ProSiebenSat.1 Media AG
The power of television

ProSiebenSat.1 Media AG

Notes and Management Report 2008

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Management Report of ProSiebenSat.1 Media AG for Fiscal 2008

I. Business Operations and Business Conditions

1.1 Overall assessment of fiscal 2008

The ProSiebenSat.1 Group's business performance in 2008 was impacted by difficulties following the launch of a new sales model for the German TV advertising market – our most important single region. An additional aggravating factor was that economic uncertainty significantly reduced advertisers' willingness to invest during the second half of the year, both in Germany and in the rest of Europe. The current tense economic situation is making it clear just how heavily the performance of the TV advertising market depends on economic conditions. The business performance of ProSiebenSat.1 Media AG was significantly affected by revenue losses in the German TV business.

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

1.2 Legal and organizational structure of the Company

1.2.1 A brief portrait of the ProSiebenSat.1 Group

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

1.2.2 Explanatory remarks about ProSiebenSat.1 Media AG

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

- **Management and oversight**: As required by German corporate law, ProSiebenSat.1 Media AG has a dual management system characterized by a strict separation of persons between its managing body and its oversight body. The Company is managed by the Executive Board. The Supervisory Board supervises and advises the Executive Board in the latter's management of the Company's business. For that reason, the Supervisory Board is directly involved in all corporate decisions of major importance. The basic rules for managing ProSiebenSat.1 Media AG are set forth in its articles of incorporation.

- **Management and corporate structure**: This European media group, headquartered in the Munich suburb of Unterföhring, is managed centrally. As the Group's ultimate parent company, ProSiebenSat.1 Media AG manages key functions that affect multiple segments, such as license purchases, accounting, controlling, corporate planning, human resources, finance, investor relations, legal affairs and corporate communications. At the same time, the individual subsidiaries in their various countries have a large degree of autonomy. With this arrangement, decisions can be made quickly, and the subsidiaries can respond flexibly to the needs of their target audiences and markets.

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

1.2.3 Material events in fiscal 2008

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

A further change in the Executive Board took place as of the end of the fiscal year. Effective December 31, 2008, Guillaume de Posch resigned as a member of the Executive Board and CEO of ProSiebenSat.1 Media AG. Effective March 1, 2009, the Supervisory Board appointed Thomas Ebeling a member of the Executive Board and CEO. The Supervisory Board appointed Axel Salzmann as acting CEO of ProSiebenSat.1 Media AG for the period from January 1 through February 28, 2009.

Material organizational changes

- **New strategic setup of the TV group in Germany.** At the end of 2008, the ProSiebenSat.1 Group adopted an extensive program for optimizing the setup of the TV group in Germany. The aim is to match TV operations better with the market's requirements, while at the same time making a more effi cient use of resources. One step toward that end is to combine all the German-language TV stations into a "matrix" organization under German Free TV Holding. Following the example of the Group's marketing operations, which were set up newly in June 2008, centralized units will be formed to perform certain functions for all the stations. Further information can be found in the outlook.

- **ProSiebenSat.1 and IBM establish first European digital platform.** In April 2008, ProSiebenSat.1 and IBM Deutschland GmbH, of Stuttgart, signed a ten-year outsourcing agreement for more than EUR 200 million, under which IBM took over all IT business applications, as well as IT and media systems, from ProSiebenSat.1 Produktion GmbH. For that reason the sale of all of ProSiebenSat.1 Produktion GmbH was not pursued further in fiscal 2008.

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

- **N24 upgrades.** With news station N24's switch to an all-digital platform, the German free TV channel has opened a new chapter in its history. Reports will now befiled on new production equipment that makes N24 Europe's most up-to-date news station. All reports can be edited and released for broadcast digitally. The networking of the editing and production systems is also a step into the future. Now it will be possible to prepare content for TV airing, websites, and mobile services in parallel. The implementation of the new systems and the construction of the new news studio on Potsdamer Platz in Berlin were completed on schedule, so that N24 went on the air with the latest equipment in October 2008.

- **Production company Redseven Entertainment founded.** ProSiebenSat.1 founded Redseven Entertainment GmbH in May 2008. The company is headquartered in the Munich suburb of Unterföhring, and produces light entertainment programming for the entire European TV group. Another emphasis at Redseven is the production of Web content. Having its own separate production company for nonfiction programming also makes it easier for the Group to get access to rights, while further developing its own or acquired programming rights and building artists' careers in cooperation with the Group's stations. Light entertainment concepts are especially well suited for interactive exploitation on multiple platforms.

1.2.4 The internal management system

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

Corporate management, goals, strategy

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

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

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

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

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

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

ProSiebenSat.1 Group Strategy

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

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

2. Diversification / Expansion in new media: By distributing our programming on all available media platforms throughout Europe, we will strengthen our presence in the world of digital media, and at the same time tap additional sources of revenue that do not depend on the TV advertising market. Putting content and brands to work in multiple ways also enables the ProSiebenSat.1 Group to make substantially more efficient use of its resources, and to realize synergies.

3. Creating a leading operations platform: The change to a technology infrastructure that is tapeless, and thus for the first time fully digital, will enable us to exploit TV content throughout Europe across all distribution channels.

1.2.5 Prinziples of compensation of the Executive Board and the Supervisory Board

Compensation of the Executive Board

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

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

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

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

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

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

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

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

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

EUR k	**Annual salary**		**Total**	**Other compensation**	**Pensions**	
	Fixed component	Bonus		Perquisites(6)	Accrued pension provision(7)	Annual payment entitlement (8)
Guillaume de Posch	1,000.0	1,200.0	2,200.0	7.5	706.0	78.0
Patrick Tillieux	990.0	414.0	1,404.0	63.0	0	0
Axel Salzmann(1)	433.3	0	433.3	4.9	14.0	7.0
Andreas Bartl(2)	350.8	0	350.8	8.0	14.0	6.0
Dr. Marcus Englert	400.0	200.0	600.0	10.2	145.0	17.0
Klaus-Peter Schulz(3)	200.0	0	200.0	2.6	17.0	3.0
Lothar Lanz(4)	345.0	420.0	765.0	9.6	2,079.0	140.0
Peter Christmann(5)	650.0	600.0	1,250.0	42.9	365.0	58.0
Total	4,369.1	2,834.0	7,203.1	148.8	3,340.0	309.0

(1) 8-month basis / member of the Executive Board since May 2008. CFO since June 2008. (2) 7-month basis / member of the Executive Board since June 2008. (3) 4-month basis / member of the Executive Board since September 2008. (4) Member of the Executive Board until June 2008. (5) 6-month basis / member of the Executive Board until June 2008. (6) Includes non-cash benefits from use of company car, insurance, and relocation grants if the individual must relocate. (7) Not including entitlements from the individual's own additional payments (as of December 31, 2008). (8) Upon retirement, not including entitlements from the individual's own additional payments (as of December 31, 2008).

Furthermore severance payments in the amount of EUR 1,700 thousand were paid in fiscal 2008. The compensation of the Members of the Executive Board of the ProSiebenSat.1 Media AG was EUR 5,983 thousand in the year before. Herein included was a variable Part in the amount of EUR 2,765 thousand as well as ancillary services in the amount of EUR 33 thousand.

Compensation of the Supervisory Board

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

Individualized reporting of Supervisory Board compensation:

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

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

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

1.3 Legal environment

1.3.1 Ownership structure and information about ProSiebenSat.1 stock

Ownership structure of ProSiebenSat.1 Media AG

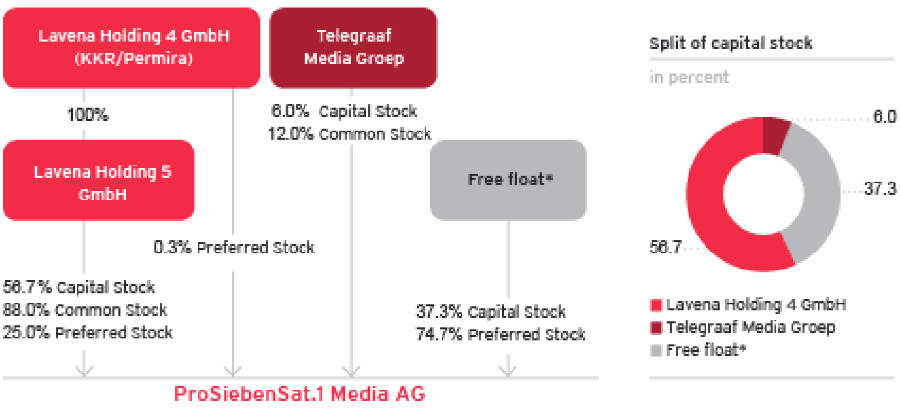
The Lavena Holding companies, which are controlled by funds advised by Kohlberg Kravis Roberts & Co. L.P. (KKR) and Permira Beteiligungsberatung GmbH (Permira), are the majority shareholders of ProSiebenSat.1 Media AG, with 88.0 percent of the Company's voting common stock and 25.3 percent of the nonvoting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

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

- **Axel Springer AG relinquishes ownership interest**. At the beginning of fiscal 2008, Axel Springer AG sold its stake in ProSiebenSat.1 Media AG to Lavena Holding 5 GmbH.

- **TMG a new shareholder**. At the end of September, acting through a wholly-owned subsidiary, Telegraaf Media Groep N.V. acquired 12.0 percent of the voting common stock of ProSiebenSat.1 Media AG from Lavena Holding 5 GmbH.

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



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

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

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

Stock buy-back

From March 7 to April 3, 2008, ProSiebenSat.1 Media AG bought back 1,127,500 shares of its own preferred stock, equivalent to about 1.0 percent of the preferred shares, or 0.5 percent of the Company's share capital. The stock was purchased at an average price of EUR 13.36 per share. The repurchased stock is intended primarily to service stock options under the Long Term Incentive Plan. Ownership of this stock brings ProSiebenSat.1 Media AG no entitlements. Under Sec. 71b of the German Stock Corporations Act, treasury stock held directly or indirectly by the Company is not entitled to collect dividends.

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

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

1.3.3 Report on relations with affiliated companies

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

Because Lavena Holding 5 GmbH, of Munich, is a wholly-owned subsidiary of Lavena Holding 4 GmbH, of Munich, which in its turn is a wholly-owned subsidiary of Lavena Holding 1 GmbH, of Munich, which in its turn is a wholly-owned subsidiary of Lavena 3 S.à r.l., of Luxembourg, which in its turn is a wholly-owned subsidiary of Lavena 2 S.à r.l., of Luxembourg, which in its turn is a wholly-owned subsidiary of Lavena 1 S.à r.l., of Luxembourg, ProSiebenSat.1 Media AG is deemed a dependent subsidiary of Lavena 1 S.à r.l., and is therefore obligated under Section 312 AktG to issue a report on the relationships between ProSiebenSat.1 Media AG and Lavena 1 S.à r.l. and its affiliated companies.

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

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

1.4 Economic and industry environment

1.4.1 Economic environment

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

1.4.2 Industry environment

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

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

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

II. Business Developments: Earnings, Financial position and Net Worth in Fiscal 2008

2.1 Revenue and earnings performance

Revenues at ProSiebenSat.1 Media AG increased EUR 1.7 million, in 2008, or 30.1 percent, to EUR 7.6 million. Most of the change came from higher revenues from the sale of ancillary programming rights.

Other operating income showed an increase of 23.4 percent against the prior year, to EUR 116.5 million. This EUR 22.1 million increase consisted primarily of higher income from write-backs of provisions, and income from interest rate hedges.

Operating expenses increased EUR 27.6 million, or 17.3 percent, in fiscal 2008, to EUR 187.1 million, particularly because of the increase in other operating expenses. The EUR 27.5 million increase in other operating expenses, to EUR 115.6 million, is largely the consequence of expenses for corporate consultants and legal counsel. In addition, the Company incurred expenses in fiscal 2008 for the new setup of the German TV group and the associated closure of administrative units at the Berlin site, as well as the relocation of Sat.1. The other operating expenses also include write-offs of receivables as a result of the derecognition of interest rate swaps with Lehman Brothers International (Europe). Lehman Brothers International (Europe) applied for protection from creditors on September 15, 2008. New cover was provided for most of the total in derecognized interest-rate swaps, so that there has been no consequent change worth mentioning in the hedging ratio. However, the programming expenses and costs of materials included in the operating expenses of ProSiebenSat.1 Media AG decreased slightly against the prior year (EUR –1.3 million).

The **financial result** was EUR minus 827.7 million, compared to EUR 290.4 million in fiscal 2007. One reason for the deterioration in this figure was the EUR 729.1 million decrease in capital investment income, to EUR 347.9 million. Revenue setbacks in the German TV advertising market affected the earnings position of associated companies. Moreover, because of the difficult business conditions in Europe, impairment losses were taken on the international business operations that the ProSiebenSat.1 Group added in the SBS acquisition which led to higher expenses from loss assumptions.

The substantial decrease in the financial result also came in part from write-downs of EUR 314.4 million on financial assets (2007: EUR 0.0 million). Negative performance in past months and the difficult economic environment led the Group to take impairment losses on the German group of stations in 2008. These resulted in unscheduled write-downs of EUR 300.0 million. The write-downs have no effect on liquidity, but did have a significant impact on the profitability of ProSiebenSat.1 Media AG for fiscal 2008. The net financial result was also reduced by the EUR 81.7 million increase in interest expenses, to EUR 184.5 million.

Income from ordinary business activities decreased accordingly by EUR 1,112.8 million, to EUR 890.7 million. After deducting income tax expenses of EUR 42.7 million (2007: EUR 127.0 million) and other taxes, ProSiebenSat.1 Media AG showed net **loss for the year** of EUR 933.4 million for 2008, compared to a profit of EUR 2.953 billion the year before. The high figure from the previous year resulted from extraordinary profits that came from pooling German-language TV activities together under German Free TV Holding GmbH. German Free TV Holding was created in 2007 as a parallel to the holding company for the international stations. As an intermediate holding company, it combines the TV companies in Germany, Austria and Switzerland that were formerly held by ProSiebenSat.1 Media AG directly. The resulting valuation gain in 2007 was EUR 2,851.8 million.

2.2 Net assets and financial position

Borrowings

The ProSiebenSat.1 Group's present Group-wide financing is essentially composed of secured term loans for a total of EUR 3.6 billion, with maturities in July 2014 (Term Loan B) and July 2015 (Term Loan C). The interest rate on the term loans is variable. Additionally, the secured syndicated facilities agreement includes a revolving credit facility (RCF) with a facility amount limit of EUR 600 million and a term to July 2014. The ProSiebenSat.1 Group entered into this secured syndicated facilities agreement in connection with the financing of the SBS acquisition in July 2007. About 85 percent of the Group's term loans are hedged by way of a variety of interest-rate swaps.

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

- Through a subsidiary, Lehman Commercial Paper Inc., Lehman Brothers Inc. held 0.9 percent of the Term Loans B and C (equivalent to about EUR 30.9 million) and 3.8 percent of the revolving credit facility (equivalent to EUR 22.7 million) as a lender. The Lehman Brothers holding company applied for protection from creditors on September 15, 2008, and Lehman Commercial Paper Inc. filed its own application for protection on October 5, 2008. As of that date, Lehman Commercial Paper Inc. will no longer provide funds for new draw-downs under the RCF. However, draw-downs already outstanding on the RCF can be rolled over in the same amount without any early repayment of the Lehman component. Repayments of draw-downs on Lehman credit facilities under the RCF would cause them to lapse. The loans already furnished by Lehman Commercial Paper Inc. under the term loan facilities are likewise unaffected by the insolvency. Moreover, Lehman has no right to demand, and the ProSiebenSat.1 Group has no obligation to perform, any early redemption of Lehman's share of the Term Loans B and C.

- The Icelandic bank Glitnir banki hf. holds 1.7 percent of the revolving credit facility (equivalent to EUR 10.0 million) as a lender. Glitnir was nationalized in October 2008 as a consequence of the financial crisis, and will not participate in future draw-downs until further notice. This change has no effect on outstanding draw-downs. However, repayment of any existing draw-downs would cause them to lapse..

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

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

In the event that ownership control of ProSiebenSat.1 Media AG changes (change of control), the lenders may demand termination of the facilities agreement, and repayment of all outstanding amounts within a certain period after the change of control takes place.

In addition, the facilities agreement includes a number of standard obligations which, subject to extensive exceptions and among other elements, limit the ProSiebenSat.1 Group’s ability to furnish other security interests in its present or future assets, to undertake further financial liabilities, to sell assets, to acquire business operations in whole or in part, or to furnish guarantees, declarations of indemnification, or liability declarations outside the normal course of business.

The facilities agreement also contains a number customary default clauses. The default clauses provide that the lenders may demand immediate repayment in full of all amounts outstanding under the facilities agreement if breaches of contract defined in more detail under the agreement occure, and if those breaches (assuming they are curable) are not remedied within a specified period.

Principles and objectives of financial management

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

Cash and cash equivalents, and cash flow

The **cash flow from operating activities** was down EUR 243.0 million in fiscal 2008, to EUR –38.0 million. Apart from the decrease in net income adjusted for non-cash components, payment of the EUR 120.0 million fine in the Federal Cartel Office proceedings also reduced operating cash flow in fiscal 2008.

Cash used in investing activities came to EUR 5.2 million. Most of the EUR 1,914.8 million in cash used in fiscal 2007 was for payments relating to the SBS acquisition. Because substantially less cash was used for investing activities in 2008 than in 2007, there was a **free cash flow** of EUR –43.2 million, compared to EUR 1,709.9 million.

The cash flow for financing activities in fiscal 2008 was EUR 462.8 million, most of which came from draws of EUR 497.2 million on the revolving credit facility. In addition, loans from associated companies increased by EUR 234.0 million. In fiscal 2008, cash totaling EUR 269.9 million was used for distributions of dividends. Of this amount, EUR 135.3 million was paid to holders of preferred stock, and EUR 134.6 million to holders of common stock. The figure represents a payout of EUR 1.25 per bearer share of preferred stock, and EUR 1.23 per registered share of common stock. In fiscal 2007, cash of EUR 1,740.1 million was used for financing the SBS transaction.

At the end of the period in December 2008, ProSiebenSat.1 Media AG had **cash and cash equivalents** of EUR 504.0 million, compared to EUR 84.4 million at December 31, 2007.

Net assets and capital structure

The **total assets** of ProSiebenSat.1 Media AG increased EUR 104.8 million against December 31, 2007, or 1.5 percent, to EUR 6,920.9 million.

Impairment losses for the German TV led to a decrease of EUR 297.9 million in interests in associated companies, which appear under financial assets, to EUR 5,722.2 million. See the Notes to the financial statements for more information about the impairment losses. In all, the total **non-current assets** decreased EUR 301.7 million against the prior year, to EUR 5,767.1 million.

However, **current assets** increased EUR 413.6 million against December 31, 2007, to EUR 1,119.6 million. The change was particularly the result of larger credit balances at banks, which increased a substantial EUR 419.6 million to EUR 504.0 million. Additionally, the purchase of treasury stock added EUR 2.5 million to securities.

Expenses paid in advance, which decreased EUR 7.1 million to EUR 34.2 million, particularly include bank fees from the refinancing of the acquisition of the SBS Broadcasting Group, which are amortized over the term of the loan.

On the equity and liabilities side, **equity** decreased EUR 1,203.3 million, to EUR 2,701.4 million. The equity base was narrowed by the decline in earnings and by the higher dividend payment than for the year before. The equity ratio at December 31, 2008, was thus 39.0 percent (2007: 57.3 percent).

Other provisions increased EUR 9.5 million, to EUR 51.6 million, as a result of the steps taken to set up newly the German TV group. Tax provisions, on the other hand, decreased EUR 11.3 million, to EUR 35.7 million. Total provisions came to EUR 94.4 million, compared to EUR 94.3 million on December 31, 2007.

Liabilities, at EUR 4,125.1 million, are up EUR 1,308.0 million from the previous year. The increase particularly results from increased liabilities of EUR 795.0 million to EUR 1,439.1 million towards affiliated companies due to high obligations from loss assumptions. Moreover higher draws on the revolving credit facility arose compared to the year before. In this connection, liabilities to banks grew EUR 498.8 million, to EUR 2,576.8 million.

2.3 Employees

ProSiebenSat.1 Media AG had an average of 415 employees in fiscal 2008, compared to 426 the year before. Personnel expenses increased slightly, by EUR 0.8 million or 1.8 percent, to EUR 42.3 million.

2.4 Research and Development

Because ProSiebenSat.1 Media AG, as a media corporation, does not conduct research and development activities in the narrow sense, no such information is included in the Management Report.

III. Events after the Reporting Date

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

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

IV. Risk Report

As a holding company, ProSiebenSat.1 Media AG, both itself and through the operating interests it holds either directly or indirectly in a broad range of business activities, is exposed to a wide variety of risks. Because it serves as a holding company, the risks and opportunities of ProSiebenSat.1 Media AG are essentially congruent with the risks and opportunities for the corporate Group as a whole.

4.1 Overall assessment of the Group's risk situation

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

4.2 Risk management

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

- Decentralized risk managers at the various corporate units are responsible for detecting and reporting risks. The risk managers are supported by two departments, Controlling & Corporate Planning and Legal Affairs. The Group Risk and Compliance Officer is responsible for regular quarterly reporting to the Executive Board, as well as any additional reports as needed.

- The functioning and suitability of the risk management system are regularly reviewed by the Internal Audit unit. Its review is based on the risk management manual, which summarizes both the Company's own principles and the requirements of law for handling risk. Additionally, the risk management system is an integral part of the audit of the annual financial statements. It complies with the the requirements of law.

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

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

- **Risk assessment:** Risk assessment evaluates the probability of risks and their potential impact on the ProSiebenSat.1 Group's operating and strategic business performance and planning. Risk assessment also includes analyzing causes and interactions with other risks. In addition to quantitative methods, some of which are based on early warning indicators, risks are also assessed using qualitative approaches.

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

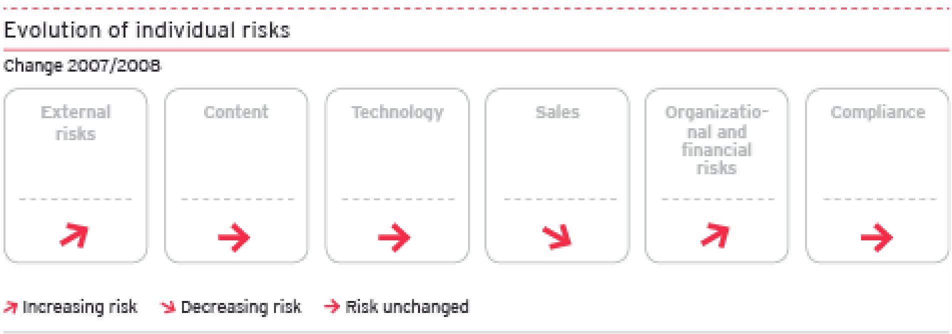
Group-wide risk management system evolves as SBS integration proceeds. As the process of integrating SBS advances, further measures have been taken to adapt the risk management system to fit the Group's international position. To support risk management, a software has been developed to help detect risks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

4.3 Opportunity management

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

4.4 Risk situation: Evolution of individual risks

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



1. External risks

General economic risks. The ProSiebenSat.1 Group's business operations depend to a large degree on overall economic conditions, and especially on developments in the markets where our advertising clients operate. A general weakening of the economy, especially in the core market in Germany, could have a material effect on the earnings position in our core business of commercial television, and thus on the ProSiebenSat.1 Group's business performance. At the moment we cannot rule out the possibility that adverse repercussions from economic conditions might also affect our own Company, directly or indirectly. We estimate economic developments expected in the near future on pages 30 and following.

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

Sector risks – TV usage. Lower TV consumption could have a material impact on our operating performance in our core business of free TV. However, at present the Group believes that the risk of a substantial change in the TV usage pattern is rather low. There has been no sign so far of "cannibalization" – meaning migration of audiences to alternative media. What one finds instead is a additive use of such media as TV and the Internet. The quality and availability of content is a crucial success factor in the use of alternative media. In 2008 the ProSiebenSat.1 Group further reduces its dependence on the TV market by diversifying its business activities, and at the same time extendes the reach of its programming content and strong TV brands.

2. Content risks

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

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

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

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

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

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

3. Technology risks

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

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

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

4. Sales risks

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

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

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

5. Organizational and financial risks

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

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

Personnel risks. The ProSiebenSat.1 Group's success depends significantly on the abilities and dedication of its employees. Personnel risks arise primarily in recruiting and developing staff, and in the turnover of employees in key positions. The Group limits these risks in part by a strategic management development program that builds on the corporate mission statement and the management guidelines that have been derived from it. Additionally, performance-based and results-based incentive systems give concrete form to higher-order corporate objectives, and bring them down to the level of specific goals for segments, departments and individual employees. These goals are pursued through goal agreement meetings, site meetings, and goal achievement meetings.

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

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

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

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

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

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

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

  Exchange rate fluctuations that result when "non-euro" Group companies assume borrowings denominated in euro, and the consequent impact on profits at those companies, are likewise not hedged if these liabilities are expected to be retired with funds denominated in Euro, rather than out of the operating (non-euro) cash flows of the companies themselves. These are shown in the Group's income statement under "Other Financial Expenses."

- **Interest rate risks:** The ProSiebenSat.1 Group is exposed to interest rate risks through its loan agreements. To mitigate risk, ProSiebenSat.1 has hedged about 80 percent of its variable-interest financial liabilities through interest rate hedges. These interest rate hedges are used to compensate for uncertain, variable-rate interest payments on borrowings by replacing those payments with fixed-rate interest payments. Known as "interest rate swaps," they qualify as cash flow hedges that are covered by hedge accounting under IAS 39.88. The remaining variable interest rate risk results not only from the unhedged portion of the term loans, but also from any draw-downs the Group may make on its revolving credit facility. As of December 31, 2008, EUR 497.2 million had been drawn from this facility. An interest rate risk in the sense of a change in market value is of no relevance here, since ProSiebenSat.1 Media AG's financial liabilities are reported at cost, and thus any change in market value will have no effect on the balance sheet.

- **Liquidity risks:** Liquidity risk – meaning the risk of being unable to meet payment obligations because of a shortage of available cash funds – is managed through a central cash management system. The most important early warning indicator in this connection is the expected liquidity headroom, which is calculated on the basis of available and projected cash, taking the seasonal nature of the business into account. The Executive Board of the ProSiebenSat.1 Media AG assesses the liquidity of the company as good and assumes that the liquidity headroom will suffice in the coming years as well.

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

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

6. Compliance risks

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

Antitrust law

- **Risk of third-party lawsuits:** Germany's Federal Cartel Office concluded its proceedings against SevenOne Media in 2007, in return for payment of a fine. In November 2008, RTL2 and its marketing company, El Cartel, filed suit in Düsseldorf Regional Court against SevenOne Media and the ProSiebenSat.1 broadcasting companies. The current suit seeks a declaratory judgment and information, not specific damages; its aim instead is to establish an obligation in principle to pay damages. There can be no assurance that additional third parties will not attempt to bring action against SevenOne Media in the aftermath of these proceedings. A successful suit against the ProSiebenSat.1 Group or one of its subsidiaries might have a material impact on the Group's financial and earnings situation.

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

Media law / Broadcasting licenses.

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

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

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

Distribution

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

The changeover from analog to digital broadcasting will further multiply the capacity available for carrying the Group's television programming and other services. Signing long-term distribution agreements has ensured that the reach of the Group's stations will still be assured as the transition from the analog to the digital age advances. For that reason, the ProSiebenSat.1 Group is confident that its stations will continue to be distributed nationwide in both analog and digital format.

Other risks.

- **Tax risks:** ProSiebenSat.1 Group may be exposed to an abstract income tax risk in conjunction with a pending investigation by the Munich State Prosecutor's Office I against certain private individuals. Depending on the outcome of that investigation, certain past operating expenses might be reclassified retroactively as non-deductible.

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

- **Call TV Netherlands:** The Netherlands public prosecutor's office and local tax authorities are investigating a Group subsidiary for a suspected breach of the Dutch laws on gaming. The investigation focuses primarily on whether and to what extent call TV and similar business operations, such as televoting, can be considered illegal gambling. Violations of the relevant laws could be penalized with confiscation of the sales revenues generated by the targeted business operations. The call TV programs were suspended in November 2007. The outcome of the pending proceedings cannot be foreseen reliably. Court decisions or settlements might have material adverse effects on the Group's financial and earnings situation. No provision had been set aside as of the reporting date.

V. Outlook

The statements made below are based on ProSiebenSat.1 Media AG's operating projections for 2009 and 2010. These projections are based on the goals of the Group companies and on assumptions about conditions in the general economy and the industry in particular, derived from assessments by well-known economic research institutes:

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

5.1 Overall assessment of the future performance of the ProSiebenSat.1 Group

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

Get future-ready >> Our most important targets for 2009

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

5.2 Future economic and industry environment

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

- After an especially weak fourth quarter, the outlook for the **Euro zone** (15 countries) in 2009 is extremely guarded. At present, the IMF projects a 2.0 percent decline. The European Commission is expecting –1.9 percent. All the European economies have been affected by the global economic crisis, although to varying degrees. The outlook is especially gloomy for Ireland and the Baltic states, but Germany, the United Kingdom, France, Italy and Spain must also expect serious setbacks. Only a few countries are expected to show a positive balance for the year – and with significant drop-offs even in those cases. Romania and Bulgaria are among those countries. The outlook for the development of consumer spending tends to be somewhat better.

- As an exporting country, **Germany** will also suffer more severely from the consequences of the global economic crisis in 2009. In its annual economic report, the German government projects that the worldwide economic crisis will cause gross domestic product to shrink 2.25 percent in real terms in 2009. Especially significant declines are expected among the growth engines from the past few years – capital goods and exports. However, positive impetus is expected from consumption – both government and private. This expectation is based on rising government spending and higher private household income. The critical factor for consumer spending will be how seriously the economic crisis impacts the job market. The annual financial report currently expects a rather moderate rise in unemployment, to 8.4 percent by the end of 2009 (2008: 7.8 percent). In all, the current year will be one of the most difficult in the economic history of the Federal Republic.

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

5.3 Company outlook

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

We aim to win back advertising market share in Germany in 2009 in an overall weak market to compensate at least partly the economic slowdown. One indication that supports this expectation is the positive outcome of our annual discussions with our advertisers which show that we once again have a competitive marketing model. In addition, our successes with audiences, relative to the performance of the TV advertising market, should also have positive effects on the advertising industry's investments.

In the background of the difficult market environment, keeping costs as low as possible is an important prerequisite for our profitability. For that reason, although our cost management is already rigorous, we have adopted extensive cost cutting measures in our budgeting for 2009. All in all, operating costs should be about EUR 100 million less than in fiscal 2008. Especially by the setup of the German TV stations under German Free TV Holding, and by pooling German sales operations, we expect to make more efficient use of resources and cut operating costs significantly in fiscal 2009. Additionally, we are making every effort to derive maximum benefit from the synergies that result from the integration of SBS. Both of these factors will have a positive effect on recurring EBITDA. Nevertheless we cannot exclude that our earnings performance will be impacted given the difficult economic conditions. In case of a recovery of the advertising markets, our measures to improve efficiency should help us to increase our operative earnings (recurring EBITDA) in 2010.

This will also be reflected in the business performance of ProSiebenSat.1 Media AG, which benefits from the profits transferred from its Group companies.

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

Despite its outstanding debt, the Group has enough leeway to implement the investments projects required for its operative and strategic goals, and to take advantage of opportunities for acquisitions as they present themselves.

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

- The stations Sat.1, ProSieben and kabel eins will be combined in a matrix organization and comprehensive multi-station departments for such tasks as scheduling, production management, controlling and communications will be establishment. By June 2009, the stations are to be combined under a single umbrella at the company's headquarters in Munich, and free TV station Sat.1 is to relocate from Berlin to Munich as well. The Sat.1 central editorial department will not be moving to Munich; in tandem with N24 it will provide the Group's journalistic center of competence in Berlin.

- All of the ProSiebenSat.1 Group's holding-company functions in Germany will be headquartered in Munich.

- Because of the rising demand for integrated advertising campaign concepts, the sales companies SevenOne Media GmbH (TV) and SevenOne Interactive GmbH (Online) will be combined.

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

5.4 Opportunity report

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

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

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

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

Annual Financial Statements of ProSiebenSat.1 Media AG

Balance Sheet of ProSiebenSat.1 Media AG

ProSiebenSat.1 Media Aktiengesellschaft, Unterföhring

Balance sheet as of December 31, 2008

A s s e t s

	12/31/2008		12/31/2007	
	EUR	EUR	EUR	EUR
A. Non-current assets				
I. Intangible assets				
1. Licenses, trademarks and patents as well as licenses to such assets and rights	846,957.00		7,055,196.00	
2. Advances paid on intangible assets	186,248.00	1,033,205.00	947,021.84	8,002,217.84
II. Property, plant and equipment				
1. Buildings on land owned by others	26,054,803.51		24,139,977.51	
2. Other equipment, fixtures, furniture and equipment	1,241,653.00		1,238,679.00	
3. Advances paid on tangible assets under construction	408,219.48	27,704,675.99	0.00	25,378,656.51
III. Financial assets				
1. Interests in group companies	5,722,207,558.92		6,020,141,700.59	
2. Interests in associated companies	199,839.55		541,572.01	
3. Long-term investments	6,058,888.94		5,506,538.91	
4. Other loans	9,900,899.97	5,738,367,187.38	9,267,676.59	6,035,457,488.10
		5,767,105,068.37		6,068,838,362.45
B. Current assets				
I. Inventories				
1. Raw materials and supplies	34,459.30		38,135.07	
2. Trade materials	1,840.05	36,299.35	8,733.55	46,868.62
II. Receivables and other current assets				
1. Trade accounts receivable	5,953,262.55		4,487,944.81	
2. Receivables from group companies	511,922,090.62		528,665,916.96	
3. Receivables from companies in which equity investments are held	414,673.70		580.05	
4. Other assets	94,712,545.54	613,002,572.41	88,352,289.43	621,506,731.25
III. Marketable Securities				
Treasury stock		2,536,875.00		0.00
III. Cash, cash at banks		503,996,599.65		84,387,074.57
		1,119,572,346.41		705,940,674.44
C. Prepaid expenses and deferred items		34,206,934.85		41,308,122.57
		6,920,884,349.63		6,816,087,159.46

Liabilities and shareholders' equity

		12/31/2008	12/31/2007
		EUR	EUR
A. Shareholders' equity			
I.	**Subscribed capital**	218,797,200.00	218,797,200.00
II.	**Capital reserves**	580,187,621.96	580,187,621.96
III.	**Revenue reserves**		
	Reserve for treasury stock	2,536,875.00	0.00
IV.	**Retained earnings**	1,899,900,657.51	3,105,742,800.31
		2,701,422,354.47	3,904,727,622.27
B. Provisions			
1.	Pension provisions and similar obligations	7,123,900.00	5,194,000.00
2.	Tax provisions	35,698,473.83	47,026,166.18
3.	Other provisions	51,549,700.00	42,067,800.00
		94,372,073.83	94,287,966.18
C. Liabilities			
1.	Liabilities to banks	2,576,845,198.60	2,078,095,030.67
2.	Deposits received	231,795.92	236,897.96
3.	Trade accounts payable	79,198,140.12	48,354,130.25
4.	Liabilities to group companies	1,439,083,806.81	644,111,833.10
5.	Other liabilities	29,730,979.88	46,273,679.03
	--thereof for taxes EUR 26,445,823.61 (prior year EUR 43,909,475.59)--		
	--thereof for social security EUR 3,957.75 (prior year EUR 1,975.05)--		
		4,125,089,921.33	2,817,071,571.01
		6,920,884,349.63	6,816,087,159.46

Income Statement of ProSiebenSat.1 Media AG

ProSiebenSat.1 Media Aktiengesellschaft, Unterföhring

Income statement for the period from January 1 to December 31, 2008

		2008		2007	
		EUR	EUR	EUR	EUR
1.	Revenues		7,621,242.12		5,858,149.92
2.	Other operating income		116,462,851.00		94,346,169.18
3.	Programming expenses				
	a) Cost of licenses, transmission fees and materials	23,331,427.79		25,067,185.54	
	b) Cost of purchased services	990,224.26	24,321,652.05	601,145.31	25,668,330.85
4.	Personnel expenses				
	a) Wages and salaries	37,452,954.11		37,305,352.17	
	b) Social security contributions and expenses for pensions and other employee benefits	4,882,997.55	42,335,951.66	4,269,889.51	41,575,241.68
	--of which of respect of old-age pensions EUR 1,435,815.01 (prior year EUR 729,567.04)--				
5.	Amortization and depreciation of intangible assets and property, plant and equipment		4,835,081.32		4,110,231.71
6.	Other operating expenses		115,566,151.37		88,104,729.26
7.	Income from equity investments		455,607.09		0.00
	--of which from subsidiaries EUR 455,607.09 (prior year EUR 0.00)--				
8.	Income from profit transfer agreements		376,292,028.94		487,098,230.45
9.	Income from loans of financial assets		35,732.81		55,549.43
10.	Other interest and similar income		19,082,944.61		11,908,839.89
	--of which from subsidiaries EUR 9,138,586.52 (prior year EUR 5,866,670.87)--				
11.	Write-down of financial assets and marketable securities		314,383,622.22		0.00
12.	Expenses from loss absorption		724,666,967.66		105,913,969.99
13.	Interest and similar expenses		184,521,171.01		102,783,103.35
	--of which to subsidiaries EUR 17,413,418.08 (prior year EUR 17,671,240.70)--				
14.	Income from ordinary business activities		-890,680,190.72		231,111,332.03
15.	Extraordinary income		0.00		2,851,761,044.68
16.	Extraordinary expenses		0.00		2,786,938.24
17.	Extraordinary result		0.00		2,848,974,106.44
18.	Income taxes		42,705,096.08		126,965,034.33
19.	Other taxes		20,828.00		25,934.12
20.	Loss for the year (prior year profit for the year)		-933,406,114.80		2,953,094,470.02
21.	Profit brought forward from the prior year		2,835,843,647.31		152,648,330.29
22.	Allocation to the reserve for own shares		2,536,875.00		0.00
23.	Retained earnings		1,899,900,657.51		3,105,742,800.31

Notes to the Financial Statements of ProSiebenSat.1 Media AG

ProSiebenSat.1 Media AG, Unterföhring

Financial Statements as of December 31, 2008

Notes to the Financial Statements
for fiscal 2008

Basis and Methodology

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

The applied accounting policies have not changed from the prior year.

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

As a large corporation as defined under Sec. 267 (3) of the German Commercial Code, the Company has prepared a management report in compliance with Sec. 289 of that Code.

Accounting Policies

Acquired intangible assets are capitalized at the acquisition cost less scheduled amortization and, where applicable, unscheduled write-downs. The intangible assets comprise software, intellectual property rights, and advance payments made on intangible assets. Purchased software is amortized as a rule on a straight-line basis over three to five years. Licenses and other intellectual property rights are amortized on a straight-line basis over ten years or over the term of the license agreement.

Property, plant and equipment are valued at cost, less scheduled depreciation based on wear and tear and, if necessary, unscheduled write-downs. Economic goods with acquisition costs of up to EUR 150 are recognized in full as operating expenses in the year of acquisition. Economic goods with values between EUR 150 and EUR 1,000 have been combined into a single item as of January 1, 2008, which will be depreciated on a straight-line basis over five years.

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

Unscheduled write-downs on property, plant and equipment are taken if a permanent impairment of value can be expected. Unscheduled write-downs of EUR 1,246 thousand (vs. EUR 0) were taken on property, plant and equipment during the year under review.

Financial assets are reported at their acquisition cost or the lower fair value. They are measured on the basis of projections for 2009 through 2013. To determine the contribution for the terminal value (value added from fiscal 2014 onward), sustained cash flows with a company-specific growth rate of 1.0 to 1.5 percent are assumed. The growth rate reflects the long-term expectations for each asset. The discounting principles are determined on the basis of company-specific costs of capital. These yield after-tax discount rates of 8.25 to 8.46 percent. The plausibility of the calculated values is checked on the basis of sensitivity analyses.

Inventories are measured at the lower of cost or fair value.

In the valuation of receivables and other current assets, adequate allowances have been made to cover known risks through individual valuation adjustments and general provisions for doubtful debts.

Treasury stock is measured at the lower of cost or market as of the reporting date, in accordance with Sec. 253 (3) Sentence 1 of the German Commercial Code.

Credit balances at banks and liabilities to banks are shown at their nominal value. Credit balances and liabilities in foreign currencies are converted at the rate as of the reporting date.

The item for expenses paid in advance pertains to amounts paid prior to the reporting date for expenses extending for a certain time beyond that date.

Pension provisions were measured using the actuarial net present value (“Teilwert”) on the basis of the 2005G guideline tables prepared by Prof. Dr. Klaus Heubeck, with an interest rate of 6 percent.

Provisions were set aside in the amounts deemed necessary in compliance with prudent business practices.

ProSiebenSat.1 Media AG has granted stock options to certain employees. These option commitments are met at the time of exercise with stock that the Company acquires on the market. Options can generally be measured either with an option pricing model or at intrinsic value. ProSiebenSat.1 Media AG has chosen to measure them at intrinsic value. In this case, an outstanding settlement amount accrues over the vesting period, since the options cannot be exercised until their exercise date, and consideration has already been received in the form of the employee's work. Accordingly, at each balance sheet date a determination must be made of what would have to be performed in the event of exercise. The payment of the outstanding settlement amount is expressed in the intrinsic value, i.e., the trading price of the shares on the reporting date less the exercise price of the option.

Liabilities are reported at their nominal value, or at the appropriate higher repayment value.

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

Market values for forwards and interest rate swaps are measured using the discounted cash flow method. Market values for currency options are measured using the option pricing formula of Black and Scholes.

Purchased currency options are initially capitalized as Other Assets at the amount of their option premium, and subsequently capitalized at market value.

At the inception of a hedge, comprehensive documentation of the hedging relationship is required, including a description of such matters as the associated risk management strategy and objectives in undertaking the hedge. Wherever possible, the underlying transactions and hedges are gathered and managed in what are known as "hedge books." The effectiveness of the hedging relationship is measured at regular intervals. If a hedging relationship is or has become inappropriate, the hedge is cancelled.

Receivables in foreign currency are converted at the selling rate on the booking date or at the year-end rate, if the latter is higher. Liabilities in foreign currency are converted at the buying rate on the booking date or at the year-end rate, if the latter is lower.

Notes to the Balance Sheet

Non-current Assets

Changes in non-current assets can be found in the appended statement of changes in non-current assets.

The intangible asset item for licenses, trademarks and patents, as well as licenses to such assets and rights, decreased EUR 6,208 thousand, to EUR 847 thousand. The reason was the sale of software at market value to P7S1 Applications GmbH, a subsidiary of ProSieben-Sat.1 Media AG.

Financial Investments

Affiliated companies are listed at the end of these Notes.

Because of lower fair values, for 2008 unscheduled write-downs of EUR 160,000 thousand were taken on the carrying amount of the Company's ownership interest in German Free TV Holding GmbH, the holding company for the stations in German-language free TV operations, and EUR 140,000 thousand on the carrying amount of the ownership interest in 9Live Fernsehen GmbH.

Receivables and Other Current Assets

	Remaining term		**Total**	Total
	1 year or less	**more than 1 year**	**12/31/08**	12/31/07
	EUR k	**EUR k**	**EUR k**	EUR k
Trade accounts receivable	**5,953**	**0**	**5,953**	**4,488**
Receivables from affiliated companies	**511,922**	**0**	**511,922**	**528,666**
Receivables from entities in which the Company holds interests of 20% or more	**415**	**0**	**415**	**1**
Other assets	**70,748**	**23,965**	**94,713**	**88,352**
Total	**589,038**	**23,965**	**613,003**	**621,507**

Receivables from affiliated companies primarily refer to receivables under profit and loss transfer agreements, particularly with German Free TV Holding GmbH, and loan receivables from affiliated companies.

Aside from advance payments on the purchase of programming assets, which decreased from EUR 50,753 thousand to EUR 42,285 thousand as of the reporting date, the other assets particularly include corporate income tax credits of EUR 27,983 thousand (vs. EUR 22,096 thousand). These credits are capitalized in compliance with the Act on Tax Measures Accompanying the Introduction of the “European Company” and Amending Further Tax Regulations, enacted by the German Bundestag on November 9, 2006. This Act requires corporate income tax credits to be paid out to the applicable corporation in ten equal annual installments over a ten-year disbursement period from 2008 to 2017. The refund entitlement arose upon calculation of the corporate income tax credit as of December 31, 2006. Since a distribution resolution is no longer required for an entitlement to a corporate income tax refund, the general provisions of Sec. 246 et seq. of the German Commercial Code on recognition of an “other current asset” apply. These provisions require the present value of the refund entitlement from the 2006 tax assessment to be capitalized at December 31, 2008.

Treasury Shares

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

The Executive Board of ProSiebenSat.1 Media AG exercised this authorization, and on March 4, 2008, decided to buy back a total of 1,127,500 bearer shares of non-voting preferred stock on the open market. The repurchased stock is intended primarily to service stock options under the Long Term Incentive Plan.

The buy-back was carried out in a number of segments between March 7 and April 3, 2008. A total of 1,127,500 bearer shares were bought for a total of EUR 15,106 thousand, equivalent to 0.52 percent of the share capital. Each share has a notional value of EUR 1.00 of the share capital.

The valuation of the treasury stock at the trading price as of the reporting date yielded a write-down of EUR 12,569 thousand, to EUR 2,537 thousand.

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

Expenses Paid in Advance

This item decreased from EUR 41,308 thousand to EUR 34,207 thousand. The principal reason was the scheduled reduction of bank fees from the financing taken out for the acquisition of the SBS Broadcasting Group, which are included in this item and are amortized over the life of the loans.

Shareholders’ Equity

Changes in Equity in Fiscal 2008

	Subscribed capital					
	Common stock	Preferred stock	Capital reserves	Reserve for treasury stock	Distributable net profit	Total equity
	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k
December 31, 2007	109,398.6	109,398.6	580,187.6	0.0	3,105,742.8	3,904,727.6
Dividends paid	-	-	-	-	-269,899.1	-269,899.1
Loss for the year	-	-	-	-	-933,406.1	-933,406.1
Allocation to reserve for treasury stock	-	-	-	2,536.9	-2,536.9	0.0
December 31, 2008	109,398.6	109,398.6	580,187.6	2,536.9	1,899,900.7	2,701,422.4

Subscribed capital

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

Capital reserves

Capital reserves were unchanged at EUR 580,188 thousand. These reserves include premiums from the new stock issue in fiscal 1997 and the capital increase in 2004.

Reserve for treasury stock

Under the authorization to acquire treasury stock under the resolution of the shareholders’ meeting of July 17, 2007, the Executive Board of ProSiebenSat.1 Media AG resolved on March 4, 2008, to buy back a total of 1,127,500 bearer shares of nonvoting preferred stock on the market.

The buy-back was carried out in a number of segments between March 7 and April 3, 2008. In accordance with Sec. 272 (4) of the German Commercial Code, a reserve for treasury stock of EUR 2,537 thousand has been recognized in equity. The amount of the reserve is the same as the amount shown for treasury stock on the assets side of the balance sheet.

Allocation of profits

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

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

Distribution of a dividend of EUR 0.02 per bearer share of preferred stock:	EUR	2,165,422.00
Balance to be carried forward to the new accounting period	EUR	1,897,735,235.51
Distributable net profit	EUR	1,899,900,657.51

The treasury stock held by ProSiebenSat.1 Media AG is excluded from dividend distributions in accordance with Sec. 71b of the German Stock Corporations Act.

Authorized Capital

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

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

Provisions

	12/31/08 EUR k	12/31/07 EUR k
Provisions for pensions and similar obligations	**7,124**	5,194
Tax provisions	**35,698**	47,026
Interest on tax liabilities	**16,336**	11,729
Provisions for outstanding invoices	**15,834**	11,185
Provisions for severance and one-time payments	**6,800**	5,228
Other miscellaneous provisions	**12,580**	13,926
Total	**94,372**	94,288

Pension provisions were formed for obligations to provide future benefits for current and former members of the Executive Board of ProSiebenSat.1 Media AG and their survivors. These obligations were measured using the biometric calculation data provided in the 2005G guideline tables prepared by Prof. Dr. Klaus Heubeck. In calculating pension expenses, ProSiebenSat.1 Media AG takes account of the expected service cost and the accrued interest on the pension obligations. The interest expense for pension obligations is reported as part of the net interest expense. The measurement date for the present value of obligations is December 31. Pension payments of EUR 80 thousand were made in fiscal 2008.

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

The provisions for interest on tax liabilities pertain to future tax payments from external tax audits.

Because of a higher figure for services not yet billed and paid for, the provision for outstanding invoices increased to EUR 15,834 thousand.

As part of the strategic reorganization of the ProSiebenSat.1 Group's German stations, the Group will move out of its Berlin site. A total of EUR 4,220 thousand was allocated to provisions for severance and one-time payments for the affected employees at ProSiebenSat.1 Media AG's administrative departments in Berlin.

The largest single items among the other miscellaneous provisions were provisions for contingent losses on pending forward exchange contracts (EUR 2,523 thousand), and Chamber of Industry and Commerce contributions (EUR 1,299 thousand).

Because of the lower trading price of ProSiebenSat.1 stock, remeasurement of the provision for the stock option plan at December 31, 2008, resulted in a write-back of the remaining amount of the provision, equal to EUR 1,533 thousand.

Liabilities

		Remaining term			
	1 year or less	**1 to 5 years**	**over 5 years**	**Total 12/31/08**	Total 12/31/07
	EUR k	**EUR k**	**EUR k**	**EUR k**	EUR k
Liabilities to banks					
a) Borrowings	**497,240**	**0**	**2,064,718**	**2,561,958**	2,064,718
b) Interest liabilities	**14,887**	**0**	**0**	**14,887**	13,377
Advance payments received	**232**	**0**	**0**	**232**	237
Trade accounts payable	**79,198**	**0**	**0**	**79,198**	48,354
Liabilities to affiliated companies	**1,439,084**	**0**	**0**	**1,439,084**	644,112
Miscellaneous liabilities	**29,731**	**0**	**0**	**29,731**	46,274
Total	**2,060,372**	**0**	**2,064,718**	**4,125,090**	2,817,072

Liabilities to banks derive from the financing taken out for the acquisition of the SBS Broadcasting Group in 2007. The transaction was financed entirely out of a new secured syndicated line of credit totaling EUR 3.6 billion, furnished by a banking syndicate and institutional investors.

The increase of EUR 497,240 thousand in liabilities to banks for borrowings, to EUR 2,561,958 thousand, resulted from draws on the revolving credit facility up to December 31, 2008.

ProSiebenSat.1 Media AG has hedged some 85 percent of its variable-interest financial liabilities by way of a variety of interest-rate swaps. Under the loan agreement, ProSiebenSat.1 Media AG has pledged as security equity interests in various subsidiaries categorized as significant. Additionally, various Group companies under ProSiebenSat.1 Media AG also furnished guarantees to the lenders.

As of December 31, 2008, accrued interest liabilities of EUR 14,887 thousand (vs. EUR 13,377 thousand) were reclassified from the miscellaneous liabilities item to liabilities to banks. The prior-year figures have been adjusted accordingly.

Trade accounts payable increased EUR 30,844 thousand, simply as a consequence of the cutoff date for reporting, to EUR 79,198 thousand.

Liabilities to affiliated companies are primarily profit and loss transfer obligations toward P7S1 Erste SBS Holding GmbH, loan obligations to SBS Finance B.V., of Amsterdam, and internal offsets for services with Sat.1 Satelliten Fernsehen GmbH.

The largest item in miscellaneous liabilities is tax liabilities of EUR 26,446 thousand (vs. EUR 43,904 thousand). The accrued interest liabilities of EUR 13,377 thousand included under this item in the financial statements as of December 31, 2007, were reclassified as liabilities to banks as of December 31, 2008.

Contingent Liabilities

	12/31/08 EUR k	12/31/07 EUR k
Contingent liabilities from guarantees	**5,885***	41,784
(amounts due to affiliated companies)	**(1,348)**	(39,516)
Liability for provision of collateral for outside liabilities	**1,490,020**	1,529,417

*) Includes an appeal bond furnished by Commerzbank AG for an amount of EUR 4,537 thousand, which was increased to EUR 6,805 thousand, effective January 1, 2009, by an agreement with HypoVereinsbank AG dated November 18, 2008.

The liability for provision of collateral for outside liabilities pertains to guarantees and collateral furnished in connection with loans to SBS Broadcasting Group companies under the loan agreement signed in 2007.

Other Financial Obligations

	Remaining term 1 year EUR k	**Remaining term 2 to 5 years** EUR k	**Remaining term over 5 years** EUR k	**Total** EUR k
Programming assets	**358,382**	**1,059,419**	**103,092**	**1,520,893**
(amounts due to affiliated companies)	**(0)**	**(0)**	**(0)**	**(0)**
Use fees	**24,099**	**78,185**	**67,262**	**169,546**
(amounts due to affiliated companies)	**(0)**	**(0)**	**(0)**	**(0)**
Leasing and rental commitments	**19,241**	**66,911**	**98,324**	**184,476**
(amounts due to affiliated companies)	**(0)**	**(0)**	**(0)**	**(0)**
Other liabilities	**8,417**	**8,420**	**3**	**16,480**
(amounts due to affiliated companies)	**(0)**	**(0)**	**(0)**	**(0)**
Total	**410,139**	**1,212,935**	**268,681**	**1,891,755**

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

Other financial obligations for programming assets pertain to license agreements that take effect on or after January 1, 2009.

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

Leasing and rental commitments comprise obligations under leases for buildings and motor vehicles, along with rent obligations under building leases.

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

Notes to the Income Statement

Revenues

	2008 EUR k	2007 EUR k
Other revenues	**7,621**	5,858

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

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

Other Operating Income

	2008 EUR k	2007 EUR k
Income relating to other periods	**6,723**	14,239
Other operating income	**109,740**	80,107
Total	**116,463**	94,346

Income relating to other periods comprises, in particular, income of EUR 6,314 thousand from write-backs of provisions (vs. EUR 13,219 thousand for the prior year), including EUR 2,352 thousand (vs. EUR 483 thousand) from write-backs of provisions for outstanding invoices, EUR 1,596 thousand (vs. EUR 12 thousand) from write-backs of provisions for contingent losses on derivatives, and EUR 1,533 thousand from write-backs of the provision for the stock option plan (vs. EUR 11,820 thousand for the prior year).

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

Programming and Material Costs

	2008 EUR k	2007 EUR k
Licenses, transmission fees and materials	**23,332**	25,067
Purchased services	**990**	601
Total	**24,322**	25,668

Expenses for licenses, transmission fees and materials include transmission fee expenses of EUR 12,814 thousand (vs. EUR 13,089 thousand) and satellite rental of EUR 8,270 thousand (vs. EUR 10,372 thousand). Transmission fee expenses and satellite rent are passed on to other companies within the Group.

Expenses for purchased services are largely expenses for intra-Group services (EUR 571 thousand, vs. EUR 39 thousand) and for services provided by third parties, in the amount of EUR 372 thousand (vs. EUR 553 thousand).

Personnel Expenses

	2008 EUR k	2007 EUR k
Wages and salaries	**37,453**	37,305
Social security contributions and expenses for pensions	**4,883**	4,270
Total	**42,336**	41,575

Personnel expenses include expenses of EUR 4,220 thousand in severance payments resulting from the relocation from Berlin (vs. EUR 0 thousand), as well as an allocation of EUR 1,436 thousand to pension provisions (vs. EUR 730 thousand).

Depreciation and Amortization

	2008 EUR k	2007 EUR k
Scheduled amortization of intangible assets	**1,096**	1,751
Scheduled depreciation of property, plant and equipment	**2,493**	2,359
Unscheduled depreciation of property, plant and equipment	**1,246**	0
Total	**4,835**	4,110

The unscheduled depreciation relates to tenant installations at the Berlin site, which the Company will vacate in 2009.

Other Operating Expenses

	2008 EUR k	2007 EUR k
Expenses relating to other periods	**1,128**	8
Other operating expenses	**114,438**	88,097
Total	**115,566**	88,105

The expenses relating to other periods consist of expenses of EUR 796 thousand (vs. EUR 0 thousand) for past fiscal years and losses of EUR 332 thousand (vs. EUR 8 thousand) on disposals of property, plant and equipment resulting from inventory adjustments.

The remaining other operating expenses primarily comprise charges passed on from Group companies (EUR 28,912 thousand, vs. EUR 21,133 thousand), legal and other consulting costs (EUR 23,782 thousand, vs. EUR 12,077 thousand), rental and other office expenses (EUR 19,717 thousand vs. EUR 17,819 thousand), allocations to individual write-downs on receivables and other assets (EUR 4,127 thousand, vs. EUR 6 thousand), maintenance expenses (EUR 3,961 thousand, vs. EUR 2,501 thousand), and film promotion (EUR 3,861 thousand, vs. EUR 6,620 thousand).

Financial Result

	2008 **EUR k**	2007 EUR k
Income from equity investments	**456**	0
Income from profit transfer agreements	**376.292**	487.098
Income from loans or financial assets	**36**	56
Other interest and similar income	**19.083**	11.909
Write-down of financial assets and marketable securities	**-314.384**	0
Expenses from loss absorption	**-724.667**	-105.914
Interest and similar expenses	**-184.521**	-102.783
Total	**-827.705**	290.366

The EUR 36 thousand in income from loans of financial assets (vs. EUR 56 thousand) primarily consists of interest income from fund shares held as financial assets, which underlie future payment obligations under pension commitments to members of the Executive Board.

Expenses due to transfers of losses primarily result from the losses at P7S1 Erste SBS Holding GmbH (EUR 556,009 thousand) and P7S1 Zweite SBS Holding GmbH (EUR 139,007 thousand). Both companies together hold all of P7S1 Broadcasting S.à r.l., of Luxembourg, the holding company of the SBS companies. Because of the lower fair value of the SBS Group, unscheduled write-downs on the carrying amounts of ownership interests were taken for 2008, amounting to EUR 556,000 thousand at P7S1 Erste SBS Holding GmbH and EUR 139,000 thousand at P7S1 Zweite SBS Holding GmbH.

Write-down of financial assets and marketabel securities

	2008 **EUR k**	2007 EUR k
Write-down of interests in group companies	**300.000**	0
Write-down of interests in associated companies	**342**	0
Write-down of long term investments	**1.473**	0
Write-down of treasury shares	**12.569**	0
Total	**314.384**	0

Because of lower fair values, for 2008 unscheduled write-downs of EUR 160,000 thousand were taken on the carrying amount of the Company's ownership interest in German Free TV Holding GmbH, the holding company for the stations in German-language free TV operations, and EUR 140,000 thousand on the carrying amount of the ownership interest in 9Live Fernsehen GmbH.

Insolvency proceedings were initiated against the assets of Smart Point Media AG, of Hürth, Germany, on June 26, 2008. ProSiebenSat.1 Media AG's ownership interest in this company was written off in full (EUR 342 thousand).

The fair valuation of fund shares shown among securities in noncurrent investments as of the balance sheet date resulted in a write-down of EUR 1,473 thousand (vs. EUR 0 thousand).

In 2008, ProSiebenSat.1 Media AG acquired a total of 1,127,500 bearer shares for a total price of EUR 15,106 thousand. The measurement of these shares at the trading price as of the reporting date yielded a write-down of EUR 12,569 thousand.

Interest and similar expenses include interest on an allocation of EUR 274 thousand to pension provisions (vs. EUR 144 thousand).

Extraordinary result

The extraordinary result of EUR 2.849 million in 2007 resulted from the income that derived from the contribution of the stations ProSieben Television GmbH, Sat.1 Satelliten Fernsehen GmbH, Kabel 1 K1 Fernsehen GmbH and N24 Gesellschaft für Nachrichten und Zeitgeschehen mbH to German Free TV Holding GmbH at fair value, with undisclosed reserves found. No extraordinary result is reported for fiscal 2008.

Income Taxes

Income taxes decreased from EUR 126,965 thousand to EUR 42,705 thousand in fiscal 2008. The figure for income tax includes the impact of the current tax audit.

Other Information

Average Number of Employees during the Year

	2008	2007
Employees	**373.5**	383.8
Trainees, volunteers and interns	**41.8**	42.3
Total	**415.3**	426.1

The former reporting of employee numbers in full-time equivalent positions was converted in the financial statements as of December 31, 2008, to the actual number of persons employed. The comparable figures for the prior year have been adjusted accordingly.

Professional Fees of the Independent Auditor

The professional fees for the services of the independent auditor, KPMG, totaled EUR 1,780 thousand for fiscal 2008 (vs. EUR 2,027 thousand). Of the total, EUR 677 thousand was for audit fees (vs. EUR 463 thousand in 2007), EUR 551 thousand was for audit-related fees (vs. EUR 368 thousand), EUR 10 thousand was for tax consulting services (vs. EUR 51 thousand), and EUR 542 thousand was for other fees (vs. EUR 1,145 thousand).

Derivative Financial Instruments

The ProSiebenSat.1 Group's operations and financing needs expose it to various financial risks. Fluctuating interest rates and foreign exchange rates may affect the Group's assets and liabilities, financial position, and profit or loss. The acquisition of the SBS Group in fiscal year 2007 has significantly altered the Corporation's risk structure. Interest rate risks in particular have risen. Financial risks are managed and monitored centrally at ProSiebenSat.1 Media AG as a part of financial risk management. For the Group's German-speaking regions, the principles, duties and responsibilities of financial risk management are governed by the Group's internal corporate financial guidelines. One of the primary tasks for fiscal 2008 was to fully integrate the SBS Broadcasting Group into the ProSiebenSat.1 Group's financial risk management system, and to incorporate it into Group-wide regulations. The objective of financial risk management is to cushion the adverse effects that fluctuations in financial risk factors may have on the Company's assets and liabilities, financial position and profit or loss.

The derivative financial instruments employed for this purpose serve solely to hedge existing risk positions, not for speculation. Risk positions are assessed regularly, and existing risks are quantified using sensitivity analyses. Currency risks are based on an assumed appreciation of 10 percent in the value of the U.S. dollar. The ProSiebenSat.1 Group’s interest rate risk is calculated by increasing the relevant interest rates by one percentage point. The ProSiebenSat.1 Group does not believe it is exposed to any material concentrations of risk.

The ProSiebenSat.1 Group signs a substantial number of its license agreements with production studios in the United States. As a rule, the Group meets its financial obligations deriving from these programming rights purchases in U.S. dollars. Consequently fluctuations in the exchange rate between the euro and the dollar may adversely affect the ProSiebenSat.1 Group’s financial position and profit or loss. Receivables and liabilities in other foreign currencies, or for other purposes, were omitted because of their minor volume (less than 0.5%).

To hedge against fluctuations in exchange rates, ProSiebenSat.1 Media AG enters into forward exchange contracts (“forwards”) and currency options.

		Year of maturity		Nominal amount	Market value
	2009	2010-2013	2014 and after	as of 12/31/2008	as of 12/31/2008
	USD k	USD k	USD k	USD k	EUR k
Currency forwards	236,117	556,570	37,000	829,687	11,679
Currency options	9,500	29,000	0	38,500	2,106

Forwards are unconditional contractual agreements to exchange two currencies. The total par value, exchange rate and maturity date are specified when the contract is entered into. As of December 31, 2008, ProSiebenSat.1 Media AG had forwards with a total nominal value of USD 829.7 million in its portfolio. As of the same date, it had options for the purchase of dollars covering a total nominal value of USD 38.5 million. As the purchaser of a currency option, ProSiebenSat.1 Media AG has the right, but not the obligation, to buy U.S. dollars for euros in return for paying an option premium. As with a forward, in a currency option the total nominal value, exchange rate and maturity date are also laid down at the time the contract is made. Market values for forwards are measured using the discounted cash flow method. Market values for currency options are measured using the option pricing formula of Black and Scholes. Differences may arise where other methods are used. Measurement was based on market figures (mid-rates) on December 31, 2008.

Because of the crisis in the financial markets and market uncertainty, other fair values may be realizable on the market. However, there is no intent to square positions, since the transactions are for hedging purposes.

License payments on a hedged dollar-denominated license agreement, together with the associated hedging instruments, are gathered and managed primarily in what are known as "hedge books" if the hedging relationship qualifies as a hedge and hedge accounting can be applied. As of December 31, 2008, there were 15 hedge books covering a total of USD 1,151 million in pending license payments. The average hedge ratio varies from one defined hedge book to another. As a rule the hedge ratio is between 60 percent and 80 percent. A separate hedging strategy is developed for each portfolio on the basis of current market assessments and the overall risk position. The hedge books are constantly monitored under a system of limits, and any applicable open positions are closed to stop potential losses or take advantage of a favorable change in exchange rates.

No hedge accounting was applied for a portion of the foreign-currency liabilities in U.S. dollars. In these cases, liabilities for pending license payments came to USD 105 million at December 31, 2008.

The average hedge ratio at December 31, 2008, allowing for internal limit systems, was 71 percent.

Interest rate risks

Through its financial obligations, ProSiebenSat.1 Media AG is exposed to an interest rate risk. The acquisition of the SBS Broadcasting Group was financed entirely through a new loan agreement. The loan agreement covers a number of term loans totaling EUR 1.8 billion, with a term of seven years (Term Loan B) and loans for a total of another EUR 1.8 billion with a term of eight years (Term Loan C). Through these variable-interest financial obligations, ProSiebenSat.1 Media AG is exposed to an increased interest rate risk. For that reason, ProSiebenSat.1 Media AG has hedged 85 percent of this liability with interest-rate swaps. In interest rate swaps, variable-rate interest payments are exchanged for fixed-rate interest payments. Uncertain, variable-rate interest payments on the borrowings described above are compensated and replaced with fixed-rate interest payments. Market values for interest rate swaps are measured using the discounted cash flow method. The interest rate swaps total EUR 2.8 billion, with an average fixed rate of 4.574 percent. The swaps have terms of 3.5 years for a total of EUR 1.2 billion and 5.5 years for a total of EUR 1.8 billion.

The remaining variable interest rate risk results not only from the unhedged portion of the term loan, but also from any draws the Group may take on its revolving credit facility. As of December 31, 2008, EUR 540.6 million had been drawn on this credit facility. An interest rate risk in the sense of a change in market value is of no relevance here, since ProSiebenSat.1 Media AG's financial liabilities are reported at cost, and thus any change in market value will have no effect on the balance sheet.

Executive Board and Supervisory Board

The members of the Executive Board and Supervisory Board of ProSiebenSat.1 Media AG are listed at the end of these Notes.

Details of the system of compensation for members of the Executive Board and the Supervisory Board of ProSiebenSat.1 Media AG are explained in the section on "The Group and Its Environment" in the Management Report.

Compensation paid to current and former members of the Executive Board of ProSiebenSat.1 Media AG came to EUR 8,052 thousand in 2008 (vs. EUR 5,983 thousand in 2007). The Board's compensation included a variable component totaling EUR 2,834 thousand (vs. EUR 2,765 thousand). In past fiscal years, ProSiebenSat.1 Media AG set aside pension provisions totaling EUR 7,124 thousand for pension commitments to members of the Executive Board. Pension payments of EUR 80 thousand were made in fiscal 2008. Funds have been endowed to safeguard these pension provisions. Members of the Executive Board received EUR 0 thousand for buy-backs of stock options (vs. EUR 8,999 thousand).

The Company has not granted loans to members of the Executive Board, nor has it undertaken suretyships or guarantees on their behalf.

A resolution by the shareholders' meeting of August 2, 2006, released the Company from the statutory obligation to disclose the individual compensation of Executive Board members in the annual financial statements for a period of five years. However, this resolution of the shareholders' meeting poses no obstacle to the voluntary disclosure of individual Board members' compensation otherwise. The Executive Board and Supervisory Board have decided to exercise this option of voluntary disclosure in the compensation report for 2008, which is included in the Corporate Governance Report of the Executive Board and Supervisory Board. That report therefore states figures for the compensation paid to individual members of the Company's Executive Board for the past fiscal year.

Expenses for the Supervisory Board of ProSiebenSat.1 Media AG came to EUR 1,736 thousand in the year under review (vs. EUR 1,859 thousand). The members of the Supervisory Board receive a fixed compensation. The Chairman and Vice-Chairman of the Supervisory Board each receive twice the amount of this fixed base figure. Members of the Supervisory Board's committees are compensated with a separate meeting honorarium, payable for participating at each committee meeting. Committee chairs receive twice the standard meeting honorarium. The compensation of the Supervisory Board is set in the Articles of Incorporation of ProSiebenSat.1 Media AG.

The compensation paid individually to current and former members of the Supervisory Board is as follows:

Current Members of the Supervisory Board	
EUR k	**Compensation**
Bell-Jones, Robin	118
Dyke, Greg	105
Dziarski, Stefan	56
Freise, Philipp	115
Gorenflos, Reinhard	33
Hollick, Lord Clive	190
Huth, Johannes	131
Krenz, Thomas	100
Mäuser, Götz	233
Röttele, Christoph	18
Scheiber, Silke	56
Sloan, Harry	100
Swartjes, Adrianus Johannes	104
van Lent, Marinus Maria Petrus	100
Wiedmann, Prof. Dr. Harald	118

Former members of the Supervisory Board	
EUR k	Compensation
Döpfner, Dr. Matthias	4
Neubürger, Heinz-Joachim	67
Nienhaus, Christian	4
Wehr-Seiter, Katrin	84

Members of the Supervisory Board received no remuneration or other consideration for personal services, especially consulting and mediation services, during fiscal 2008. Altogether, the current members of the Executive Board and Supervisory Board held 202,500 shares of preferred stock in ProSiebenSat.1 Media AG as of December 31, 2008. This is equivalent to 0.1 percent of the Company's share capital.

Corporate Governance

On the basis of the recommendations of the Government Commission on the German Corporate Governance Code and the applicable terms of law under Sec. 161 of the Stock Corporation Act, in March 2008 the Executive Board and Supervisory Board issued a Declaration of Compliance, which has been made permanently available to shareholders on the Internet at www.prosiebensat1.com.

Related Party Transactions

Apart from the subsidiaries included in the consolidated financial statements, in the course of its normal business operations ProSiebenSat.1 Media AG conducts transactions directly or indirectly with affiliated unconsolidated companies and associated companies. In ordinary business activities, all transactions with companies not included in the scope of consolidation were conducted on prevailing market terms and conditions, such as are also customary with third parties unrelated to the Group. All related parties that are controlled by ProSiebenSat.1 Media AG, or over which the Group may exercise a significant influence, are listed among the shareholdings at the end of these Notes.

Effective September 1, 2007, ProSiebenSat.1 Media AG signed a services management agreement for business services with Lavena Holding 1 GmbH, , Lavena Holding 4 GmbH and Lavena Holding 5 GmbH jointly. The agreed compensation is consistent with the prevailing market terms for comparable services. Lavena Holding 1 GmbH and Lavena Holding 4

GmbH are indirect majority shareholders of ProSiebenSat.1 Media AG, and Lavena Holding 5 GmbH is the direct majority shareholder of ProSiebenSat.1 Media AG.

During fiscal 2008, the wife of former Executive Board member Peter Christmann (Mr. Christmann left the Board during the year) provided services to various companies in the ProSiebenSat.1 Group for a charge of EUR 160 thousand. These were training and coaching services for on-air personalities. As of December 31, 2008, there was no amount outstanding for these services.

Harry Evans Sloan is a member of the Supervisory Board of ProSiebenSat.1 Media AG, and the Chairman of the Board of Directors and CEO of Metro-Goldwyn-Mayer Holdings, Inc. (MGM). A number of license agreements were signed between MGM Holdings Inc. and ProSiebenSat.1 Media AG during the period, in the normal course of business. The agreements are consistent with prevailing market terms.

Götz Mäuser is a member of the Supervisory Board of ProSiebenSat.1 Media AG, and among other positions is also a co-owner of ADT Telefonservice GmbH & Co. KG. A service agreement exists in the normal course of business between ProSiebenSat.1 Media AG and ADT Telefonservice GmbH & Co. KG. The contract is consistent with prevailing market terms.

There were no other reportable transactions with related parties in fiscal 2008.

Under Sec. 15a of the German Securities Trading Act and Item 6.6 of the German Corporate Governance Code, the members of the Executive Board and Supervisory Board of ProSiebenSat.1 Media AG are required to report securities transactions relating to ProSiebenSat.1 stock. They are furthermore required to report securities transactions by family members. In fiscal 2008, a total of 32 transactions were reported to ProSiebenSat.1 Media AG, in which members of the Executive Board or Supervisory Board and their family members acquired a total of 319,000 shares of ProSiebenSat.1 Media AG and sold a total of EUR 113,000 shares of ProSiebenSat.1 Media AG. In compliance with Sec. 15a of the Securities Trading Act, ProSiebenSat.1 Media AG reported each of these transactions immediately on its Web site, www.prosiebensat1.com.

Group Affiliation

The direct parent company of ProSiebenSat.1 Media AG is Lavena Holding 5 GmbH, of Munich. The ultimate parent company of ProSiebenSat.1 Media AG is Lavena 1 S.à r.l., of Luxembourg. ProSiebenSat.1 AG is included in the consolidated financial statements of Lavena S.à r.l., of Luxembourg.

Sections 21 et seq. of the German Securities Trading Act require listed companies to provide the public with detailed information about the makeup of their shareholder structure. These disclosure requirements are intended to encourage transparency in securities trading.

Notices of ownership interests dated January 3, January 16, March 14, July 16, August 7, October 10, and November 18, 2008, were published in their due turn by ProSiebenSat.1 Media AG in accordance with Sec. 26 (1) of the Securities Trading Act, and can be examined at the Company's Web site in the Annual Document required under Sec. 10 of that Act.

Unterföhring, March 10, 2009

The Executive Board

ProSiebenSat.1 Media AG as of December 31, 2008
List of holdings

No.	Company	Location	Country	Interest %	Equity EUR k	Net income EUR k	via No.
	Affiliated companies						
1	ProSiebenSat.1 Media Aktiengesellschaft	Unterföhring	Germany		2,701,422	-933,406	
2	9Live Fernsehen GmbH	Unterföhring	Germany	100	520	6,728	1
3	9Live International GmbH	Unterföhring	Germany	100	25	-3,550	2
4	Agency Atlantic EOOD	Sofia	Bulgaria	100	33	12	157
5	Agency Vitosha EOOD	Sofia	Bulgaria	100	1,593	-58	157
6	Aktuelt Nyheter AS	Oslo	Norway	100	6	-2	150
7	Amerom Television Ltd.	New York	USA	100	n/a	n/a	103 [1)]
8	Anonimi Radiofoniki Etairia Lampsi A.E. (Lampsi Radio Company S.A.)	Athens	Greece	100	4,770	1,098	107
9	ArtMerchandising & Media AG	Unterföhring	Germany	100	7,245	12,313	47
10	AT Fun B.V.	Amsterdam	Netherlands	100	325	1,521	116
11	best webnews GmbH	Cologne	Germany	67.64	320	-144	135
12	Broadcast Norge AS	Oslo	Norway	100	53,984	14,488	100
13	Carthage I B.V.	Amsterdam	Netherlands	100	-9	-26	116
14	CBO Media B.V. (formerly: Brainstation B.V.)	Amsterdam	Netherlands	100	-16	2	116
15	Cutting Edge Production AS	Oslo	Norway	100	47	0	121
16	easy 107,5 Stockholm AB	Stockholm	Sweden	100	192	0	122
17	E-FM Sverige AB	Stockholm	Sweden	100	96	-21	
18	EBS International N.V.	Zaventem	Belgium	99.94	-70	0	103
19	Euradio i Sverige AB	Stockholm	Sweden	100	9	0	123
20	European Broadcasting System S.à r.l.	Luxembourg	Luxembourg	100	26	0	103
21	European Radio Investments Limited	London	United Kingdom	100	3,478	0	107
22	Evroark EOOD	Sofia	Bulgaria	100	21	16	157
23	Face your Brand! GmbH	Unterföhring	Germany	100	25	269	71
24	Fem Media GmbH	Munich	Germany	100	400	-1,002	135
25	Fria Media I Blekinge AB	Karlskrona	Sweden	100	306	213	119
26	Fria Radiobolaget i Borås AB	Borås	Sweden	100	707	388	119
27	German Free TV Holding GmbH	Unterföhring	Germany	100	975,736	321,118	1
28	Hellas Radio Service Ltd.	Athens	Greece	100	17	3	103
29	ICS SBS Broadcasting S.R.L. (formerly: I.M. Radio Contract S.R.L.)	Chisinau	Moldova	100	-491	-191	132
30	INTERAKTÍV-FICTION Műsorkészítő és Filmgyártó Kft.	Budapest	Hungary	100	9	-2	31
31	INTERAKTÍV Televíziós Müsorkészítö Kft.	Budapest	Hungary	100	923	255	103
32	kabel eins Fernsehen GmbH	Unterföhring	Germany	100	82,359	60,900	27
33	Kanal 5 AB	Stockholm	Sweden	100	-3,890	16,262	34
34	Kanal 5 Holding AB	Stockholm	Sweden	100	-177,009	65,097	104
35	Kanal 5 Limited	London	United Kingdom	100	-25	-7,061	107
36	Kiss FM DOO	Belgrad	Serbia	49	n/a	n/a	103
37	Kommunikationsanpartsselskabet af 2/4 1990	Arthus C	Denmark	100	35	1	84
38	lokalisten media GmbH	Munich	Germany	90	1,640	-772	135
39	MAGIC Internet Holding GmbH	Berlin	Germany	100	2,825	-8	135
40	MAGIC Internet GmbH	Berlin	Germany	100	-1,796	-846	39
41	Meteos TV Holding GmbH	Unterföhring	Germany	100	52	3	162
42	Miracle Sound Oy	Helsinki	Finland	51	103	201	58
43	Miracle Sound Oulu Oy	Oulu	Finland	100	140	47	42
44	Miracel Sound Tampere Oy	Helsinki	Finland	51	84	18	58
45	Mix Megapol.se AB	Stockholm	Sweden	100	114	0	119
46	MM MerchandisingMedia GmbH	Unterföhring	Germany	100	45	11,764	9
47	MM MerchandisingMedia Holding GmbH	Unterföhring	Germany	100	22,144	15,699	1
48	MTM Produkció Müsorgyártó és Filmforgalmazó Kft.	Budapest	Hungary	96.667	13	-5	103
49	MTM-SBS Televízió Zrt.	Budapest	Hungary	81.51	53,355	9,029	103
50	MyVideo Broadband S.R.L.	Bucharest	Romania	100	-1,568	-318	39
51	N24 Gesellschaft für Nachrichten und Zeitgeschehen mbH	Unterföhring	Germany	100	2,025	13,130	27
52	Niknet EOOD	Sofia	Bulgaria	100	21	1	157
53	P7S1 Broadcasting S.à r.l.	Luxembourg	Luxembourg	80	n/a	n/a	54 [1)]
54	P7S1 Erste SBS Holding GmbH	Unterföhring	Germany	100	1,516,394	-556,009	1
55	P7S1 Creative Productions Holding GmbH (formerly: ProSiebenSat.1 Siebte Verwaltungsgesellschaft mbH)	Unterföhring	Germany	100	25	629	1
56	P7S1 Zweite SBS Holding GmbH	Unterföhring	Germany	100	379,056	-139,007	1
57	Producers at work GmbH	Potsdam	Germany	67	1,627	1,377	1
58	Pro Radio Oy	Helsinki	Finland	100	-7,808	146	100
59	ProSiebenSat.1 Applications GmbH	Unterföhring	Germany	100	2,025	-5,709	1
60	ProSieben Austria GmbH	Vienna	Austria	100	21	-8	137
61	ProSieben Digital Media GmbH	Unterföhring	Germany	100	6,139	3,356	1
62	ProSieben Television GmbH	Unterföhring	Germany	100	450,486	138,298	27
63	ProSieben (Switzerland) AG	Küsnacht	Switzerland	100	78	6	139
64	ProSiebenSat.1 Erste Verwaltungsgesellschaft mbH	Unterföhring	Germany	100	25	-2	1
65	ProSiebenSat.1 Achte Verwaltungsgesellschaft mbH	Unterföhring	Germany	100	26	-13	1
66	ProSiebenSat.1 Neunte Verwaltungsgesellschaft mbH (future name: Maz & More GmbH)	Unterföhring	Germany	100	25	-1	51
67	ProSiebenSat.1 Berlin Produktion GmbH (still in the formation process at 12/31/2008)	Berlin	Germany	100	25	0	68
68	ProSiebenSat.1 Produktion GmbH	Unterföhring	Germany	100	8,978	-23,926	1
69	ProSiebenSat.1 Welt GmbH	Unterföhring	Germany	100	-340	-80	1
70	PS Event GmbH	Cologne	Germany	67	613	484	71
71	PSH Entertainment GmbH	Unterföhring	Germany	100	2,925	759	1
72	Puls 4 TV GmbH	Vienna	Austria	100	18	0	137
73	Puls 4 TV GmbH & Co. KG	Vienna	Austria	100	2,604	-6,563	137
74	Radio Nova A/S (formerly: Radio 2 A/S)	Copenhagen	Denmark	80	3,849	-2,859	102
75	Radio City AB	Stockholm	Sweden	100	227	-52	122
76	Radio Daltid SBS AB	Stockholm	Sweden	51	195	191	119
77	Radio Express EAD	Sofia	Bulgaria	100	-1,449	48	5

No.	Company	Location	Country	Interest %	Equity EUR k	Net income EUR k	via No.	
78	Radio HIT FM Melodicum AB	Växjö	Sweden	100	403	231	119	
79	Radio Match AB	Jönköping	Sweden	100	733	645	119	
80	Radiostasjonen Radio Norge AS (formerly: TV2 Saturn AS)	Oslo	Norway	100	1,849	-5,431	121	
81	Radio Stella AB	Helsingborg	Sweden	100	482	291	119	
82	Radio Veselina EAD	Plovdiv	Bulgaria	100	249	150	103	
83	Radio Zita Radiohonikes Epichiriseis Anonimi Etairia	Salonika	Greece	100	31	-113	93	
84	Radioreklame A/S	Århus C.	Denmark	95.2	-1,935	-660	120	
85	Radio VLR A/S	Taastrup	Denmark	100	96	8	120	
86	RedSeven Entertainment GmbH	Unterföhring	Germany	100	25	633	55	
87	Reklamradio-FMK AB	Kalmar	Sweden	100	821	624	119	
88	RIS Vinyl Skane AB	Stockholm	Sweden	100	8	0	123	
89	Ritmo Plovdiv EOOD	Plovdiv	Bulgaria	100	0	6	157	
90	Rockklassiker Sverige AB	Stockholm	Sweden	100	96	-21	88	
91	Romanian Broadcasting Corporation Limited	London	United Kingdom	100	-15,883	-2	107	
92	Salonika Radio Investments Holding S.A.	Luxembourg	Luxembourg	100	270	-849	103	
93	Salonika Radio Investments S.à r.l.	Luxembourg	Luxembourg	100	286	-733	92	
94	Sat.1 Bayern GmbH	Unterföhring	Germany	100	10,241	392	151	
95	Sat.1 Grundstücksverwaltungs GmbH & Co. KG	Unterföhring	Germany	100	1,211	-817	98	
96	Sat.1 Norddeutschland GmbH	Hannover	Germany	100	25	348	98	
97	SAT.1 Privatrundfunk und -programmgesellschaft m.b.H	Vienna	Austria	51	8,209	7,952	98	
98	Sat.1 Satelliten Fernsehen GmbH	Berlin	Germany	100	443,537	110,541	27	
99	Sat.1 Switzerland AG	Zürich	Switzerland	50	4,575	3,237	98	
100	SBS Belgium N.V.	Zaventem	Belgium	99.97	-4,569	-5,295	103	
101	SBS Broadcasting B.V.	Amsterdam	Netherlands	100	668,100	50,304	116	
102	SBS Broadcast Danmark A/S	Skovlunde	Denmark	100	-16,697	3,730	100	
103	SBS Broadcasting Europe B.V.	Amsterdam	Netherlands	100	1,402,455	254,628	106	
104	SBS Broadcasting Europe B.V. the Netherlands svensk Filial	Stockholm	Sweden	100	356,545	-102,617	103	
105	SBS Broadcasting Holding I B.V.	Amsterdam	Netherlands	100	828,902	-12,334	53	
106	SBS Broadcasting Holding II B.V.	Amsterdam	Netherlands	100	997,383	-14,768	105	
107	SBS Broadcasting (UK) Limited	London	United Kingdom	100	79,462	6,376	103	
108	SBS Broadcasting Networks Limited	London	United Kingdom	100	14,272	-8,490	107	
109	SBS Broadcasting (Sweden) AB	Stockholm	Sweden	100	9,387	-481	103	
110	SBS Danish Television Limited	London	United Kingdom	100	n/a	n/a	107	1)
111	SBS European Pay TV Services S.á r.l.	Luxembourg	Luxembourg	100	n/a	n/a	103	1)
112	SBS Finance B.V.	Amsterdam	Netherlands	100	821,016	40,148	103	
113	SBS Finland Oy	Helsinki	Finland	100	-1,147	-107	58	
114	SBS Interactive AB (under Liquidation)	Stockholm	Sweden	100	n/a	n/a	104	
115	SBS Magyarországi Befektetési Kft.	Budapest	Hungary	98.34	57	-16	103	
116	SBS Nederland B.V.	Amsterdam	Netherlands	100	440,743	-10,816	103	
117	SBS Productions B.V.	Amsterdam	Netherlands	100	144	6	101	
118	SBS Publishing & Licensing B.V.	Amsterdam	Netherlands	100	291	1,450	101	
119	SBS Radio AB	Stockholm	Sweden	100	8,714	-2,428	123	
120	SBS Radio A/S	Copenhagen	Denmark	80	-19,904	-4,444	102	
121	SBS Radio Norge AS	Oslo	Norway	77	9,163	1,572	100	
122	SBS Radio Sweden AB	Stockholm	Sweden	100	1,862	3	123	
123	SBS Radio Sweden Holding AB	Stockholm	Sweden	100	54,186	-37	104	
124	SBS Records Aps	Copenhagen	Denmark	100	-19	-14	120	
125	SBS Services B.V.	Amsterdam	Netherlands	100	1,375	-216	116	
126	SBS Services (UK) Ltd.	London	United Kingdom	100	n/a	n/a	103	1)
127	SBS TV A/S	Skovlunde	Denmark	100	-22,425	9,025	102	
128	Scandinavian Broadcasting System (Jersey) Ltd.	Jersey	Channel Islands	100	-8,653	-224	101	
129	S.C. Canet Radio SRL	Bucharest	Romania	20	-817	112	132	
130	S.C. Media Group Services International S.R.L.	Bucharest	Romania	95	-6,136	-4,700	132	
131	S.C. Prime Time Productions S.R.L.	Bucharest	Romania	99	74	101	132	
132	S.C. SBS Broadcasting Media S.R.L.	Bucharest	Romania	84.38	12,173	9,784	21	
133	SevenOne Brands GmbH	Unterföhring	Germany	100	5,168	19,547	1	
134	SevenOne Interactive GmbH	Unterföhring	Germany	100	44	106	133	
135	SevenOne Intermedia GmbH	Unterföhring	Germany	100	50,854	-7,516	61	
136	SevenOne International GmbH	Unterföhring	Germany	100	125	4,761	1	
137	SevenOne Media Austria GmbH	Vienna	Austria	100	12,166	11,342	133	
138	SevenOne Media GmbH	Unterföhring	Germany	100	5,772	-86	133	
139	SevenOne Media (Switzerland) AG	Küsnacht	Switzerland	100	8,957	7,645	133	
140	SevenPictures Film GmbH	Unterföhring	Germany	100	2,268	1,064	1	
141	SevenSenses GmbH	Unterföhring	Germany	100	25	2,184	1	
142	Seven Scores Musikverlag GmbH	Unterföhring	Germany	100	26	546	1	
143	solute GmbH	Karlsruhe	Germany	74.8	254	691	135	
144	Starwatch Music GmbH	Unterföhring	Germany	100	29	3,570	47	
145	Stichting Administratiekantoor Melida (under Liquidation)	Amsterdam	Netherlands	100	n/a	n/a	53	1)
146	Svensk Radiopartner Radio City AB	Karlstad	Sweden	100	668	549	119	
147	Teledirekt Vermarktungsgesellschaft für Fernsehempfang mbH	Unterföhring	Germany	100	92	-4	1	
148	Turun Ensitorppa Oy	Helsinki	Finland	100	70	-1	58	
149	TV5 Finland Oy	Helsinki	Finland	100	-9,227	-4,118	58	
150	TVNorge AS	Oslo	Norway	100	13,146	13,029	12	
151	tv-weiß-blau Rundfunkprogrammanbieter GmbH	Unterföhring	Germany	100	1,027	-153	98	
152	V8 Broadcasting B.V.	Amsterdam	Netherlands	100	15,026	30,027	101	
153	Veronica Broadcasting VOF	Amsterdam	Netherlands	99	n/a	n/a	152	1)
154	Veronica Litho B.V.	Hilversum	Netherlands	100	240	910	101	
155	Veronica Uitgeverij B.V.	Hilversum	Netherlands	100	678	14,293	101	
156	Vinyl AB	Stockholm	Sweden	100	775	-186	123	
157	Vitosha FM EOOD	Sofia	Bulgaria	100	1,952	0	103	
158	VT4 Limited	London	United Kingdom	100	n/a	n/a	103	1)
159	VT4 Marketing & Sales N.V.	Zaventem	Belgium	99.96	-731	-47	158	
160	VT4 Network N.V.	Zaventem	Belgium	99.2	-606	-43	158	
161	wer-weiss-was GmbH	Hamburg	Germany	74.8	5,690	-6,166	135	
162	wetter.com AG	Singen	Germany	73	1,613	440	135	
163	Wetter Fernsehen - Meteos GmbH	Singen	Germany	100	413	1,086	41	

No.	Company	Location	Country	Interest %	Equity EUR k	Net income EUR k	via No.	
	Affiliated companies, not consolidated							
164	Anadolu Televizyon Ve Radyo Yayincilik Ve Ticaret Anonim Sirketi	Istanbul	Turkey	98	n/a	n/a	125	1)
165	Balkans Media Investments EOOD	Sofia	Bulgaria	100	3	0	157	
166	maxdome Verwaltungs GmbH	Unterföhring	Germany	100	29	5	141	
167	Merchandising Prag spo. s r o.	Prague	Czech Republic	100	n/a	n/a	47	
	Associated companies -at equity-							
168	Autoplenum GmbH	Munich	Germany	25.1	711	-1,206	135	
169	Big Brother AB	Stockholm	Sweden	50	43	-1	104	
170	Big Brother Kommanditbolag	Stockholm	Sweden	49	124	0	33	
171	IP Multimedia (Switzerland) AG	Küsnacht	Switzerland	23	10,517	8,392	139	2)
172	maxdome GmbH & Co. KG	Unterföhring	Germany	50	1,057	-3,251	141	
173	LOVESEARCH DP AB	Stockholm	Sweden	95.09	32	16	33	
174	Österjöns Reklamradio AB	Visby	Sweden	40	0	0	119	
175	Poolside Reise GmbH	Munich	Germany	40	879	-1,807	135	
176	Privatfernsehen in Bayern Verwaltungs-GmbH	Munich	Germany	49.9	62	5	151	2)
177	Privatfernsehen in Bayern GmbH & Co. KG	Munich	Germany	49.9	248	40	151	2)
178	Radiobokningen i Västmanland Handelsbolag	Västerås	Sweden	20	0	0	119	
179	Radio Silkeborg af 1997 A/S	Silkeborg	Denmark	34	7	-124	84	
180	TV 10 B.V.	Amsterdam	Netherlands	100	1,353	105	180	
181	TV10 Holdings LLC	Wilmington	USA	50	n/a	n/a	101	1)
182	Veronica/Jetix Text VOF	Amsterdam	Netherlands	50	n/a	n/a	152	1)
183	VG Media Gesellschaft zur Verwertung der Urheber- und Leistungsschutzrechte von Medienunternehmen mbH	Berlin	Germany	50	378	0	1	
	Other equity interests							
184	AFK Aus- und Fortbildungs GmbH für elektronische Medien	Munich	Germany	12	n/a	n/a	1	1)
185	Berliner Pool TV Produktionsgesellschaft mbH	Berlin	Germany	50	135	58	51	2)
186	Deutscher Fernsehpreis GmbH	Cologne	Germany	25	n/a	n/a	1	1)
187	ZeniMax Media Inc.	Rockville	USA	8.03	n/a	n/a	103	1)

Explanations to the footnotes

1) Not applicable; immaterial investments

2) Disclosures for fiscal year 2008

Members of the Executive Board

THOMAS EBELING
CEO since March 1, 2009
Management department: Group Content, Human Resources and Corporate

GUILLAUME DE POSCH
CEO until December 31, 2008
Management department: Group Content Production and Acquisitions, Corporate, Human Resources

AXEL SALZMANN
CFO since June 11, 2008
Member of the Executive Board since May 1, 2008
Management department: Group Controlling, Finance / Investor Relations, Legal Affairs, Regulatory Affairs, Administration

LOTHAR LANZ
CFO until June 10, 2008
Member of the Executive Board until June 10, 2008
Management department: Group Controlling, Finance / Investor Relations, Legal Affairs, Human Resources, Regulatory Affairs, Administration
Mandate:
- Siltronic AG (Member of the Supervisory Board until April 2008)

ANDREAS BARTL
Member of the Executive Board since June 17, 2008
Management department: German Free TV

PETER CHRISTMANN
Member of the Executive Board until June 30, 2008
Management department: Sales & Marketing

DR. MARCUS ENGLERT
Member of the Executive Board since August 1, 2006
Management department: New Media & Diversification, Transaction TV, Business Development

KLAUS-PETER SCHULZ
Member of the Executive Board since September 1, 2008
Management department: Sales & Marketing

PATRICK TILLIEUX
COO
Member of the Executive Board since July 1, 2007
Management department: Group Operations, International Free TV, International Pay TV, Radio, Print

Members of the Supervisory Board

GÖTZ MÄUSER
Chairman (since March 2007)
Permira Beteiligungsberatung GmbH (Partner)

JOHANNES PETER HUTH
Vice-Chairman
(since October 2008, Member of the Supervisory Board since March 2007)
Kohlberg Kravis Roberts & Co. Ltd. (Partner and Head of Europe)
Mandate:
- A.T.U. Auto-Teile Unger Holding GmbH, Germany (non-executive)
- Rally Lux Holding One S.a.r.l, Luxembourg (executive)
- Rally Lux Holding Two S.a.r.l, Luxembourg (executive)
- KION Holding 1 GmbH, Germany (non-executive)
- KKR & Co. Limited, UK (executive)
- KKR & Co. SAS, France (executive)
- NXP BV, Netherlands (non-executive)

LORD CLIVE HOLLICK
(Vice-Chairman from March 2007 until September 2008)
Kohlberg Kravis Roberts & Co. Ltd. (Partner)
Mandate:
- Diageo PLC (non-executive)
- Honeywell Inc. (non-executive)
- The Nielsen Co. (non-executive)

ROBIN BELL-JONES
(since March 2007)
Permira Advisors LLP, London (Investment Advisor)
Mandate:
- ALL3Media Holdings Ltd., UK (non-executive)

DR. MATHIAS DÖPFNER
(from December 2001 until January 2008)
Axel Springer AG (CEO)
Mandate:
- Dpa Deutsche Presse Agentur GmbH (non-executive)
- Leipziger Verlags- und Druckereigesellschaft mbH & Co. KG (non-executive)
- B.Z. Ullstein GmbH (non-executive)
- Axel Springer Digital TV GmbH (non-executive)
- Time Warner Inc. (non-executive)
- Brilliant 310 GmbH (executive)

GREG DYKE
(since May 2004)
Company Director
Mandate:
- World Film Collective (non-executive)
- UK Film Council (non-executive)
- Brentford FC (Lionel Road) Limited (non-executive)
- Brentfort Football Club (non-executive)
- Ducks Walk Management Company Ltd. (non-executive)
- Sunshine Holdings & Ltd. (non-executive)
- Powder Creek Limited (non-executive)
- DGCC Limited (non-executive)
- Vine Leisure Ltd. (non-executive)
- Vine Development Limited (non-executive)

STEFAN DZIARSKI
(since June 2008)
Permira Beteiligungsberatung GmbH
(Private Equity Professional)

PHILIPP FREISE
(since March 2007)
Kohlberg Kravis Roberts & Co. Ltd. (Director)
Mandate:
- Demag Holdings S.a.r.l (non-executive)
- A.T.U GmbH (non-executive)
- DSD GmbH (non-executive)

REINHARD GORENFLOS
(since September 2008)
Kohlberg Kravis Roberts & Co. Ltd. (Partner)
Mandate:
- A.T.U GmbH & Co. KG (non-executive)
- Pages Jaunes SA (non-executive)
- DSD GmbH (non-executive)
- Van Gansewinkel BV (non-executive)
- Blacksmith SA (non-executive)
- Demag Holdings S.a.r.l (non-executive)

THOMAS KRENZ
(since March 2007)
Permira Beteiligungsberatung GmbH (Partner)

HEINZ-JOACHIM NEUBÜRGER
(from July 2007 until September 2008)
Kohlberg Kravis Roberts & Co. Ltd. (Private Equity Professional)

CHRISTIAN NIENHAUS
(from May 2004 until January 2008)
WAZ Mediengruppe (CEO)
Mandate:
- WAZ Mediengruppe (executive)

MARINUS MARIA PETRUS VAN LENT
(since July 2007)
Telegraaf Media Groep N.V. (President)
Mandate:
- Telegraaf Media International B.V. (executive)

CHRISTOPH RÖTTELE
(since November 2008)
Permira Beteiligungsberatung GmbH (Portfolio Director)

SILKE SCHEIBER
(since June 2008)
Kohlberg Kravis Roberts & Co. Ltd. (Director)
Mandate:
- Torkett SA (non-executive)
- KKR International Flooring 1 S.a.r.l (non-executive)
- KKR International Flooring 2 S.a.r.l (non-executive)
- A.T.U GmbH (non-executive)
- KION Group GmbH (non-executive)
- KION Holding 1 GmbH (non-executive)

HARRY EVANS SLOAN
(since March 2007)
MGM Holdings Inc. (Chairman of the Board and CEO)
Mandate:
- MGM Holdings Inc. (executive)
- ZeniMax Media Inc. (non-executive)

ADRIANUS JOHANNES SWARTJES
(since July 2007)
Telegraaf Media Groep N.V. (CEO)
Mandate:
- Telegraaf Media Groep N.V. (executive)

KATRIN WEHR-SEITER
(from July 2007 until November 2008)
Permira Beteiligungsberatung GmbH (Principal)
Mandate:
- Hugo Boss AG (non-executive)

PROF. DR. HARALD WIEDMANN
(since March 2007)
Gleiss Lutz Hootz Hirsch Partnergesellschaft von Rechtsanwälten und Steuerberatern (Auditor/Attorney)
Mandate:
- Berenberg Bank (non-executive)
- Wincor Nixdorf AG (non-executive)
- Praktiker Baumärkte (non-executive)
- Prime Office AG (non-executive)
- Merz GmbH & Co. KG (non-executive)

ProSiebenSat.1 Media Aktiengesellschaft, Unterföhring

Development of non-current assets in the fiscal year 2008

		Acquisition and production costs				
		1/1/2008	Additions	Reclassifications	Disposals	12/31/2008
		EUR	EUR	EUR	EUR	EUR
I.	**Intangible assets**					
	1. Licenses, trademarks and patents as well as licenses to such assets and rights	20,455,941.69	528,187.27	473,681.60	15,361,604.31	6,096,206.25
	2. Advances paid on intangible assets	947,021.84	507,803.00	-473,681.60	794,895.24	186,248.00
		21,402,963.53	1,035,990.27	0.00	16,156,499.55	6,282,454.25
II.	**Property, plant and equipment**					
	1. Buildings on land owned by others	61,632,420.79	5,679,755.51	0.00	891,567.22	66,420,609.08
	2. Other equipment, fixtures, furniture and equipment	8,096,230.36	319,449.94	0.00	118,877.98	8,296,802.32
	3. Advances paid on tangible assets under construction	0.00	408,219.48	0.00	0.00	408,219.48
		69,728,651.15	6,407,424.93	0.00	1,010,445.20	75,125,630.88
III.	**Financial assets**					
	1. Interests in group companies	6,020,141,700.59	2,092,166.51	0.00	26,308.18	6,022,207,558.92
	2. Interests in associated companies	3,181,739.66	255.65	0.00	2,562,134.75	619,860.56
	3. Long-term investments	5,506,538.91	2,025,421.62	0.00	0.00	7,531,960.53
	4. Other loans	9,267,676.59	636,423.38	0.00	3,200.00	9,900,899.97
		6,038,097,655.75	4,754,267.16	0.00	2,591,642.93	6,040,260,279.98
		6,129,229,270.43	12,197,682.36	0.00	19,758,587.68	6,121,668,365.11

	Amortization, depreciation and write-downs				Carrying amounts	
	1/1/2008	Additions	Disposals	12/31/2007	12/31/2008	12/31/2007
	EUR	EUR	EUR	EUR	EUR	EUR
	13,400,745.69	1,096,050.87	9,247,547.31	5,249,249.25	846,957.00	7,055,196.00
	0.00	0.00	0.00	0.00	186,248.00	947,021.84
	13,400,745.69	1,096,050.87	9,247,547.31	5,249,249.25	1,033,205.00	8,002,217.84
	37,492,443.28	3,435,712.51	562,350.22	40,365,805.57	26,054,803.51	24,139,977.51
	6,857,551.36	303,317.94	105,719.98	7,055,149.32	1,241,653.00	1,238,679.00
	0.00	0.00	0.00	0.00	408,219.48	0.00
	44,349,994.64	3,739,030.45	668,070.20	47,420,954.89	27,704,675.99	25,378,656.51
	0.00	300,000,000.00	0.00	300,000,000.00	5,722,207,558.92	6,020,141,700.59
	2,640,167.65	341,987.11	2,562,133.75	420,021.01	199,839.55	541,572.01
	0.00	1,473,071.59	0.00	1,473,071.59	6,058,888.94	5,506,538.91
	0.00	0.00	0.00	0.00	9,900,899.97	9,267,676.59
	2,640,167.65	301,815,058.70	2,562,133.75	301,893,092.60	5,738,367,187.38	6,035,457,488.10
	60,390,907.98	306,650,140.02	12,477,751.26	354,563,296.74	5,767,105,068.37	6,068,838,362.45

Responsibility Statement of the Executive Board

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

Unterföhring, March 10, 2009

Thomas Ebeling (CEO)

Axel Salzmann (CFO)

Patrick Tillieux (COO)

Andreas Bartl (German Free TV)

Dr. Marcus Englert (New Media)

Klaus-Peter Schul z (Sales)

Auditor’s Report

Auditor´s Report

We have granted the unqualified auditor’s report as follows:

„Auditor’s report

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system and the management report of ProSiebenSat.1 Media Aktiengesellschaft, Unterföhring, for the fiscal year from January 1 to December 31, 2008. The maintenance of the books and records and the preparation of the annual financial statements and the management report in accordance with German commercial law are the responsibility of the Company’s executive board. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

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

Our audit has not led to any reservations.

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

Munich, March 13, 2009

KPMG AG
Wirtschaftsprüfungsgesellschaft

(formerly:
KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft)

[original German version signed by:]

Kozikowski
[German Public Auditor]

Papenberg
[German Public Auditor]