Group is furthermore a revolving credit facility with an original term of seven years until July 3, 2014, and a total credit line of EUR 594.7 million. As of December 31, 2009, draws of EUR 497.2 million (previous year EUR 497.2 million) had been taken from the revolving credit facility. Allowing for drawings under guarantees, EUR 66.7 million (previous year: EUR 54.1 million) of the revolving credit facility was unused as of December 31, 2009.

In addition, as of December 31, 2009, the ProSiebenSat.1 Group had total cash and cash equivalents of EUR 737.4 million (previous year: EUR 632.9 million). Thus as of December 31, 2009, the Group had a total of EUR 804.1 million in cash funds and unused credit facilities (previous year: EUR 687.2 million).

As a part of the disclosure of liquidity risks, a maturity analysis must be provided for non-derivative financial liabilities on the basis of remaining contractual maturities and for derivative financial liabilities based on the expected timing of cash outflow. The undiscounted contractual payments must be disclosed.

The ProSiebenSat.1 Group assigns expected payments for financial instruments to the following maturity ranges:

| in EUR k | 12 months or less | > 1- 5 years | > 5 years | Total contractual cash flows | Carrying amount 12/31/2009 | Carrying amount 12/31/2008 |
|---|---|---|---|---|---|---|
| Bank loans | 603,880 | 2,423,173 | 1,863,751 | 4,890,804 | 4,032,099 | 4,039,815 |
| Liabilities from finance leases | 17,666 | 64,524 | 102,489 | 184,679 | 126,696 | 118,681 |
| Trade accounts payable | 432,078 | 49,162 | - / - | 481,240 | 481,240 | 390,205 |
| **Non-derivative financial liabilities** | **1,053,624** | **2,536,859** | **1,966,240** | **5,556,723** | **4,640,035** | **4,548,701** |
| | | | | | | |
| Interest rate swaps | 100,333 | 145,141 | - / - | 245,474 | | |
| Currency forwards | 5,568 | 6,546 | - / - | 12,114 | | |
| **Derivative financial liabilities** | **105,901** | **151,687** | **- / -** | **257,588** | | |
| | | | | | | |
| **Total** | **1,159,525** | **2,688,546** | **1,966,240** | **5,814,311** | | |

In addition, the minimum dividend payment to the shareholders of preferred stock of EUR 0.02 per each preferred share should be considered. The cash outflow under the maturity ranges is dependent in each financial year on the amount of outstanding preferred stocks that are not under the ownership of the ProSiebenSat.1 Media AG (free float).

### Information on the carrying amount and market value of financial instruments

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

| in EUR k | | 12/31/2009 | | 12/31/2008 | |
|---|---|---|---|---|---|
| | Item from statement of financial position | Fair Value | Carrying amount | Fair Value | Carrying amount |
| Financial assets | | | | | |
| Cash and cash equivalents | Cash and cash equivalents | 737,399 | 737,399 | 632,871 | 632,871 |
| Loans and receivables | Accounts receivable and other assets | 343,933 | 343,933 | 317,337 | 317,337 |
| Financial assets designated at fair value * | Non-current financial assets | 6,876 | 6,876 | 6,059 | 6,059 |
| Financial assets held for trading | Accounts receivable and other assets | 4,258 | 4,258 | 2,153 | 2,153 |
| Financial assets available for sale | Current / Non-current financial assets | - / - | 54,254 | - / - | 52,424 |
| Hedge derivatives | Accounts receivable and other assets | 6,871 | 6,871 | 26,565 | 26,565 |
| **Total** | | **1,099,337** | **1,153,591** | **984,985** | **1,037,409** |
| | | | | | |
| Financial liabilities | | | | | |
| Financial liabilities at amortized cost | Financial liabilities | 3,759,601 | 4,719,177 | 4,661,995 | 4,602,307 |
| Financial liabilities held for trading | Financial liabilities | 3,592 | 3,592 | 3,631 | 3,631 |
| Hedge derivatives | Financial liabilities | 241,162 | 241,162 | 197,751 | 197,751 |
| **Total** | | **4,004,355** | **4,963,931** | **4,863,377** | **4,803,689** |

* This item includes only shares in investment funds

The fair values of cash and cash equivalents, of trade accounts receivable and payable, of current financial receivables and liabilities, and of revolving credit facilities and other financing debt are approximately equivalent to their carrying amount. This is due to the short maturity of these instruments.

The maximum risk of default for the investment funds recognized at fair value through profit and loss corresponds as at December 31, 2009 to the market value of the positions. The assets are not secured against a potential counterparty risk since considering the market conditions this risk is seen as unlikely.

The financial assets available for sale include interests in Zenimax Media Inc. The interests are valued at amortized acquisition costs because the fair value of the interests cannot be determined reliably. No market price was available for the investment. Neither was it possible to derive the respective fair value in the period in question using comparable transactions. In case there is evidence of impairment the recoverability of the value of the interests will be tested. At the preparation date of the financial statements, there was no intention to sell the investment.

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

The fair value of assets and liabilities recognized in the statement of financial position may be measured under three hierarchical levels. This hierarchy reflects the significance of the input data used for measurement, and is organized as follows:

- (Unadjusted) quoted prices on active markets for identical assets or liabilities (Level 1),
- Input data for the asset or liability that are observable either directly (as prices) or indirectly (derived from prices) but that are not quoted prices as in Level 1 (Level 2),
- Input data used for the asset or liability that are not based on observable market data (non-observable input data) (Level 3).

The following table provides information about the hierarchy levels chosen in financial year 2009 for measuring the fair values in each category:

| in EUR k | Level 1 | Level 2 | Level 3 | Total 12/31/2009 |
|---|---|---|---|---|
| Financial assets designated at fair value | 6,876 | - / - | - / - | 6,876 |
| Derivative financial assets | - / - | 11,129 | - / - | 11,129 |
| **Financial assets** | **6,876** | **11,129** | **- / -** | **18,005** |
| | | | | |
| Derivative financial liabilities | - / - | -244,754 | - / - | -244,754 |
| **Financial liabilities** | **- / -** | **-244,754** | **- / -** | **-244,754** |
| | | | | |
| **Total** | **6,876** | **-233,625** | **- / -** | **-226,749** |

In financial period 2009 there were neither transfers between Level 1 and Level 2 nor into or out of Level 3 of the fair value hierarchies.

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

| | | | | | Net result | |
|---|---|---|---|---|---|---|
| in EUR k | At fair value | Impairment | From disposal | From currency translation | 2009 | 2008 |
| Financial assets available for sale | - / - | - / - | - / - | - / - | - / - | -1,957 |
| Financial assets designated at fair value | 342 | - / - | - / - | - / - | 342 | 36 |
| Loans and receivables | - / - | -4,351 | - / - | 5,016 | 665 | -9,633 |
| Financial liabilities at amortized cost | - / - | - / - | 468 | 12,153 | 12,621 | -60,112 |
| Financial assets and liabilities held for trading | -5,687 | - / - | - / - | -1,274 | -6,961 | 23,617 |
| Hedge derivatives | 157 | - / - | - / - | - / - | 157 | 1,532 |

The foreign currency effects on “Loans and receivables” and “Financial liabilities at amortized cost” occur primarily at the foreign subsidiaries of the ProSiebenSat.1 Group.

## [34] SEGMENT REPORTING

### Explanatory notes to segment reporting

In accordance with IFRS 8 ("Operating Segments"), operating segments must be defined on the basis of the Company's own internal management. The organizational and reporting structure is based on management by business segments. On the basis of the reporting system, the Executive Board, as the "chief operating decision maker," evaluates the performance of the various segments and the allocation of resources.

The ProSiebenSat.1 Group reports in three operating segments: Free TV in German-speaking Europe, Free TV International and Diversification.

The Free TV in German-speaking Europe segment essentially comprises the Group's four channels SAT.1, ProSieben, kabel eins and N24, as well as the SAT.1 regional companies, the marketing company SevenOne Media, and the Group's subsidiaries in Austria and Switzerland.

The Free TV International segment includes advertising-financed TV channels in the Benelux countries (Netherlands and Belgium), in Northern Europe (Denmark, Finland, Norway and Sweden) and in CEE region (Romania, Bulgaria and Hungary).

The Diversification segment includes activities in the field of video on demand, call TV, multimedia and merchandising. These activities are presented together with international and radio and print operations. The figures up to November 2008 include values from the CMore Group AB of Scandinavian pay TV stations.

### Segment information

Segment information is normally based on the same accounting policies as are described under Note 6 for the consolidated financial statements under IFRS.

The Executive Board, as the chief operating decision maker, measures the segments' success on the basis of a segment result figure that is known as "recurring EBITDA" in the Company's internal management and reporting. Recurring EBITDA represents EBITDA adjusted for non-recurring effects. It is defined as adjusted earnings before interest, taxes, depreciation and amortization, and impairments. The non-recurring effects are components of result that do not recur regularly. Further information regarding these non-recurring effects are presented in the management report.

Segment assets comprise all assets used for operating activities. They include both intangible assets (including goodwill) and property, plant, and equipment, as well as programming assets, current assets net of income tax receivables, deferred tax credits, current financial assets, and cash.

Segment investments relate to additions to non-current assets. They comprise additions to intangible assets, to property, plant, and equipment, and to programming assets.

Depreciation and amortization apply to the assets allocated to each of the segments. A distinction is made between two separately recognized figures, depreciation or amortization and impairments. The figure does not include impairments of financial investments or of current financial assets.

Other non-cash expenses and income largely comprise consumption of programming assets, allocations to provisions, expenses from the valuation of the stock option plan, and write-downs of receivables. These expenses are offset by income from the release of provisions.

Segment liabilities are not shown in the segment report, because the chief operating decision maker has decided not to manage debt at the segment level, and accordingly this figure is not a part of regular internal reporting. Debt is managed at the Group level instead.

## Segment information 2009

| in EUR k | Free TV German-speaking | Free TV International | Diversification | Subtotal segments | Eliminations | Total consolidated financial statements 2009 |
|---|---|---|---|---|---|---|
| Revenues | 1,753,748 | 707,842 | 369,570 | 2,831,160 | -70,320 | **2,760,840** |
| external revenues | 1,697,996 | 705,212 | 357,632 | 2,760,840 | - / - | **2,760,840** |
| internal revenues | 55,752 | 2,630 | 11,938 | 70,320 | -70,320 | **- / -** |
| Recurring EBITDA | 457,880 | 158,212 | 80,410 | 696,502 | 36 | **696,538** |
| Recurring EBITDA-margin | 27.0% | 22.4% | 22.5% | 25.2% | - / - | **25.2%** |
| Depreciation and amortization | 31,570 | 57,996 | 35,965 | 125,531 | -98 | **125,433** |
| Impairment | - / - | - / - | 22,079 | 22,079 | - / - | **22,079** |
| thereof goodwill | - / - | - / - | - / - | - / - | - / - | **- / -** |
| Other non-cash expenses (-) and income (+) | -841,713 | -262,826 | -8,309 | -1,112,848 | -3,104 | **-1,115,952** |
| Segment assets | 1,758,839 | 2,750,466 | 1,025,426 | 5,534,731 | -295,901 | **5,238,830** |
| thereof goodwill | 434,101 | 1,289,612 | 571,381 | 2,295,094 | - / - | **2,295,094** |
| Segment investments | 929,031 | 377,172 | 35,041 | 1,341,244 | -381 | **1,340,863** |

## Segment information 2008

| in EUR k | Free TV German-speaking | Free TV International | Diversification | Subtotal segments | Eliminations | Total consolidated financial statements 2008 |
|---|---|---|---|---|---|---|
| Revenues | 1,787,936 | 806,809 | 532,723 | 3,127,468 | -73,227 | **3,054,241** |
| external revenues | 1,735,700 | 797,341 | 521,200 | 3,054,241 | - / - | **3,054,241** |
| internal revenues | 52,236 | 9,468 | 11,523 | 73,227 | -73,227 | **- / -** |
| Recurring EBITDA | 406,560 | 193,467 | 73,949 | 673,976 | 572 | **674,548** |
| Recurring EBITDA-margin | 23.4% | 24.3% | 14.2% | 22.1% | - / - | **22.1%** |
| Depreciation and amortization | 32,769 | 56,586 | 50,082 | 139,437 | -165 | **139,272** |
| Impairment | 31,373 | 180,000 | 1,177 | 212,550 | - / - | **212,550** |
| thereof goodwill | - / - | 180,000 | - / - | 180,000 | - / - | **180,000** |
| Other non-cash expenses (-) and income (+) | -927,942 | -361,179 | -114,739 | -1,403,860 | - / - | **-1,403,860** |
| Segment assets | 1,985,421 | 2,606,445 | 1,004,093 | 5,595,959 | -515,751 | **5,080,208** |
| thereof goodwill | 433,137 | 1,251,940 | 552,354 | 2,237,431 | - / - | **2,237,431** |
| Segment investments | 1,001,693 | 364,161 | 141,864 | 1,507,718 | -261 | **1,507,457** |

The reconciliation between the segment values and the consolidated values is shown below:

## Reconciliation of segment information

| in EUR k | 2009 | 2008 |
|---|---|---|
| Revenues | | |
| Revenues from reportable segments | 2,831,160 | 3,127,468 |
| Consolidation | -70,320 | -73,227 |
| **Consolidated revenues** | **2,760,840** | **3,054,241** |
| Recurring EBITDA | | |
| Recurring EBITDA of reportable segments | 696,502 | 673,976 |
| Consolidation | 36 | 572 |
| **Group recurring EBITDA** | **696,538** | **674,548** |
| Non-recurring result | -73,538 | -56,233 |
| Financial result | -244,455 | -334,931 |
| Depreciation and amortization | -125,433 | -139,272 |
| Impairment | -22,079 | -212,551 |
| **Consolidated profit / loss before taxes** | **231,033** | **-68,439** |
| Other non-cash expenses and income | | |
| Non-cash expenses of reportable segments | 1,115,952 | 1,403,860 |
| thereof Consumption of programming assets * | 1,068,259 | 1,242,798 |
| thereof Other | 47,693 | 161,062 |
| **Group non-cash expenses** | **1,115,952** | **1,403,860** |
| Assets | | |
| Total assets of reportable segments | 5,534,731 | 5,595,959 |
| Consolidation | -295,901 | -515,751 |
| **Group's segment assets** | **5,238,830** | **5,080,208** |
| Investments accounted for using the equity method | 2,096 | 6,868 |
| Non-current financial assets | 60,993 | 58,272 |
| Deferred taxes | 90,082 | 91,528 |
| Current financial assets | 137 | 211 |
| Cash and cash equivalents | 737,399 | 632,871 |
| Income tax refund entitlements | 45,198 | 59,911 |
| **Consolidated assets** | **6,174,735** | **5,929,869** |
| Segment investments | | |
| Investments of reportable segments | 1,341,244 | 1,507,718 |
| Consolidation | -381 | -261 |
| **Group's segment investments** | **1,340,863** | **1,507,457** |
| thereof Investments in programming assets | 1,227,219 | 1,397,005 |
| thereof Investments in property, plant and equipment | 58,124 | 58,751 |
| thereof Investments in intangible assets | 55,520 | 51,701 |

* Consumption including additions to provisions for onerous contracts

The reconciliation figures show values that by definition are not integral to the segments. Transactions between segments are eliminated in the reconciliation. These are normally conducted on arm's length terms.

Entity-wide disclosures for the ProSiebenSat.1 Group are provided below. Here distinctions are made among the German-speaking region (Germany, Austria, Switzerland), B/NL (Belgium and the Netherlands), Nordic (Denmark, Finland, Norway, Sweden), and CEE (Bulgaria, Greece, Romania, Hungary).

Entity-wide disclosures

| Geographical breakdown | German-speaking | | B/NL | | Nordic | | CEE | | Total consolidated financial statements | |
|---|---|---|---|---|---|---|---|---|---|---|
| in EUR k | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| External revenues | 1,917,998 | 1,978,687 | 391,855 | 418,933 | 335,032 | 490,697 | 115,955 | 165,924 | 2,760,840 | 3,054,241 |
| Non-current assets | 2,102,940 | 1,938,269 | 1,117,017 | 1,171,883 | 914,305 | 841,612 | 413,930 | 450,348 | 4,548,192 | 4,402,112 |
| Investments | 956,569 | 1,018,646 | 166,804 | 162,066 | 159,290 | 259,086 | 58,200 | 67,659 | 1,340,863 | 1,507,457 |

Non-current assets reported under the entity-wide disclosures include intangible assets, property, plant and equipment as well as non-current programming assets.

In 2009 EUR 1,797 million (previous year: 1,863 million) of external revenues were generated in Germany. This corresponds to a share of 65.1 percent (previous year: 61.0%) from the consolidated revenues. Revenues are attributed to the country of the company that provided the service.

The share of non-current segment assets attributable to Germany amounted to 46.0 percent in 2009 (previous year: 43.8%).

More than 10 percent of consolidated revenues were generated with each of two clients in the financial period 2009 (Client A 2009: EUR 437.6 million, previous year: EUR 407.7 million; Client B 2009: EUR 325.7 million, previous year: EUR 304.3 million). These revenues are allocated in various proportions to all the segments.

## [35] STOCK OPTION PLAN

As of December 31, 2009, ProSiebenSat.1 Media AG had two stock option plans. The 2005 Long Term Incentive Plan (LTIP 2005) was introduced by consent of the shareholders' meeting of May 13, 2005, and the 2008 Long Term Incentive Plan (LTIP 2008) was introduced by consent of the shareholders' meeting of June 10, 2008. Each stock option carries the right to purchase one preferred share of ProSiebenSat.1 Media AG stock in return for payment of an "exercise price."

### Number of stock options

As of December 31, 2009, a total of 1,127,500 non-forfeited stock options were still outstanding under LTIP 2005, all of which had been granted in 2006 (Cycle 2006). No further options will be granted under LTIP 2005. The options issued in 2005 were settled by the Company in 2007 by paying out the cash value of the option.

LTIP 2008 covers the grant of up to another 4,900,000 options. If granted options expire unexercised, the number of stock options increases by the number of expired unexercised options. A total of 1,399,250 options were issued in 2008 (Cycle 2008) and 2,997,500 options in 2009 (Cycle 2009). Thus a total of 4,396,750 stock options had been issued under LTIP 2008 up to December 31, 2009.

### Beneficiaries

The stock options are intended exclusively for purchase by members of the Executive Board of ProSiebenSat.1 Media AG, senior members of other managements, and other selected executives of ProSiebenSat.1 Media AG and its dependent Group companies. The individual beneficiaries and the number of stock options to be granted to them are decided by the Executive Board of ProSiebenSat.1 Media AG, subject to the consent of the Supervisory Board, or – where the Executive Board members themselves are concerned – by the Supervisory Board.

### Issue periods

The stock options for LTIP 2008 may be issued in one or more annual portions. Options must be issued during the first three months of a calendar year and/or during the period between the annual meeting of the Company's shareholders and the end of the calendar year. Stock options under LTIP 2008 were issued for the first time in 2008 and could not be issued after 2009.

### Exercise periods

Stock options may be exercised only when a vesting period has elapsed at the time of exercise. This vesting period is commenced on January 1 of the year in which the pertinent stock options are issued. The vesting period has already expired for the options granted under LTIP 2005. For stock options issued under LTIP 2008, the vesting period for one-fifth of the options issued to a given beneficiary will expire at the end of each full year after January 1 of the year in which the options were issued. Furthermore, the statutory lock-up period of two years from the grant date of the options must have expired at the time of exercise.

If unexercised, stock options issued under LTIP 2005 will expire without compensation six years after January 1 of the year in which they were granted, and those under LTIP 2008 will expire without compensation seven years after January 1 of the year in which they were granted.

### Exercise price

The exercise price for the Cycle 2006 stock options is the volume weighted average closing auction price of ProSiebenSat.1 preferred stock in trading on the XETRA system over the last 30 days of trading on the Frankfurt Stock Exchange prior to January 1 of the year in which the stock options were issued.

The exercise price for the Cycle 2008 stock options is EUR 16. In the event that the volume weighted average closing auction price of ProSiebenSat.1 preferred stock in trading on the XETRA system over the last 30 days of trading on the Frankfurt Stock Exchange prior to the exercise date exceeds the strike price by more than 200 percent, the strike price for the options concerned is to be increased by the amount in excess of 200 percent.

The exercise price for the Cycle 2009 stock options is the volume weighted average closing auction price of ProSiebenSat.1 preferred stock in trading on the XETRA system over the last 30 days of trading on the Frankfurt Stock Exchange prior to January 1 of the year in which the stock options were issued. In the event that the volume weighted average closing auction price of ProSiebenSat.1 preferred stock in trading on the XETRA system (or a comparable successor system) over the last 30 days of trading on the Frankfurt Stock Exchange prior to the exercise date exceeds the strike price by more than EUR 20, the strike price for the options concerned is to be increased by the amount in excess of EUR 20.

In addition, to protect option holders in the event of changes in the Company's share capital, dividend distributions, and other measures that may dilute the options' value, the strike price may be adjusted accordingly.

### Performance target

As a performance target for the 2006 Cycle and 2009 Cycle, stock option plans are to specify that the stock's trading price at the time of exercise of the options must exceed the strike price by at least 30 percent. As an exception from this rule, the performance target for the 2008 Cycle options will be achieved when the stock's trading price is at least EUR 22.40 at the time of exercise of the options.

The following table provides information about the ProSiebenSat.1 Media AG stock option plan:

Stock Option Plan

| | LTIP 2005 | LTIP 2008 | LTIP 2008 |
|---|---|---|---|
| | **Cycle 2006** | **Cycle 2008** | **Cycle 2009** |
| **01/01/2009** | **1,127,500** | **1,941,250** | **- / -** |
| Options granted in 2009 | - / - | - / - | 2,997,500 |
| Options exercised in 2009 | - / - | - / - | - / - |
| Options expired or forfeited in 2009 | - / - | 542,000 | - / - |
| **12/31/2009** | **1,127,500** | **1,399,250** | **2,997,500** |
| thereof: eligible for exercise on 12/31/2009 | 1,127,500 | n.y.e.** | n.y.e.** |
| Exercise price in EUR | 13.99 | 16.00 | 1.58 |
| Absolute exercise hurdle in EUR | 18.19 | 22.40 | 2.05 |
| Maximum exercise gain in EUR | 27.98 | 32.00 | 20.00 |
| End of vesting period * | August 2, 2008 | December 31, 2008 | December 31, 2009 |
| End of exercise period | December 31, 2011 | December 31, 2014 | December 31, 2015 |

* LTIP 2008: Earliest end of vesting period for the first fifth of issued options (each additional fifth is one year later).
** not yet exercisable

With regard to the exercise date of stock options, above and beyond the terms of the LTIP, a statutory lock-up period of two years from the issue date of the options must also be observed.

ProSiebenSat.1 Media AG uses the binomial model of Cox/Ross/Rubinstein (1979) to calculate the actuarial values of stock options. The assumptions used in the valuation of the stock options (volatility, expected dividend yield, interest rate) reflect the market conditions as at the valuation date.

The expense for financial year 2009 came to EUR 3.8 million (previous year: EUR 0.1 million), and is recognized under personnel expenses.

Under a share participation plan introduced during the past financial year the members of the Executive Board as well as selective executives of the ProSiebenSat.1 Group were offered a possibility to participate indirectly in ProSiebenSat.1 Media AG. This indirect share participation was executed via a German limited partnership which for this purpose acquired at fair market value preferred stock of ProSiebenSat.1 Media AG. Financing of the share purchase was carried out by capital investment of the participants as well as a market-term-based loans issued by Lavena 3 S. à r.l. to the limited partnership. Under this share participation plan the participants take part in the share price development of the preferred stock of ProSiebenSat.1 Media AG. The issued loan is assigned to every participant based on their share in the limited partnership and is to be paid back in full at the end of the loan period irrespective of the share price development.

## [36] EXECUTIVE BOARD AND SUPERVISORY BOARD

The members of the Executive Board and Supervisory Board of ProSiebenSat.1 Media AG are listed on pages 164 and 165, together with their memberships on other statutorily required supervisory boards and comparable bodies. Details of the system of compensation for members of the Executive Board and the Supervisory Board of ProSiebenSat.1 Media AG are explained below.

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

The compensation system for the Executive Board of ProSiebenSat.1 Media AG aims for sustainable company performance, and is composed of fixed and results-based components. The criteria for appropriate compensation are based in part on the individual Board members' personal performance and areas of work and responsibility, and also on the comparable environment and the Company's business situation.

Last financial year, the compensation of the members of the Executive Board comprised the following:

- Under their employment contracts, all Executive Board members receive a fixed base salary, paid monthly, that is determined with reference to the individual member's area of responsibilities.

- In addition to this base component, each member also receives a performance-based variable component in the form of an annual bonus. The specific terms of this annual bonus are uniform among the contracts of the individual board members. One portion of the bonus is decided by the Supervisory Board, and depends on the achievement of predefined performance targets composed of Group EBITDA, the Group net debt, and personal goals.

- Additionally, the members of the Executive Board also participate in a 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 2009. With this stock option plan the Company has created an additional compensation component, focused on the Company's long-term success, so as to cultivate shareholder value. Each option under the LTIP entitles the holder to acquire one share of ProSiebenSat.1 preferred stock if the exercise conditions are met (in particular, the expiration of the vesting period and the achievement of performance targets). As of December 31, 2009, the members of the Executive Board held 149,500 stock options issued in 2006, 405,000 options issued in 2008, and 1,205,000 options issued in 2009. No stock options were exercised in 2009. The vesting period for the stock options issued in 2006 ended in August 2008. The stock options issued in 2008 cannot be exercised until July 2010 at the earliest, and the options issued in 2009 cannot be exercised until July 2011 at the earliest.

- Furthermore, the Company has signed pension agreements with all members of the Executive Board, under which those members are entitled to payment of a retirement pension if they reach age 60 and leave the Company's employ after the contractual vesting period has elapsed.

- Finally, the members of the Executive Board receive other compensation in the form of non-cash benefits, including company cars, insurance coverage, and coverage of relocation expenses if they must relocate.

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

Compensation paid to active members of the Executive Board of ProSiebenSat.1 Media AG came to EUR 5.7 million in 2009 (previous year: EUR 6.9 million). These figures include both a variable component of EUR 2.2 million (previous year: EUR 2.8 million) and fringe benefits of EUR 0.1 million (previous year: EUR 0.1 million).

Executive Board members who left the Company during financial year 2009 received EUR 4.8 million (previous year: EUR 2.0 million) in compensation after their departure.

During past financial years, ProSiebenSat.1 Media AG has set aside pension provisions totaling EUR 0.5 million (previous year: EUR 1.2 million) for pension commitments to active members of the Executive Board. The pension provisions for former members of the Executive Board came to EUR 7.5 million (previous year: EUR 5.7 million) as of December 31, 2009. The accrued pension entitlement as of December 31, 2009, was EUR 0.1 million (previous year: EUR 0.1 million) per year for active members of the board, and EUR 0.3 million (previous year: EUR 0.2 million) per year for former members. Payments of EUR 0.3 million (previous year: EUR 0.1 million) were made to former members of the Executive Board in 2009. Funds have been endowed to guarantee these pension provisions which however are not classified as plan assets.

The fair value of the 1,205,000 (previous year: 497,000) stock options granted in 2009 to the active members of the Executive Board as at December 31, 2009 came to EUR 2.30 (previous year: EUR 0.17) per stock option.

Payments to management, except for pension entitlements, are all payable short-term.

A resolution by the shareholders' meeting of August 2, 2006, released the Company for five years from the statutory obligation to disclose the individual compensation of Executive Board members in the consolidated financial statements. However, this resolution of the shareholders' meeting poses no obstacle to the voluntary disclosure of individual Board members' compensation otherwise. The Executive Board and Supervisory Board have decided to exercise this option of voluntary disclosure in the compensation report for 2009, which is included in the Corporate Governance Report of the Executive Board and Supervisory Board. That report therefore states figures for the compensation paid to individual members of the Company's Executive Board for the past financial year.

Expenses for the Supervisory Board of ProSiebenSat.1 Media AG came to EUR 0.8 million in the year under review (previous year: EUR 1.7 million). The members of the Supervisory Board receive a fixed compensation. The Chairman and Vice Chairman of the Supervisory Board each receive twice the amount of this fixed base figure. Members of the Supervisory Board's committees are compensated with a separate meeting honorarium, payable for participating at each committee meeting. Committee chairmen receive twice the standard meeting honorarium. The compensation of the Supervisory Board is set in the articles of incorporation of ProSiebenSat.1 Media AG.

Compensation of current members of the Supervisory Board

| in EUR k | Fixed component 2009 | Compensation for committee work 2009 | Total 2009 | Total 2008 |
|---|---|---|---|---|
| Johannes Huth | 100 | 27 | 127 | 131 |
| Götz Mäuser | 100 | 30 | 130 | 233 |
| Robin Bell-Jones | 50 | 13 | 63 | 118 |
| Gregory Dyke | 50 | 10 | 60 | 105 |
| Philipp Freise | 50 | 17 | 67 | 115 |
| Lord Clive Hollick | 50 | 2 | 52 | 190 |
| Dr. Jörg Rockenhäuser | 29 | - / - | 29 | - / - |
| Adrianus Johannes Swartjes | 50 | 12 | 62 | 105 |
| Prof. Dr. Harald Wiedmann | 50 | 30 | 80 | 118 |
| Members who left in 2009 | 132 | 4 | 136 | 466 |
| Members who left in 2008 | - / - | - / - | - / - | 155 |
| **Total 2009** | **661** | **145** | **806** | **- / -** |
| **Total 2008** | **- / -** | **- / -** | **- / -** | **1,736** |

Members of the Supervisory Board received no remuneration or other consideration for personal services, especially consulting and mediation services, during 2009. Reimbursements of expenses for participation in meetings of the full Supervisory Board and Board committees came to EUR 0.1 million for the year (previous year: EUR 0.0 million).

Altogether, the current members of the Executive Board and Supervisory Board directly hold 1,254,578 (previous year: 202,500) shares of preferred stock in ProSiebenSat.1 Media AG as of December 31, 2009. This is equivalent to 0.6 percent (previous year: 0.1%) of the Company's share capital.

### [37] RELATED-PARTY TRANSACTIONS

For the ProSiebenSat.1 Group, related parties within the meaning of IAS 24 are persons or entities who have control or a significant influence over the ProSiebenSat.1 Group, or over which the ProSiebenSat.1 Group has control or a significant influence. Accordingly, the direct and indirect parent companies of ProSiebenSat.1 Media AG, the members of the Executive Board and Supervisory Board of ProSiebenSat.1 Media AG, and joint ventures and associates of the ProSiebenSat.1 Group are considered as related parties.

The ProSiebenSat.1 Group is controlled by Lavena 5 GmbH, a non-operating holding company, which holds 88.0 percent of the common stock of ProSiebenSat.1 Media AG. In addition, the direct and indirect shareholders of Lavena 5 GmbH have a significant influence over the ProSiebenSat.1 Group. These include all the Lavena holding entities excluding the Kravis Roberts & Co. L.P. (KKR) and Permira Beteiligungs GmbH advised funds that control the Lavena holding entities.

Transactions with subsidiaries included in the consolidated financial statements are eliminated in the consolidation process and are not explained further. In ordinary business activities, all transactions with companies not included in the scope of consolidation were conducted on prevailing market terms and conditions as is also customary with third parties unrelated to the Group.

All related parties that are controlled by the ProSiebenSat.1 Group, or over which the Group may exercise a significant influence, are listed among the shareholdings on pages 160 through 163, along with the percentage interest held.

Effective September 1, 2007, ProSiebenSat.1 Media AG signed a services management agreement for business services with Lavena Holding 1 GmbH, Lavena Holding 4 GmbH, and Lavena Holding 5 GmbH jointly. The agreed compensation is consistent with the prevailing market terms for comparable services. The total charges for 2009 amounted to EUR 0.4 million (previous year: EUR 0.3 million). As of December 31, 2009, ProSiebenSat.1 Media AG's receivable was EUR 0.1 million (previous year: EUR 0.1 million). Lavena Holding 1 GmbH and Lavena Holding 4 GmbH are indirect majority shareholders of ProSiebenSat.1 Media AG, and Lavena Holding 5 GmbH is the direct majority shareholder of ProSiebenSat.1 Media AG.

Until June 4, 2009 Harry Evans Sloan was a member of the Supervisory Board of ProSiebenSat.1 Media AG, and the Chairman of the Board of Directors and CEO of Metro-Goldwyn-Mayer Holdings, Inc. (MGM). A number of license agreements were signed between MGM Holdings Inc. and ProSiebenSat.1 Media AG during the period, in the normal course of business. The agreements are consistent with prevailing market terms. Until his retirement from the Supervisory Board the total charges for 2009 amounted to EUR 26.1 million (previous year: EUR 27.6 million). As of June 30, 2009, ProSiebenSat.1 Media AG's liability was EUR 0.7 million (December 31, 2008: EUR 0.3 million).

Götz Mäuser is a member of the Supervisory Board of ProSiebenSat.1 Media AG, and among other positions is also a co-owner of ADT Telefonservice GmbH & Co. KG. A service agreement exists in the normal course of business between ProSiebenSat.1 Media AG and ADT Telefonservice GmbH & Co. KG. The contract is consistent with prevailing market terms. The total charges for 2009 amounted to EUR 0.1 million (previous year: EUR 0.1 million). As of December 31, 2009, ProSiebenSat.1 Media AG's receivable was EUR 0.0 million (previous year: EUR 0.0 million).

There were no other reportable transactions with related parties under IAS 24 in financial period 2009.

Under Section 15a of the German Securities Trading Act (WpHG) and Item 6.6 of the German Corporate Governance Code, the members of the Executive Board and Supervisory Board of ProSiebenSat.1 Media AG are required to report securities transactions relating to ProSiebenSat.1 stock. They are furthermore required to report securities transactions by family members. In 2009, one transaction was reported to ProSiebenSat.1 Media AG, in which a member of the Executive Board sold a total of EUR 13,000 shares of ProSiebenSat.1 Media AG. In compliance with Section 15a of the Securities Trading Act, ProSiebenSat.1 Media AG reported this transaction immediately on its website, www.prosiebensat1.com.

### Joint ventures and associated companies

ProSiebenSat.1 Media AG conducts transactions with some of its joint ventures and associates in the normal course of business. In these transactions, the Company buys and sells products and services on prevailing market terms.

Revenue and other income from transactions with joint ventures and associated companies in 2009 totaled EUR 43.1 million (previous year: EUR 33.9 million). Received goods and services and other expenses for transactions with joint ventures and associates in 2009 totaled EUR 13.5 million (previous year: EUR 5.9 million).

Receivables from joint ventures and associates as of December 31, 2009, amounted to EUR 30.1 million (previous year: EUR 21.5 million). Liabilities of EUR 2.4 million to these companies were recognized (previous year: EUR 2.4 million).

The amounts outstanding from joint ventures and associated companies are not secured with collateral and will be paid in cash. No material guarantees were either provided or received in this regard. As a part of related-party connection, ProSiebenSat.1 Media AG has agreed to support the operations of one of its joint ventures by guaranteeing contractual and fixed loan amounts until the end of financial year 2011.

## [38] GROUP AFFILIATION

The immediate parent company of the Group of ProSiebenSat.1 Media AG is Lavena Holding 5 GmbH. The ultimate parent company of the ProSiebenSat.1 Group is Lavena 1 S.à r.l., of Luxembourg. ProSiebenSat.1 AG is included in the consolidated financial statements of Lavena 1 S.à r.l., of Luxembourg.

The following ownership interests have been duly published by ProSiebenSat.1 Media AG on September 25, 2009, in compliance with Section 26 (1) of WpHG (German Securities Trading Act), and can be viewed at the Company's Web site in the Annual Document required under Section 10 of that Act:

The Company was notified on September 21, 2009, pursuant to section 21 paragraph 1 and section 22 WpHG that the proportion of voting rights of Permira Holdings LLP, London, UK, held in the Company has gone below the limits of 75 percent, 50 percent, 30 percent, 25 percent, 20 percent, 15 percent, 10 percent, 5 percent and 3 percent and amounts to 0.00 percent (no voting rights) on this day.

Permira Holdings LLP has clarified that the proportions of voting rights of all other companies, of which their former proportion of voting rights with the Company has been attributed to the notification company, are not affected by the shortfall of the above-mentioned limits of the registrant. The controlling company in the existing structure is now Permira Holdings Limited instead of Permira Holdings LLP.

## [39] PROFESSIONAL FEES OF THE INDEPENDENT AUDITOR

The professional fees for the services of the Group auditor, KPMG AG Wirtschaftsprüfungsgesellschaft with its affiliated companies, totaled EUR 3.1 million for financial period 2009 (previous year: EUR 2.7 million). Of the total, EUR 1.8 million was for audit services for the financial statements (previous year: EUR 1.5 million), EUR 0.6 million was for other audit-related services (previous year: EUR 0.6 million), EUR 0.0 million was for tax advisory services (previous year: EUR 0.0 million) and EUR 0.7 million was for other services (previous year: EUR 0.5 million).

## [40] EVENTS AFTER THE REPORTING PERIOD

Dan Marks (47) will become a member of the Executive Board of ProSiebenSat.1 Media AG with effect from May 1, 2010, and will take over the business unit of Dr. Marcus Englert, who will leave the Company. As Chief New Media Officer, he will be responsible for the further development and coordination of the Group's digital strategy and for the operational management of the online, Pay TV and Video-on-Demand operations.

### Release date for publication

The Supervisory Board will release the consolidated financial statements for publication on March, 23, 2010.

March, 11 2010

**The Executive Board**

## ProSiebenSat.1 Group as of December 31. 2009

| No. | Company | Location | Country | Share % | via No. |
|---|---|---|---|---|---|
| | Affiliated companies | | | | |
| 1 | ProSiebenSat.1 Media AG | Unterföhring | Germany | | |
| 2 | 9Live Fernsehen GmbH | Unterföhring | Germany | 100.00 | 1 |
| 3 | 9Live International GmbH | Unterföhring | Germany | 100.00 | 2 |
| 4 | Agency Atlantic EOOD | Sofia | Bulgaria | 100.00 | 150 |
| 5 | Agency Vitosha EOOD | Sofia | Bulgaria | 100.00 | 150 |
| 6 | Aktuelt Nyheter AS | Oslo | Norway | 100.00 | 143 |
| 7 | Anonimi Radiofoniki Etairia Lampsi A.E. (Lampsi Radio Company S.A.) | Athens | Greece | 100.00 | 103 |
| 8 | ArtMerchandising & Media AG | Unterföhring | Germany | 100.00 | 44 |
| 9 | AT Fun B.V. | Amsterdam | The Netherlands | 100.00 | 110 |
| 10 | best webnews GmbH (in liquidation) | Cologne | Germany | 100.00 | 127 |
| 11 | Broadcast Norge AS | Oslo | Norway | 100.00 | 96 |
| 12 | Carthage I B.V. | Amsterdam | The Netherlands | 100.00 | 110 |
| 13 | CBO Media B.V. | Amsterdam | The Netherlands | 100.00 | 110 |
| 14 | Cutting Edge Production AS | Oslo | Norway | 100.00 | 116 |
| 15 | E-FM Sverige AB | Stockholm | Sweden | 100.00 | 17 |
| 16 | EBS International N.V. | Zaventem | Belgium | 100.00 | 99, 110 |
| 17 | Euradio i Sverige AB | Stockholm | Sweden | 100.00 | 118 |
| 18 | European Broadcasting System S.à r.l. | Luxembourg | Luxembourg | 100.00 | 99 |
| 19 | European Radio Investments Ltd. | London | Great Britain | 100.00 | 103 |
| 20 | Evroark EOOD | Sofia | Bulgaria | 100.00 | 150 |
| 21 | Fem Media GmbH | Munich | Germany | 100.00 | 127 |
| 22 | German Free TV Holding GmbH | Unterföhring | Germany | 100.00 | 1 |
| 23 | Hellas Radio Services Ltd. | Athens | Greece | 100.00 | 99 |
| 24 | ICS SBS Broadcasting S.R.L. | Chisinau | Moldavia | 100.00 | 124 |
| 25 | INTERAKTÍV-FICTION Müsorkészítö és Filmgyártó Kft. | Budapest | Hungary | 100.00 | 26 |
| 26 | INTERAKTÍV Televíziós Müsorkészítö Kft. | Budapest | Hungary | 100.00 | 99 |
| 27 | kabel eins Fernsehen GmbH | Unterföhring | Germany | 100.00 | 22 |
| 28 | Kanal 5 AB | Stockholm | Sweden | 100.00 | 29 |
| 29 | Kanal 5 Holding AB | Stockholm | Sweden | 100.00 | 100 |
| 30 | Kanal 5 Ltd. | London | Great Britain | 100.00 | 103 |
| 31 | KISS FM DOO (in Liquidation) | Belgrade | Serbia | 49.00 | 99 |
| 32 | Kommunikationsanpartsselskabet af 2/4 1990 | Arhus C. | Denmark | 100.00 | 82 |
| 33 | lokalisten media GmbH | Munich | Germany | 93.33 | 127 |
| 34 | Magic Flight Film GmbH (in the course of incorporation) | Munich | Germany | 100.00 | 54 |
| 35 | MAGIC Internet Holding GmbH | Berlin | Germany | 100.00 | 127 |
| 36 | MAGIC Internet GmbH | Berlin | Germany | 100.00 | 35 |
| 37 | MAZ & More TV-Produktion GmbH | Berlin | Germany | 100.00 | 48 |
| 38 | Meteos TV Holding GmbH | Unterföhring | Germany | 100.00 | 156 |
| 39 | Miracle Sound Oy | Helsinki | Finland | 51.00 | 55 |
| 40 | Miracle Sound Oulu Oy | Oulu | Finland | 100.00 | 39 |
| 41 | Miracle Sound Tampere Oy | Helsinki | Finland | 100.00 | 39, 55 |
| 42 | Mix Megapol.se AB | Stockholm | Sweden | 100.00 | 113 |
| 43 | MM MerchandisingMedia GmbH | Unterföhring | Germany | 100.00 | 8 |
| 44 | MM MerchandisingMedia Holding GmbH | Unterföhring | Germany | 100.00 | 1 |
| 45 | MTM Produkció Müsorgyártó és Filmforgalmazó Kft. | Budapest | Hungary | 100.00 | 99, 110 |
| 46 | MTM-SBS Televízió Zrt. | Budapest | Hungary | 97.51 | 99 |
| 47 | MyVideo Broadband S.R.L. | Bucharest | Romania | 100.00 | 35 |
| 48 | N24 Gesellschaft für Nachrichten und Zeitgeschehen mbH | Unterföhring | Germany | 100.00 | 22 |
| 49 | Niknet EOOD | Sofia | Bulgaria | 100.00 | 150 |
| 50 | P7S1 Broadcasting S.à r.l. | Luxembourg | Luxembourg | 100.00 | 51, 53 |

## ProSiebenSat.1 Group as of December 31, 2009

| No. | Company | Location | Country | Share % | via No. |
|---|---|---|---|---|---|
| | Affiliated companies | | | | |
| 51 | P7S1 Erste SBS Holding GmbH | Unterföhring | Germany | 100.00 | 1 |
| 52 | P7S1 Creative Productions Holding GmbH | Unterföhring | Germany | 100.00 | 1 |
| 53 | P7S1 Zweite SBS Holding GmbH | Unterföhring | Germany | 100.00 | 1 |
| 54 | Producers at work GmbH | Potsdam | Germany | 74.90 | 52 |
| 55 | Pro Radio Oy | Helsinki | Finland | 100.00 | 96 |
| 56 | ProSiebenSat.1 Applications GmbH | Unterföhring | Germany | 100.00 | 1 |
| 57 | ProSieben Austria GmbH | Vienna | Austria | 100.00 | 129 |
| 58 | ProSieben Digital Media GmbH | Unterföhring | Germany | 100.00 | 1 |
| 59 | ProSieben Television GmbH | Unterföhring | Germany | 100.00 | 22 |
| 60 | ProSieben (Schweiz) AG | Küsnacht | Switzerland | 100.00 | 131 |
| 61 | ProSiebenSat.1 Achte Verwaltungsgesellschaft mbH | Unterföhring | Germany | 100.00 | 1 |
| 62 | ProSiebenSat.1 Dreizehnte Verwaltungsgesellschaft mbH | Unterföhring | Germany | 100.00 | 1 |
| 63 | ProSiebenSat.1 Elfte Verwaltungsgesellschaft mbH | Unterföhring | Germany | 100.00 | 61 |
| 64 | ProSiebenSat.1 Erste Verwaltungsgesellschaft mbH | Unterföhring | Germany | 100.00 | 1 |
| 65 | ProSiebenSat.1 Fünfzehnte Verwaltungsgesellschaft mbH | Unterföhring | Germany | 100.00 | 1 |
| 66 | ProSiebenSat.1 Produktion GmbH | Unterföhring | Germany | 100.00 | 1 |
| 67 | ProSiebenSat.1 Vierzehnte Verwaltungsgesellschaft mbH | Unterföhring | Germany | 100.00 | 1 |
| 68 | ProSiebenSat.1 Zehnte Verwaltungsgesellschaft mbH | Unterföhring | Germany | 100.00 | 61 |
| 69 | ProSiebenSat.1 Zwölfte Verwaltungsgesellschaft mbH | Unterföhring | Germany | 100.00 | 61 |
| 70 | ProSiebenSat.1 Welt GmbH | Unterföhring | Germany | 100.00 | 1 |
| 71 | PS Event GmbH | Cologne | Germany | 67.00 | 72 |
| 72 | PSH Entertainment GmbH | Unterföhring | Germany | 100.00 | 1 |
| 73 | Puls 4 TV GmbH | Vienna | Austria | 100.00 | 129 |
| 74 | PULS 4 TV GmbH & Co. KG | Vienna | Austria | 100.00 | 129 |
| 75 | Radio Nova A/S | Copenhagen | Denmark | 80.00 | 98 |
| 76 | Radio City AB | Stockholm | Sweden | 100.00 | 117 |
| 77 | Radio Daltid SBS AB | Stockholm | Sweden | 51.00 | 113 |
| 78 | Radio Express EAD | Sofia | Bulgaria | 100.00 | 5 |
| 79 | Radio Match AB | Jönköping | Sweden | 100.00 | 113 |
| 80 | Radiostasjonen Radio Norge AS | Oslo | Norway | 100.00 | 116 |
| 81 | Radio Veselina EAD | Plovdiv | Bulgaria | 100.00 | 99 |
| 82 | Radioreklame A/S | Arhus C. | Denmark | 95.20 | 114 |
| 83 | Radioutvecklingen i Sverige KB | Stockholm | Sweden | 100.00 | 138 |
| 84 | Redseven Artists GmbH | Unterföhring | Germany | 100.00 | 85 |
| 85 | RedSeven Entertainment GmbH | Unterföhring | Germany | 100.00 | 52 |
| 86 | RIS Vinyl Skåne AB | Stockholm | Sweden | 100.00 | 118 |
| 87 | Ritmo Plovdiv EOOD | Plovdiv | Bulgaria | 100.00 | 150 |
| 88 | Rockklassiker Sverige AB | Stockholm | Sweden | 100.00 | 86 |
| 89 | Romanian Broadcasting Corporation Ltd. | London | Great Britain | 100.00 | 103 |
| 90 | Sat.1 Bayern GmbH | Unterföhring | Germany | 100.00 | 144 |
| 91 | Sat.1 Grundstücksverwaltungs GmbH & Co. KG | Unterföhring | Germany | 100.00 | 94 |
| 92 | Sat.1 Norddeutschland GmbH | Hannover | Germany | 100.00 | 94 |
| 93 | Sat.1 Privatrundfunk und -programmgesellschaft m.b.H. | Vienna | Austria | 51.00 | 94 |
| 94 | Sat.1 Satelliten Fernsehen GmbH | Unterföhring | Germany | 100.00 | 22 |
| 95 | Sat.1 (Schweiz) AG | Zurich | Switzerland | 50.00 | 94 |
| 96 | SBS Belgium N.V. | Zaventem | Belgium | 100.00 | 16, 99 |
| 97 | SBS Broadcasting B.V. | Amsterdam | The Netherlands | 100.00 | 110 |
| 98 | SBS Broadcast Danmark A/S | Skovlunde | Denmark | 100.00 | 96 |
| 99 | SBS Broadcasting Europe B.V. | Amsterdam | The Netherlands | 100.00 | 102 |
| 100 | SBS Broadcasting Europe B.V. the Netherlands svensk Filial | Stockholm | Sweden | 100.00 | 99 |

## ProSiebenSat.1 Group as of December 31, 2009

| No. | Company | Location | Country | Share % | via No. |
|---|---|---|---|---|---|
| | Affiliated Companies | | | | |
| 101 | SBS Broadcasting Holding I B.V. | Amsterdam | The Netherlands | 100.00 | 50 |
| 102 | SBS Broadcasting Holding II B.V. | Amsterdam | The Netherlands | 100.00 | 101 |
| 103 | SBS Broadcasting (UK) Ltd. | London | Great Britain | 100.00 | 99 |
| 104 | SBS Broadcasting Networks Ltd. | London | Great Britain | 100.00 | 103 |
| 105 | SBS Broadcasting (Sweden) AB | Stockholm | Sweden | 100.00 | 99 |
| 106 | SBS Danish Television Ltd. | London | Great Britain | 100.00 | 103 |
| 107 | SBS Finance B.V. | Amsterdam | The Netherlands | 100.00 | 99 |
| 108 | SBS Finland Oy | Helsinki | Finland | 100.00 | 55 |
| 109 | SBS Magyarországi Befektetési Kft. | Budapest | Hungary | 100.00 | 99 |
| 110 | SBS Nederland B.V. | Amsterdam | The Netherlands | 100.00 | 99 |
| 111 | SBS Productions B.V. | Amsterdam | The Netherlands | 100.00 | 97 |
| 112 | SBS Publishing & Licensing B.V. | Amsterdam | The Netherlands | 100.00 | 97 |
| 113 | SBS Radio AB | Stockholm | Sweden | 79.98 | 118 |
| 114 | SBS Radio A/S | Copenhagen | Denmark | 80.00 | 98 |
| 115 | SBS Radio HNV AB | Stockholm | Sweden | 100.00 | 113 |
| 116 | SBS Radio Norge AS | Oslo | Norway | 100.00 | 96 |
| 117 | SBS Radio Sweden AB | Stockholm | Sweden | 100.00 | 118 |
| 118 | SBS Radio Sweden Holding AB | Stockholm | Sweden | 100.00 | 100 |
| 119 | SBS TV A/S | Skovlunde | Denmark | 100.00 | 98 |
| 120 | Scandinavian Broadcasting System (Jersey) Ltd. | Jersey | Channel Islands | 100.00 | 99 |
| 121 | S.C. Canet Radio S.R.L. | Bucharest | Romania | 20.00 | 124 |
| 122 | S.C. Media Group Services International S.R.L. | Bucharest | Romania | 100.00 | 110, 124 |
| 123 | S.C. Prime Time Productions S.R.L. | Bucharest | Romania | 100.00 | 110, 124 |
| 124 | S.C. SBS Broadcasting Media S.R.L. | Bucharest | Romania | 100.00 | 19, 89, 103 |
| 125 | SevenOne AdFactory GmbH | Unterföhring | Germany | 100.00 | 126 |
| 126 | SevenOne Brands GmbH | Unterföhring | Germany | 100.00 | 1 |
| 127 | SevenOne Intermedia GmbH | Unterföhring | Germany | 100.00 | 58 |
| 128 | SevenOne International GmbH | Unterföhring | Germany | 100.00 | 52 |
| 129 | SevenOne Media Austria GmbH | Vienna | Austria | 100.00 | 126 |
| 130 | SevenOne Media GmbH | Unterföhring | Germany | 100.00 | 126 |
| 131 | SevenOne Media (Schweiz) AG | Küsnacht | Switzerland | 100.00 | 126 |
| 132 | SevenPictures Film GmbH | Unterföhring | Germany | 100.00 | 1 |
| 133 | SevenSenses GmbH | Unterföhring | Germany | 100.00 | 1 |
| 134 | Seven Scores Musikverlag GmbH | Unterföhring | Germany | 100.00 | 1 |
| 135 | SRU Svensk Radioutvecklung AB | Stockholm | Sweden | 67.60 | 115 |
| 136 | Starwatch Music GmbH | Unterföhring | Germany | 100.00 | 44 |
| 137 | Stichting Administratiekantoor Melida (in Liquidation) | Amsterdam | The Netherlands | 100.00 | 50 |
| 138 | Svensk Radioutveckling KB | Stockholm | Sweden | 87.00 | 115 |
| 139 | Teledirekt Vermarktungsgesellschaft für Fernsehempfang mbH | Unterföhring | Germany | 100.00 | 1 |
| 140 | THE VOICE TV NORGE AS | Oslo | Norway | 100.00 | 116 |
| 141 | Turun Ensitorppa Oy | Helsinki | Finland | 100.00 | 55 |
| 142 | TV5 Finland Oy | Helsinki | Finland | 100.00 | 55 |
| 143 | TVNorge AS | Oslo | Norway | 100.00 | 11 |
| 144 | tv weiss-blau Rundfunkprogrammanbieter GmbH | Unterföhring | Germany | 100.00 | 94 |
| 145 | V8 Broadcasting B.V. | Amsterdam | The Netherlands | 100.00 | 97 |
| 146 | Veronica Broadcasting V.O.F. | Amsterdam | The Netherlands | 100.00 | 12, 145 |
| 147 | Veronica Litho B.V. | Hilversum | The Netherlands | 100.00 | 97 |
| 148 | Veronica Uitgeverij B.V. | Hilversum | The Netherlands | 100.00 | 97 |
| 149 | Vinyl AB | Stockholm | Sweden | 100.00 | 118 |
| 150 | Vitosha FM EOOD | Sofia | Bulgaria | 100.00 | 99 |

ProSiebenSat.1 Group as of December 31, 2009

| No. | Company | Location | Country | Share % | via No. |
|---|---|---|---|---|---|
| | **Affiliated companies** | | | | |
| 151 | VOICE TV ApS | Copenhagen | Denmark | 100.00 | 114 |
| 152 | VT4 Ltd. | London | Great Britain | 100.00 | 99 |
| 153 | VT4 Marketing & Sales N.V. | Zaventem | Belgium | 100.00 | 16, 99 |
| 154 | VT4 Network N.V. | Zaventem | Belgium | 100.00 | 16, 99 |
| 155 | wer-weiss-was GmbH | Hamburg | Germany | 100.00 | 127 |
| 156 | wetter.com AG | Singen | Germany | 72.97 | 127 |
| 157 | Wetter Fernsehen - Meteos GmbH | Singen | Germany | 100.00 | 38 |
| | **Affiliated companies, not consolidated** | | | | |
| 158 | Amerom Television Ltd. (in liquidation) | New York | USA | 100.00 | 99 |
| 159 | Anadolu Televizyon Ve Radyo Yayincilik Ve Ticaret Anonim Sirketi | Istanbul | Turkey | 99.00 | 12, 99, 110 |
| 160 | Balkans Media Investments EOOD | Sofia | Bulgaria | 100.00 | 150 |
| 161 | maxdome Verwaltungs GmbH | Unterföhring | Germany | 100.00 | 169 |
| 162 | Merchandising Prague spo. s r o. | Prague | Czech Republic | 100.00 | 44 |
| 163 | SBS Services (US) Inc. (in liquidation) | Stamford | USA | 100.00 | 99 |
| 164 | ProSiebenSat.1 Sechzehnte Verwaltungsgesellschaft mbH (in the course of incorporation) | Unterföhring | Germany | 100.00 | 61 |
| | **Associated companies -at equity-** | | | | |
| 165 | Autoplenum GmbH | Munich | Germany | 25.10 | 127 |
| 166 | Big Brother AB | Stockholm | Sweden | 50.00 | 100 |
| 167 | Big Brother KB | Stockholm | Sweden | 51.00 | 28, 166 |
| 168 | IP Multimedia (Schweiz) AG | Küsnacht | Switzerland | 22.96 | 131 |
| 169 | maxdome GmbH & Co. KG | Unterföhring | Germany | 50.00 | 133 |
| 170 | Mediamätning i Skandinavien MMS AB | Stockholm | Sweden | 24.02 | 28 |
| 171 | LOVESEARCH DP AB | Stockholm | Sweden | 100.00 | 28 |
| 172 | Österjöns Reklamradio AB | Visby | Sweden | 40.00 | 113 |
| 173 | Privatfernsehen in Bayern Verwaltungs-GmbH | Munich | Germany | 49.90 | 144 |
| 174 | Privatfernsehen in Bayern GmbH & Co. KG | Munich | Germany | 49.90 | 144 |
| 175 | Radio Silkeborg af 1997 A/S | Silkeborg | Denmark | 40.48 | 82 |
| 176 | TV 10 B.V. | Amsterdam | The Netherlands | 100.00 | 177 |
| 177 | TV10 Holdings LLC | Wilmington | USA | 50.00 | 97 |
| 178 | Veronica/Jetix Text V.O.F. | Amsterdam | The Netherlands | 100.00 | 145, 176 |
| 179 | VG Media Gesellschaft zur Verwertung der Urheber- und Leistungsschutzrechte von Medienunternehmen mbH | Berlin | Germany | 50.00 | 1 |
| | **Other equity interests** | | | | |
| 180 | Aggregate Media Fund III KB | Stockholm | Sweden | 17.82 | 28, 113 |
| 181 | Aggregate Media Fund IV KB | Stockholm | Sweden | 14.67 | 28, 113 |
| 182 | AFK Aus- und Fortbildungs GmbH für elektronische Medien | Munich | Germany | 12.00 | 1 |
| 183 | Berliner Pool TV Produktionsgesellschaft mbH | Berlin | Germany | 50.00 | 48 |
| 184 | Deutscher Fernsehpreis GmbH | Cologne | Germany | 25.00 | 1 |
| 185 | FIRST STEPS - der Deutsche Nachwuchspreis Gesellschaft bürgerlichen Rechts | Berlin | Germany | 25.00 | 22 |
| 186 | ZeniMax Media Inc. | Rockville | USA | 7.89 | 99 |

## MEMBERS OF THE EXECUTIVE BOARD

| | | |
|---|---|---|
| **Thomas Ebeling**<br>CEO | Chief Executive Officer<br>since March 1, 2009 | **Responsibility:** Group Content, International Free TV, Sales and Marketing, Print, Corporate, Human Resources |
| **Axel Salzmann**<br>CFO | Chief Financial Officer<br>since July 2008<br>Member of the Executive Board<br>since May 1, 2008 | **Responsibility:** Group Operations, Group Controlling, Finance/Investor Relations, Legal Affairs, Accounting, Tax, Administration, Regulatory Affairs |
| **Andreas Bartl**<br>(German Free TV) | Member of the Executive Board<br>since June 17, 2008 | **Responsibility:** SAT.1, ProSieben, kabel eins, N24 |
| **Dr. Marcus Englert**<br>(New Media) | Member of the Executive Board<br>from August 1, 2006 until April 30, 2010 | **Responsibility:** German Pay TV, Video on Demand, Participation TV, Radio, Distribution and Business Development |
| **Klaus-Peter Schulz** | Member of the Executive Board<br>from September 1, 2008 until July 31, 2009 | **Responsibility:** Sales and Marketing |
| **Patrick Tillieux**<br>COO | Member of the Executive Board<br>from July 1, 2007 until June 30, 2009 | **Responsibility:** Group Operations, International Free TV, International Pay TV, Radio, Print |

## MEMBERS OF THE SUPERVISORY BOARD

| | | |
|---|---|---|
| **Johannes Huth,**<br>Chairman of the Supervisory Board | Member of the Supervisory Board<br>since March 7, 2007<br>Kohlberg Kravis Roberts & Co. Ltd.<br>(Partner and Head of Europe) | **Mandate:**<br>A.T.U Auto-Teile Unger Holding GmbH (non-executive)<br>Rally Lux Holding One S.à r.l. (executive)<br>Rally Lux Holding Two S.à r.l. (executive)<br>KION Holding 1 GmbH (non-executive)<br>KKR & Co. Limited (executive)<br>KKR & Co. SAS (executive)<br>NXP BV (non-executive)<br>Bertelsmann Music Group (non-executive) |
| **Götz Mäuser,**<br>Vice Chairman of the Supervisory Board | Member of the Supervisory Board<br>since March 7, 2007<br>Permira Beteiligungsberatung GmbH (Partner) | |
| **Robin Bell-Jones** | Member of the Supervisory Board<br>since March 7, 2007<br>Permira Advisers LLP (Principal) | **Mandate:**<br>ALL3Media Holdings Ltd. (non-executive) |
| **Gregory Dyke** | Member of the Supervisory Board<br>since May 7, 2004<br>Company Director | **Mandate:**<br>World Film Collective (non-executive)<br>UK Film Council (non-executive)<br>Brentford FC (Lionel Road) Ltd. (non-executive)<br>Brentford Football Club (non-executive)<br>Ducks Walk Management Company Ltd. (non-executive)<br>Sunshine Holdings 3 Ltd. (non-executive)<br>Powder Creek Limited (non-executive)<br>DGCC Limited (non-executive)<br>Vine Leisure Ltd. (non-executive)<br>Vine Developments Ltd. (non-executive)<br>Dummer Golf Ltd. (non-executive)<br>Ambassador Theatre Group (non-executive) |
| **Philipp Freise** | Member of the Supervisory Board<br>since March 7, 2007<br>Kohlberg Kravis Roberts & Co. Ltd. (Director) | **Mandate:**<br>Demag Group S.à r.l. (non-executive)<br>A.T.U Auto-Teile Unger GmbH (non-executive)<br>Duales System Deutschland GmbH (non-executive)<br>BMG Rights Management GmbH (non-executive) |
| **Lord Clive Hollick** | Member of the Supervisory Board<br>since March 7, 2007<br>Kohlberg Kravis Roberts & Co. Ltd. (Senior Advisor) | **Mandate:**<br>Diageo PLC (non-executive)<br>Honeywell Inc. (non-executive)<br>BMG Music Rights Management (non-executive) |
| **Dr. Jörg Rockenhäuser** | Member of the Supervisory Board<br>since June 4, 2009<br>Permira Beteiligungsberatung GmbH (Managing Partner) | |
| **Adrianus Johannes Swartjes** | Member of the Supervisory Board<br>since July 17, 2007<br>Telegraaf Media Groep N.V. (CEO) | |
| **Prof. Dr. Harald Wiedmann** | Member of the Supervisory Board<br>since March 7, 2007<br>Gleiss Lutz Hootz Hirsch Partnerschaftsgesellschaft von Rechtsanwälten und Steuerberatern (German Certified Public Accountant, Tax Advisor, Attorney at Law) | **Mandate:**<br>Berenberg Gossler & Co. KG (non-executive)<br>Wincor Nixdorf AG (non-executive)<br>Praktiker Baumärkte Holding AG (non-executive)<br>Prime Office AG (non-executive)<br>Merz KGaA (non-executive) |

## MEMBERS OF THE SUPERVISORY BOARD WHO RETIRED IN 2009

| | | |
|---|---|---|
| **Stefan Dziarski** | Left as of June 4, 2009<br>Permira Beteiligungsberatung GmbH<br>(Investment Professional) | |
| **Reinhard Gorenflos** | Resigned as of April, 30 2009<br>Kohlberg Kravis Roberts & Co. Ltd. (Manager) | **Mandate:**<br>A.T.U GmbH & Co. KG (non-executive)<br>Pages Jaunes SA (non-executive)<br>Duales System Deutschland GmbH (non-executive)<br>Van Gansewinkel BV (non-executive) |
| **Thomas Krenz** | Left as of June 4, 2009<br>Permira Beteiligungsberatung GmbH (Managing Director) | |
| **Christoph Röttele** | Left as of June 4, 2009<br>Permira Beteiligungsberatung GmbH (Consultant) | **Mandate:**<br>Provimi Holding BV (non-executive) |
| **Silke Scheiber** | Left as of June 4, 2009<br>Kohlberg Kravis Roberts & Co. Ltd. (Director) | **Mandate:**<br>Torkett SA (non-executive)<br>KKR International Flooring 1 S.à r.l. (non-executive)<br>KKR International Flooring 2 S.à r.l. (non-executive)<br>A.T.U Auto-Teile Unger Holding GmbH (non-executive)<br>KION Group GmbH (non-executive)<br>KION Holding 1 GmbH (non-executive) |
| **Harry Evans Sloan** | Left as of June 4, 2009<br>MGM Holdings, Inc. (Chairman of the Board of Directors and CEO) | **Mandate:**<br>MGM Holdings Inc. (executive until August 2009)<br>MGM Holdings Inc. (non-executive from August 2009)<br>ZeniMax Media Inc. (non-executive) |
| **Marinus Maria Petrus van Lent** | Resigned as of March 1, 2009<br>Telegraaf Media Groep NV (President International) | **Mandate:**<br>Telegraaf Media International BV (executive) |

# Responsibility Statement of the Executive Board

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

Unterföhring, March 11, 2010

**Thomas Ebeling** (CEO)

**Axel Salzmann** (CFO)

**Dr. Marcus Englert** (New Media)

**Andreas Bartl** (German Free TV)

# Auditor´s Report

We have audited the consolidated financial statements prepared by ProSiebenSat.1 Media AG, of Unterföhring, Germany, comprising the income statement, the statement of comprehensive income, the statement of financial position, the cash flow statement, the statement of changes in equity, and the notes to the consolidated financial statements, together with the group management report for the business year from January 1 through December 31, 2009. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a (1) German Commercial Code (Handelsgesetzbuch, HGB) are the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

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

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a (1) HGB, and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides an appropriate view of the Group's position and appropriately presents the opportunities and risks of future development.

Munich, March 12, 2010

**KPMG AG**
Wirtschaftsprüfungsgesellschaft

**Kozikowski**
Wirtschaftsprüfer

**Dr. Dauner**
Wirtschaftsprüfer

# Editorial information


HOW TO REACH US

**Press**
ProSiebenSat.1 Media AG
Corporate Communications
Medienallee 7
85774 Unterföhring
Phone +49 [89] 95 07 - 11 64
Fax +49 [89] 95 07 - 11 59

**Investor Relations**
ProSiebenSat.1 Media AG
Investor Relations
Medienallee 7
85774 Unterföhring
Phone +49 [89] 95 07 - 15 02
Fax +49 [89] 95 07 - 15 21
E-mail: aktie@ProSiebenSat1.com



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ProSiebenSat.1 Media AG
Medienallee 7
85774 Unterföhring
Phone +49 [89] 95 07 - 10
Fax +49 [89] 95 07 - 11 21
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# Financial calendar

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|---|---|
| March 4, 2010 | Press conference / IR conference on preliminary figures for 2009 |
| March 30, 2010 | 2009 Annual Report |
| May 6, 2010 | Quarterly Report for Q1 2010 |
| June 29, 2010 | 2010 Annual Shareholders' Meeting |
| August 5, 2010 | Semiannual Report for H1 2010 |
| November 11, 2010 | Quarterly Report for Q3 2010 |

ProSiebenSat.1 Group

Medienallee 7
85774 Unterföhring
www.ProSiebenSat1.com