

**ProSiebenSat.1** Media AG  
The power of television



# ProSiebenSat.1 Media AG

Financial Statements and Management Report 2009



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## Inhalt

### Management Report of ProSiebenSat.1 Media AG for the Financial Year 2009

#### I. Business Operations and Business Conditions

<b>1.1 Business Operations and Group Structure</b>	Page	4
<b>1.2 Legal and organizational structure of the Company</b>	Page	5
1.2.1 Legal structure of the Company	Page	5
1.2.2 Major events in the financial year 2009	Page	6
1.2.3 Corporate management, goals, strategy	Page	7
1.2.4 Compensation of the Executive Board and the Supervisory Board	Page	10
<b>1.3 Legal Environment</b>	Page	12
1.3.1 Management Declaration under Section 289a of the German Commercial Code	Page	12
1.3.2 Information under Section 289 (4) of the German Commercial Code Explanations under Sections 124 a Sentence 1 No. 3 and 176 (1) Sentence 1 of the German Stock Corporation Act (AktG)	Page	12
1.3.3. Report on relations with affiliated companies under Section 312 of the German Stock Corporation Act	Page	13
1.3.4. Contest and game show regulations, call TV in Germany	Page	13
<b>1.4 Economic and industry environment</b>	Page	13
1.4.1 Overall economic environment	Page	13
1.4.2 Overall economic environment	Page	14
1.4.3 Development of the audience market	Page	14

#### II. Business Developments in 2009: Earnings, Financial Position, and Performance

<b>2.1 Revenue and earnings performance</b>	Page	15
<b>2.2. Financial position and performance</b>	Page	16
<b>2.3 Employees</b>	Page	20
<b>2.4 Research and development</b>	Page	20



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<b>III. Events after the Reporting Period</b>	Page 20
<b>IV. Risk Report</b>	Page 20
4.1 Overall assessment of the Group's risk situation – Management's view	Page 21
4.2 Opportunity management	Page 21
4.3 Risk management	Page 21
4.4 Risk situation: development of individual risks	Page 24
<b>V. Outlook</b>	Page 30
5.1 Overall assessment of the Group's prospective performance – Management's view	Page 31
5.2 Future environment	Page 31
5.3 Opportunities specific to the industry	Page 32
5.4 Opportunities in the legal and media policy environment	Page 33
5.5 Opportunities for performance and strategy	Page 34
5.6. Company outlook	Page 35
<b>Annual Financial Statements of ProSiebenSat.1 Media AG</b>	Page 38
<b>Balance Sheet of ProSiebenSat.1 Media AG</b>	Page 39
<b>Income Statement of ProSiebenSat.1 Media AG</b>	Page 42
<b>Notes to the Financial Statements of ProSiebenSat.1 Media AG</b>	Page 44
<b>Responsibility Statement of the Executive Board</b>	
<b>Auditor's Report</b>	



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## Management Report of ProSiebenSat.1 Media AG for the Financial Year 2009

### I. Business Operations and Business Conditions

#### 1.1 Business Operations and Group Structure

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

ProSiebenSat.1 Media AG is the holding company for the ProSiebenSat.1 Group. Because of their close interrelations, much of the information about the ProSiebenSat.1 Group also pertains to ProSiebenSat.1 Media AG.

ProSiebenSat.1 Media AG was able to close 2009 with a positive development of operating results in many areas, in spite of lower revenues. In the German TV market – the Group’s largest market – the ProSiebenSat.1 Group strengthened its competitive position despite a challenging economic environment, and increased both its audience share and its share of advertising. To strengthen its profitability, in 2009 the Company further intensified its cost management efforts, and improved the setup of its core business by pooling its domestic activities more efficiently.

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

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

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

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

- **Free TV.** The Group’s core business is free TV, financed through advertising. In Germany, its family of stations – with the brands SAT.1, ProSieben, kabel eins and N24 – is number one in the TV advertising market. The Group also has strong market positions in free TV in the Netherlands with Veronica, NET 5 and SBS 6, in Hungary with TV 2, and in Sweden with Kanal 5 and Kanal 9. ProSiebenSat.1 is the second-largest broadcasting group in Europe, with a reach of more than 78 million TV households.
- **Diversification.** In addition to free TV financed through advertising, the media group’s portfolio also includes a wide variety of related businesses. The Group manages numerous Internet brands, holds interests in radio, print and new media companies, and also operates



in music, live events and artist management. This multi-platform strategy strengthens the ProSiebenSat.1 Group's competitive position in the media and entertainment industry, and by extending the value chain into all fields related to its core business in TV, also taps new markets and further sources of revenue that do not depend on the TV advertising market ("Diversification").

## 1.2 Legal and organizational structure of the Company

### 1.2.1 Legal structure of the Company

ProSiebenSat.1 Media AG is a stock corporation in Aktiengesellschaft form, and is located in Germany. It is therefore subject to German law, especially the laws that govern corporations, employee co-determination, and the capital markets, and it is bound by the German Corporate Governance Code. The governing bodies of ProSiebenSat.1 Media AG are the shareholders' meeting, the Executive Board, and the Supervisory Board.

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

**Management and oversight.** In compliance with German stock corporation law, ProSiebenSat.1 Media AG has a dual management system characterized by a strict separation of personnel between its managing body and its oversight body. The Executive Board manages the Company and acts as its representative to third parties. It is responsible for the ProSiebenSat.1 Group's overall performance, and has both professional and disciplinary authority over the managers of the various business segments and holding company units. The Supervisory Board is the controlling body. It monitors and advises the Executive Board in its conduct of business, and is thus directly involved in all corporate decisions of major importance. The basic rules for the administration and management of ProSiebenSat.1 Media AG are defined in the articles of incorporation and in the rules of procedure for the Executive Board and Supervisory Board.

**Management and corporate structure.** As the Group's ultimate parent company, ProSiebenSat.1 Media AG manages key functions that affect multiple segments, such as license purchases, accounting, corporate controlling, human resources, treasury and finance, investor relations, legal affairs and corporate communications. At the same time, the Group's subsidiaries in their various countries have a large degree of autonomy, so that they can make decisions quickly and respond flexibly to the needs of their target audiences and markets. Significant direct subsidiaries of ProSiebenSat.1 Media AG include German Free TV Holding GmbH, ProSiebenSat.1 Erste SBS Holding GmbH, and ProSiebenSat.1 Zweite SBS Holding GmbH.

- **German Free TV Holding GmbH**, headquartered in Munich/Unterföhring, pools the Group's companies that conduct free TV operations in Germany, Austria and Switzerland. These companies include not only the stations SAT.1, ProSieben, kabel eins and N24 in

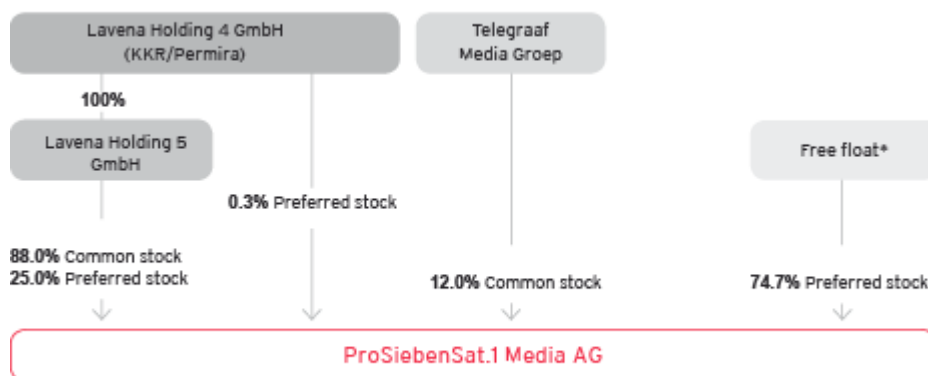


Germany, but also SAT.1 subsidiaries in Austria and Switzerland. The companies under German Free TV Holding cooperate within a matrix organization. This matrix organization was set up during financial year 2009, and supports optimum utilization of the full range of the Group's expertise, as well as an efficient use of resources.

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

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

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



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

## 1.2.2 Major events in the financial year 2009

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

Patrick Tillieux left the Executive Board of ProSiebenSat.1 Media AG as of June 30, 2009. As Chief Operating Officer, he had been responsible for the Group Operations, International Free TV, International Pay TV, Radio and Print areas since mid-2007. Since his departure, International Free TV and Print have been under Thomas Ebeling. Axel Salzmann has taken charge of Group Operations, and Chief New Media Officer Dr. Marcus Englert has taken responsibility for the Radio business. The Group's International Pay TV operations ceased with the sale of the Northern European pay TV unit CMORE.



A further change in the Executive Board came on July 31, 2009, with the departure of Klaus-Peter Schulz. Since September 2008 he had been the Executive Board member responsible for Sales and Marketing in the Group's German-speaking countries, and for coordinating the Group's international sales activities. Thomas Ebeling has now assumed those responsibilities.

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

#### **Major organizational changes of the ProSiebenSat.1 Group**

- **SAT.1 moves to Munich, Group operations integrated.** The move of SAT.1 from Berlin to Munich means that since July of 2009, all of German Free TV Holding's general interest stations have also been combined in a single place. Almost all of the stations' operations are organized in a matrix structure. Pooling their resources and know-how allows them to do business more efficiently. The ProSiebenSat.1 Group is also pushing the advantages of integrated organization by combining more of its central corporate functions, such as accounting and human resources management.
- **Integration of SevenOne Media and SevenOne Interactive.** Since mid-2009, Germany's largest TV ad sales company and its third-largest marketer of online ad space have been combined in a company named SevenOne Media GmbH. The merger of SevenOne Media and SevenOne Interactive offers clear advantages for advertisers and agencies. With "one face to the customer," the new company offers them a single, centralized contact for television and online sales.
- **SevenOne AdFactory founded.** ProSiebenSat.1 responded to the advertising industry's steadily growing demand for cross-media advertising services by founding a subsidiary to focus specifically on integrated cross-media advertising on July 1, 2009. SevenOne AdFactory offers networked communication solutions from one source for all aspects of TV, online, mobile and licensing.
- **Digital Playout Center starts operation.** The ProSiebenSat.1 Group's Playout Center went into operation in April 2009. It includes a file-based programming archive and tapeless broadcasting capability. It enables ProSiebenSat.1 to exploit all types of content on all media platforms, faster and at lower cost.

#### **1.2.3 Corporate management, goals, strategy**

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



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

### **A guidance system based on key performance indicators**

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

The central financial figures used for guidance are:

- **Recurring EBITDA:** Recurring EBITDA is EBITDA – earnings before interest, taxes, depreciation and amortization – after adjustment for non-recurring items. The recurring EBITDA margin is the ratio between recurring EBITDA and revenues. These key figures allow a meaningful assessment of operating performance, and simplify profitability comparisons among companies internationally, since they eliminate the influence of taxes and depreciation, as well as of the structure of the Company's financing. That makes them an important indicator in assessing the operating profitability of the ProSiebenSat.1 Group and its segments.
- **Free Cashflow:** Free Cashflow shows the surplus cash generated during a period, and can be interpreted as a financial surplus that is available to service providers of equity and lenders.
- **Leverage:** A further important management parameter is the ratio of net debt to recurring EBITDA (leverage), which the ProSiebenSat.1 Group uses in long-term financial planning.

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

### **An integrated budgeting and planning system**

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





- **Operating plan for the year on a monthly basis (budget).** The operating plan for the year (budget) is prepared on a monthly basis for all Group companies, the segments, and the Group as a whole. Budgeting is a “bottom-up” process – in other words, data is first organized at the level of the specific company, then condensed into a budget at the segment and Group level, on the basis of the income statement, the statement of financial position, and the cash flow statement in each case. The budgeting process particularly includes projections about volumes and prices, program scheduling, costs and investment planning, and staffing plans. The budget is adopted by the Executive Board and the Supervisory Board. The operating plan for a given financial year is prepared at the end of the preceding financial year. The budget is the foundation of the multi-year plan.
- **Multi-year plan on quarterly basis (long-term corporate plan).** The multi-year plan is based on the budget. Like the budget, the long-term plan for the ProSiebenSat.1 Group is prepared annually from the bottom up. Also like the budget, the multi-year plan is approved by the Executive Board and the Supervisory Board.
- **Earnings projections during the year.** Earnings projections over the course of the year present and analyze the expected development of revenues and earnings for the current year in comparison to the budget. These reports provide an important management tool, since they help management take quick action to counteract any adverse changes.
- **Reporting.** Any potential risks are reported by the decentralized risk managers to the Group Risk and Compliance Officer as part of the quarterly reporting process.

### **ProSiebenSat.1 Group strategy**

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

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

1. **Strengthen the core business, television financed through advertising.** People have long been fascinated with audiovisual content. It informs, entertains and provokes feelings. This fascination is the foundation for the success of our lead medium, TV. In addition to outstanding programming, the growth of our core business also relies on attractive brands, high-performance sales structures, and innovative sales concepts.
2. **Develop new business in related areas, and expand the classic Diversification segment.** Our goal is to reduce our dependency on the TV advertising market, and to respond to people’s changing ways of using media. We summarize this strategic objective under the term diversification. With diversification, and thus by expanding our value chain, we can generate further income that is independent from the classic TV



advertising market. We can enlarge our revenue portfolio with geographic expansion (e.g., with international rollouts of online platforms), cross-media use of content (e.g., via convergent media concepts for TV and online use), and with diversification in adjacent business areas (e.g., music, artist and event management).

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

#### **1.2.4 Compensation of the Executive Board and the Supervisory 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 making the employment agreements with the members of the Executive Board. The employment agreements between ProSiebenSat.1 Media AG and the members of its Executive Board have a maximum term of five years. These contracts establish the Board members' rights and duties, including their compensation.

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

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

- Under their employment contracts, all Executive Board members receive a fixed base salary, paid monthly, that is determined with reference to the individual member's area of responsibilities.
- In addition to this base component, each member also receives a performance-based variable component in the form of an annual bonus. The specific terms of this annual bonus are uniform among the contracts of the individual board members. One portion of the bonus is decided by the Supervisory Board, and depends on the achievement of predefined performance targets composed of Group EBITDA, the Group net debt, and personal goals.



- Additionally, the members of the Executive Board also participate in a ProSiebenSat.1 Media AG stock option plan (the Long-Term Incentive Plan, or LTIP), which was first introduced in 2005 and was most recently renewed in 2009. With this stock option plan the Company has created an additional compensation component, focused on the Company's long-term success, so as to cultivate shareholder value. Each option under the LTIP entitles the holder to acquire one share of ProSiebenSat.1 preferred stock if the exercise conditions are met (in particular, the expiration of the vesting period and the achievement of performance targets). As of December 31, 2009, the members of the Executive Board held 149,500 stock options issued in 2006, 405,000 options issued in 2008, and 1,205,000 options issued in 2009. No stock options were exercised in 2009. The vesting period for the stock options issued in 2006 ended in August 2008. The stock options issued in 2008 cannot be exercised until July 2010 at the earliest, and the options issued in 2009 cannot be exercised until July 2011 at the earliest.
- Furthermore, the Company has signed pension agreements with all active members of the Executive Board, under which those members are entitled to payment of a retirement pension if they reach age 60 and leave the Company's employ after the contractual vesting period has elapsed..
- Finally, the members of the Executive Board receive other compensation in the form of non-cash benefits, including company cars, insurance coverage, and coverage of relocation expenses if they must relocate.

The Company has extended neither loans nor guaranties or warranties to the members of the Executive Board. 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 lit. a) Sentences 5 through 9 and Section 314 (1) No. 6 a) Sentences 5 through 9 of the German Commercial Code (HGB). However, the Executive Board and the Supervisory Board have decided to voluntarily disclose the compensation paid by the Company to the individual members of the Executive Board last financial year.

#### **Structure of compensation of the Supervisory Board**

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

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



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### 1.3 Legal Environment

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

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

#### 1.3.1 Management Declaration under Section 289a of the German Commercial Code

Management Declaration under Section 289a of the German Commercial Code. In May 2009, the German Commercial Code (HGB) was extensively reformed by the Act for the Modernization of Financial Reporting (BilMoG). Among other provisions, the new law includes requirements for more information and greater transparency in risk reporting, as well as requirements for reporting on a company's management. The Company has published its Management Declaration on its Website at [http://en.prosiebensat1.com/investor\\_relations/cg\\_ueberblick/](http://en.prosiebensat1.com/investor_relations/cg_ueberblick/).

#### 1.3.2 Information under Section 289 (4) of the German Commercial Code and Explanations under Sections 124 a Sentence 1 No. 3 and 176 (1) Sentence 1 of the German Stock Corporation Act (AktG)

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

- **Composition of subscribed capital.** The share capital of ProSiebenSat.1 Media AG amounts to EUR 218,797,200 divided into 109,398,600 no-par registered shares of common stock and 109,398,600 no-par preference shares of non-voting preferred stock. There are no shares that carry special rights and confer control. The Company holds no rights from 6,027,500 treasury stock.
- **Restrictions on transfer of stock.** Under Article 5 (4) of the articles of incorporation, the registered common shares of ProSiebenSat.1 Media AG may be transferred only with the Company's consent, which is to be decided upon by the Executive Board. The Board must give that consent unless the transfer would establish a stake in the Company that would exceed the bounds prescribed by media regulations. There are no consent requirements for transfers of the preference shares of non-voting preferred shares.



### **1.3.3 Report on relations with affiliated companies under Section 312 of the German Stock Corporation Act**

According to the definitions set forth in Section 16 of the German Stock Corporation Act (AktG), at present Lavena Holding 5 GmbH, of Munich, holds 56.5 percent of ProSiebenSat.1 Media AG. It directly holds 88.0 percent of the voting common stock.

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

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

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

### **1.3.4. Contest and game show regulations, call TV in Germany**

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

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

## **1.4 Economic and industry environment**

### **1.4.1 Overall economic environment**

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

Germany, with its export-oriented economy, felt the decrease in world trade especially acutely. There were particularly sharp drops in equipment spending and exports. Consumer spending, on the other hand, grew 0.4 percent in real terms, and thus made a positive contribution of 0.2



percentage points to economic growth. This was the consequence of not only economic packages that included such measures as a German “cash for clunkers” program, but also of a successful program for working shortened schedules. That program helped keep the increase in unemployment in 2009 to a comparatively moderate 155,000 persons, or an average of 3.42 million for the year. According to initial estimates by the Federal Statistical Office, real gross domestic product in Germany shrank five percent for 2009 as a whole. The German economy too showed a mild improvement over the course of the year. Where gross domestic product was down a substantial 3.5 percent in the first quarter against the previous quarter, the economy recovered somewhat in the next two quarters (Q2: +0.4 percent; Q3: +0.7 percent). At year’s end, growth was stagnant (Q4: +0.0 percent). Foreign trade ultimately provided some positive impetus, while capital expenditures and consumer spending receded.

#### **1.4.2 Development of the advertising market**

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

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

The decline in advertising investments also slowed in the Group’s international TV advertising markets. TV advertising investments for the year were especially down in the Nordic and Eastern European countries.

#### **1.4.3 Development of the audience market**

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

Complementary programming among the German stations enables the ProSiebenSat.1 Group to serve a wide variety of viewer interests. ProSiebenSat.1 relies on a “multi-station strategy” internationally as well. One goal of this strategy is to reach further target audiences by launching new stations, and thus make additional offers to advertising clients. Another part of this approach is to use programming assets efficiently and sharpen station profiles by coordinating programming schedules to fit target audiences. One good example here is Denmark, where station 6’eren,



founded in January 2009, is aimed at a male core target audience between the ages of 15 and 50. It supplements the Danish family of stations, where Kanal 5 targets the entire family and Kanal 4 focuses its appeal primarily on women. This strategy enabled the Danish stations to increase their audience share by 0.8 percentage points in 2009, to 15.3 percent. Audience shares also performed especially well during 2009 in the Netherlands (+0.2 percentage points to 27.3 percent) and Austria (+1.6 percentage points to 17.3 percent).

## II. Business Developments in 2009: Earnings, Financial Position, and Performance

### 2.1 Revenue and earnings performance

**Revenues** at ProSiebenSat.1 Media AG increased EUR 3.7 million in 2009, or 48.6 percent, to EUR 11.3 million. The revenue increase against 2008 came mainly from higher revenues from the sale of ancillary programming rights.

**Other operating income** showed a decrease of 16.9 percent against the prior year, to EUR 96.8 million. This EUR 19.7 million decrease was the result of declining internal revenues and lower income from currency hedges. A positive effect came from write-ups of treasury stock because of the higher market price of ProSiebenSat.1 share at December 31, 2009, compared to a year earlier.

**Operating expenses** increased EUR 8.9 million in 2009, or 4.8 percent, to EUR 196.0 million. The programming expenses included in this figure rose 48.9 percent, to EUR 36.2 million, especially because of higher transmission fees. Higher exceptional payments increased personnel expenses 15.4 percent, to EUR 48.8 million. By contrast, other operating expenses decreased EUR 8.8 million, or 7.6 percent, to EUR 106.8 million. A contribution here came from lower impairments of other assets and the take-over of film promotion costs by German Free TV Holding GmbH.

The **financial result** improved to EUR 96.6 million for 2009. For the previous year, ProSiebenSat.1 Media AG showed a financial result of minus EUR 827.7 million. The substantial improvement in this figure was attributed to several factors:

Capital investment income – meaning income from equity investments and from profit transfer agreements less expenses from loss absorption – rose from minus EUR 347.9 million in 2008 to plus EUR 282.5 million in 2009. One of the positive effects here came from a rise in profits transferred from the German family of stations, which grew EUR 71.1 million, to EUR 392.2 million (+22.1 percent). Expenses from loss absorption decreased substantially in 2009. At EUR 166.4 million, they were down EUR 558.2 million from the year before. As in the previous year, expenses from loss absorption were dominated by impairment charges taken on the ProSiebenSat.1 Group's international business activities. Write-downs of financial assets and marketable securities were down EUR 294.4 million from 2009, to EUR 20.0 million. Because of the difficult economic conditions in 2008, impairment losses of EUR 300.0 million were taken for companies in the German group of stations. For 2009, there were impairments of EUR 20.0 million due to lower revenue performance of the German call TV business.

Interest expenses decreased 2.1 percent, to EUR 180.7 million (previous year: EUR 184.5 million). Most of this decrease resulted from more favorable interest level.



Because of the better financial result in particular, **the income from ordinary business activities** rose a substantial EUR 899.4 million, to EUR 8.7 million (previous year: EUR -890.7 million). ProSiebenSat.1 Media AG showed a **net loss for the year** of EUR 56.1 million (previous year: EUR 933.4 million), after deducting income tax expenses of EUR 64.3 million (previous year: EUR 42.7 million) and other taxes.

## 2.2 Financial position and performance

### Borrowings

ProSiebenSat.1 Media AG's borrowings at December 31, 2009, were unchanged from the previous year at EUR 2,562.0 million. Of this amount, EUR 1,241.6 million is for Term Loan B, EUR 823.1 million is for Term Loan C, and EUR 497.2 million is for cash borrowings under the revolving credit facility. Risks from changes in variable interest rates are hedged by derivative financial instruments in the form of interest rate swaps. The hedging ratio at the level of ProSiebenSat.1 Media AG was 68 percent, as for the year before.

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

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

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

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

Including the utilization of bank guarantees totalling EUR 30.8 million, EUR 528.0 million of the revolving credit facility had been drawn at December 31, 2009. EUR 540.6 million of the facility (including bank guarantees of EUR 43.4 million) had been drawn at December 31, 2008. However, the cash of EUR 497.2 million that had been drawn under the revolving credit facility by the end of both 2008 and 2009 was more than offset by the ProSiebenSat.1 Group's cash and cash equivalents of EUR 737.4 million (December 31, 2009), respectively EUR 632.9 million (December 31, 2008). Cash funds at the level of ProSiebenSat.1 Media AG came to EUR 646.9 million (previous year: EUR 504.0 million).





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

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

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

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

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

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

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



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## **Liquidity and cash flow**

The cash on balance sheet of ProSiebenSat.1 Media AG is largely influenced by the liquidity position of the ProSiebenSat.1 Group. Cash management is managed centrally by ProSiebenSat.1 Media AG. Because of the implemented cash pooling system, Group-wide cash flows are largely concentrated on ProSiebenSat.1 Media AG as the parent company.

ProSiebenSat.1 Media AG acts as a purchasing agent for programming assets for all Group companies, especially the German stations. In 2009, EUR 342.2 million was spent on program purchases (previous year: EUR 309.8 million). Total future financial obligations from program purchasing agreements already entered into came to EUR 2,416.7 million at December 31, 2009 (previous year: EUR 1,520.9 million).

Cash used for investments in non-current assets at the level of ProSiebenSat.1 Media AG came to EUR 14.6 million for the year (previous year: EUR 12.2 million)

The following analysis of cash flow refers to the entire ProSiebenSat.1 Group, since the Group extensively affects the cash and cash equivalents of ProSiebenSat.1 Media AG.

### **Cash flow from operating activities**

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

### **Cash flow from investing activities**

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

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



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

### **Cash flow from financing activities**

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

### **Financial position and performance**

The **total assets** of ProSiebenSat.1 Media AG increased EUR 352.2 million against December 31, 2008, to EUR 7,273.1 million on December 31, 2009 (+5.1%).

**Non-current assets** decreased a total of EUR 9.6 million in 2009 against the prior year, to EUR 5,757.6 million (-0.2 percent). Interests in affiliated companies, which are reported under financial assets, decreased in this connection by EUR 18.8 million (-0.3 percent), to EUR 5,703.4 million. Most of the decrease came from an impairment charge due to lower revenues in the call TV business. By contrast, property, plant and equipment increased EUR 7.5 million, to EUR 35.2 million (+27.1 percent). This amount primarily comprises tenant installations at the location in Munich/Unterföhring.

**Current assets** increased EUR 367.4 million against December 31, 2008, to EUR 1,486.9 million (+32.8 percent). This was primarily the result of a EUR 202.5 million increase in receivables and other assets, to EUR 815.5 million (+33.0 percent), mainly as a consequence of the cutoff date for reporting. The principal reason here was larger receivables from affiliated companies, especially under profit and loss transfer agreements; this figure rose EUR 168.2 million against the previous year, to EUR 680.2 million. Because of larger advance payments for programming assets, other assets increased EUR 27.2 million, to EUR 121.9 million. Trade accounts receivable increased EUR 6.3 million, to EUR 12.2 million, as a consequence of the cutoff date. Additionally, cash funds grew EUR 142.9 million against a year earlier, to EUR 646.9 million (+28.4 percent). The treasury stock included under marketable securities increased in value by EUR 22.0 million because of the share buy-back and the higher share price at the reporting date, to EUR 24.5 million.

**Prepaid expenses** were down EUR 5.6 million at December 31, 2009, against the previous year, to EUR 28.6 million (-16.3 percent).

On the equity and liabilities side, **shareholders' equity** decreased EUR 58.2 million (-2.2 percent) against December 31, 2009, to EUR 2,643.2 million, because of the net loss for the year and the payment of the minimum dividend to preferred shareholders. The equity ratio decreased to 36.3 percent, compared to 39.0 percent on December 31, 2008.

**Provisions** for 2009 increased EUR 39.4 million against a year earlier, to EUR 133.8 million (+41.8 percent). Because of higher earnings of the stations, and thus also at ProSiebenSat.1 Media AG,



tax provisions increased EUR 30.4 million against December 31, 2008, to EUR 66.1 million (+85.2 percent). In addition, other provisions increased EUR 8.4 million, to EUR 59.9 million (+16.2 percent).

**Liabilities**, at EUR 4,496.1 million, were up EUR 371.0 million (+9.0 percent) at December 2009 against the previous year. Much of the increase resulted from higher liabilities to group companies. Higher liabilities due to cash pooling increased this figure EUR 300.7 million, to EUR 1,739.8 million (+20.9 percent). Trade accounts payable, at EUR 140.5 million, were up EUR 61.3 million against the previous year (+77.5 percent). The principal reason was higher liabilities for the acquisition of new licenses. Higher value-added tax liabilities caused other liabilities to increase EUR 10.8 million, to EUR 40.6 million (+36.4 percent). Liabilities to banks remained at the same level as the year before, at EUR 2,562.0 million (previous year: EUR 2,562.0 million).

### 2.3 Employees

In 2009 ProSiebenSat.1 Media AG had an average workforce of 397 persons, including 363 employees and 34 trainees, volunteers and interns. In the previous year ProSiebenSat.1 Media AG employed 415 persons (374 employees and 42 trainees, volunteers and interns).

### 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 Period

### Dan Marks becomes new Executive Board member for New Media

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

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

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



#### 4.1 Overall assessment of the Group's risk situation – Management's view

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

##### Chances in risk categories

Change from 2009 to 2008



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

#### 4.2 Opportunity management

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

#### 4.3 Risk management

**Risk management system.** ProSiebenSat.1 Media AG has developed a comprehensive risk management system for itself and its subsidiaries that is carefully tailored to the Group and based essentially on the principle of including every relevant line of business and subsidiary in the



process. A methodical approach, standardized detection, and Group-wide risk management are indispensable components of handling risk appropriately. These essential factors are ensured by way of consistent guidelines, internal organizational directives, and an unambiguous allocation of duties and areas of responsibility for risk management parameters. In simplified terms, the Group-wide risk management system can be characterized as follows:

- Decentralized risk managers at the various corporate units are responsible for detecting and reporting risks. The "Group Risk and Compliance Officer" is responsible for regular quarterly reporting to the Executive Board, as well as for any additional reports as required.
- The functioning and efficiency of the risk management system are regularly reviewed by the "Internal Audit" unit. These audits are based on the Risk Management Manual, which summarizes not only company-specific principles for risk management, but also the associated organization and procedures. Additionally, the risk management system is included in the audit of the annual financial statements.

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

- **Risk identification and risk classification:** Risk identification and classification is founded on risk management workshops that must be held at least once a year for each important subsidiary or division, at dates close to the planning process. The risks identified in the workshop are allocated to defined risk categories so as to permit a logical aggregation of individual risks. Risk identification is consequently subject to constantly changing conditions, in an ongoing updating process, and is incorporated in the quarterly risk reporting process.
- **Risk assessment:** Risk assessment evaluates the probability of risks and their potential impact on the ProSiebenSat.1 Group's operating business performance and strategic planning. Potential impact is generally assessed with an eye to how risks could affect the recurring EBITDA and the Group's liquidity or net debt. Risk assessment also includes analyzing causes and interactions with other risks. In addition to quantitative methods, some of which are based on early warning indicators, risks are also assessed using qualitative approaches. Mitigating factors and measures are taken into account in the assessment. Risks are not being offset with opportunities.
- **Risk management and risk monitoring:** Early warning indicators have been defined for all measurable and material categories of risk. These early warning indicators primarily cover the ProSiebenSat.1 Group's performance in terms of audience share and advertising market share, the profitability and appeal of the program inventory, human resources development, and the movements in liquidity or net debt. Reporting of relevant risks is guided by specific value thresholds set by the Executive Board. Responsible management initiates suitable measures to counter each identified risk that is deemed to need mitigation. These measures are documented and monitored as a part of the reporting system. The Executive Board discusses and decides on the necessary risk control measures, and reports to the Audit and Finance Committee of the Supervisory Board. When new opportunities or risks arise, or individual indicators change significantly, the Executive Board and Supervisory Board are notified at once, irrespective of the quarterly reporting intervals.



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

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

The internal controlling and risk management system in relation to the consolidated reporting process is intended to ensure that transactions are appropriately reflected in the financial statements of ProSiebenSat.1 Media AG, and that assets and liabilities are recognized, measured and presented appropriately. The scope and focus of the implemented systems were defined by the Executive Board to meet the specific needs of ProSiebenSat.1 Media AG. Nevertheless, even appropriate and properly functioning systems cannot offer any absolute assurance that all risks will be identified and controlled. The company-specific principles and procedures to ensure that the reporting is effective and correct are described below.

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

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

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

**Structural organization**

- The financial statement is prepared using standardized software.
- The financial systems employed are protected with appropriate access authorizations and controls (authorization concepts).
- The entire Group has a standardized chart of accounts, which must be followed in recording the various classes of transactions.

- Certain matters relevant to reporting (e.g., expert opinions for forming pension reserves, measurement of the stock option plan, impairment testing of intangible assets) are determined with the assistance of external experts.
- The principal functions of the reporting process - accounting and taxes, controlling, and finance and treasury - are clearly separated. Areas of responsibility are assigned without ambiguity.
- The departments and other units involved in the reporting process are adequately provided with resources in terms of both quantity and quality. Regular professional training sessions are held to ensure that financial statements are prepared at a consistent and reliable level of quality.
- An appropriate system of guidelines (e.g., accounting and reporting manual, intercompany transfer pricing guideline, purchasing guideline, travel expense guideline, etc.) has been set up and is updated to the extent necessary.
- The efficacy of the internal controlling system in regard to processes relevant to financial reporting is reviewed on a sample basis by the process independent Internal Audit unit.

**Process organization**

- There is a detailed calendar for the process of preparing the financial statement of ProSiebenSat.1 Media AG. It includes all important activities, milestones and responsibilities. All activities and milestones have specific deadlines.
- Essential reporting-related processes are subject to such controls as segregation of duties, the dual-control principle, procedures for approval and release, and plausibility testing.
- There is a clear allocation of duties in preparing the financial statement of ProSiebenSat.1 Media AG (e.g., reconciliation of intra-Group balances).
- Essential information included in the financial statement is subjected to extensive technical validations within the system to ensure that the data are complete and reliable.
- Risks relating to the single-entity and consolidated reporting process are continuously detected and monitored as part of the risk management process described in the risk report.



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#### 4.4 Risk situation: development of individual risks

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

##### External risks

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

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

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

##### Content risks

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

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

**In-house and commissioned productions.** The ongoing concentration of producers has resulted in an increasing price risk to the ProSiebenSat.1 Group. Additionally, because reference figures are





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

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

#### Technology risks

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

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

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

#### Sales risks

**Audience share/TV ratings.** Ratings of the free TV stations, and especially audience share among the key demographic target groups, are among the most important early warning indicators. A



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structural reduction in ratings might have financial consequences for ProSiebenSat.1. However, the Group continues to assess the likelihood of this risk as very slight.

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

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

#### Organizational and financial risks

**Outsourcing of IT and carve-out of ProSiebenSat.1 Berlin Produktion GmbH.** Under a long-term outsourcing agreement between the ProSiebenSat.1 Group and IBM, IBM took over and further developed all IT business applications and the IT and media systems of ProSiebenSat.1 Produktion. Over the next few years, it will set up a broadcast integration center and continue standardization of processes and business applications. The outsourcing has positioned ProSiebenSat.1 more efficiently and more flexibly in the European media and entertainment market. ProSiebenSat.1 incurs risks here, however, because of the resulting greater dependency on an external service partner. As another part of the portfolio optimization process, the Berlin operations of the Group’s subsidiary ProSiebenSat.1 Produktion GmbH were carved out into a separate legal entity and subsequently sold to fernsehwerft GmbH as of June 30, 2009. In its current form fernsehwerft Produktion GmbH, will remain a strategic partner in technology and production services for the Group’s companies N24 Gesellschaft für Nachrichten und Zeitgeschehen GmbH and MAZ & more TV-Produktion GmbH.

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

**Financial risks.** The ProSiebenSat.1 Group is exposed to a variety of financial risks through its business operations. These risks are managed centrally as a part of financial risk management. Apart from ensuring solvency, the aim of financial risk management is to optimize the Group’s



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

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

- **Finance risk.** By finance risk, the ProSiebenSat.1 Group refers to having adequate funding available and accessible, whether through equity or through borrowings. In this context, the ProSiebenSat.1 Group monitors the situation on money markets and capital markets. The availability of borrowings depends in part on compliance with particular requirements known as "financial covenants." As overall economic conditions begin to improve, the financial risk situation pressure of ProSiebenSat.1 Group with respect to compliance with financial covenants has not further increased. Compliance with these ratios is monitored on an ongoing basis, including prospective analyzes on the basis of business plans. Based on current budgets, the Company expects no violation of its financial covenants. Further information about financial covenants is provided in the section on debt financing on page 74. The Group currently has a syndicated facilities agreement for just under EUR 4.2 billion that extends to mid-2014/15, so that it currently has no refinancing needs. At present the syndicated facility comprises two term loans totaling EUR 3.571 billion (Term Loan B and C), as well as a revolving credit facility with a facility amount of EUR 600.0 million, which can be drawn on a revolving basis for general corporate purposes.
- **Currency risks:** The ProSiebenSat.1 Group's foreign currency risks from transactions (transaction risks) arise primarily from the fact that it acquires a significant portion of its programming rights from production studios in the United States. As a consequence the Group is exposed to risks from fluctuations in the exchange rate between the euro and the US dollar, but also fluctuations in non-euro Group currencies against the dollar. To hedge currency risks, the Group enters into currency forwards, currency options and spot exchange deals.

As of December 31, 2009, ProSiebenSat.1 Media AG had currency forwards totaling a nominal value of USD 778.6 million (previous year: USD 938.1 million) in its portfolio. As of the same date, it had options for the purchase of dollars covering a total nominal value of USD 129.0 million (previous year: USD 38.5 million). As the purchaser of a currency option, ProSiebenSat. 1 Media AG has the right, but not the obligation, to buy U.S. dollars for euros in return for paying an option premium. As with a forward, in a currency option the total nominal value, exchange rate and maturity date are also defined at the time the contract is made.



The license payments on hedged US-Dollar-denominated license agreements, together with the associated hedging instruments, are subsumed and managed in what are known as “hedge books.” As of December 31, 2009, there were 13 (previous year: 15) hedge books covering a total of USD 1,156 million (previous year: USD 1,151 million) in pending license payments.

The average hedge ratio varies between the defined hedge books and is on average 67 percent. A separate hedging strategy is developed for each portfolio on the basis of current market assessments and the overall risk position. The hedge books are constantly monitored under a system of limits, and any applicable open positions are closed to stop potential losses or take advantage of a favorable change in exchange rates.

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

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

- **Interest rate risks:** The ProSiebenSat.1 Group is exposed to an interest rate risk through its credit facilities. To mitigate that risk, ProSiebenSat.1 has hedged about 78 percent of its variable-interest financial liabilities through interest rate hedges. These interest rate hedges are used to compensate for uncertain, variable-rate interest payments on borrowings by replacing those payments with fixed-rate interest payments. Known as “interest rate swaps,” they qualify as cash flow hedges that are covered by hedge accounting under IAS 39.88. The remaining variable interest rate risk results not only from the unhedged portion of the term loans, but also from any drawings the Group may take on its revolving credit facility. As of December 31, 2009, EUR 497.2 million had been drawn from this facility. An interest rate risk in the meaning of a change in market value is of no relevance, since ProSiebenSat.1 Media AG’s financial liabilities are reported at cost, and thus any change in market value will have no effect on the statement of financial position.
- **Liquidity risks:** Liquidity risk – meaning the risk of being unable to meet payment obligations because of a shortage of available cash funds – is managed through a central cash management system. The most important early warning indicator in this connection is the expected free liquidity headroom, which is calculated on the basis of available cash and projections, taking the seasonal nature of the business into account. The management of ProSiebenSat.1 Media AG rates the Group’s liquidity as good, and assumes that the liquidity headroom will remain sufficient in the coming years.
- **Counterparty risks:** The ProSiebenSat.1 Group, as a European media corporation that operates in multiple relationships with international partners in the financial industry, must rely on fully functional markets for money, capital and derivatives. However, the international financial crisis has lent new importance to monitoring counterparty risks. To mitigate the risk of default on transactions involving financial instruments, the Group



engages in finance and treasury transactions only if the external counterparties meet the strict credit standing requirements established in the counterparty guidelines. Furthermore, the risk of concentration is mitigated by diversifying finance and treasury transactions among multiple qualified counterparties.

### Compliance risks

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

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

### Media law / Broadcasting licenses

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

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

- **Regulatory risks.** The ProSiebenSat.1 Group is particularly exposed to risks connected with more stringent regulatory requirements, for example regarding advertising, forms of advertising, broadcasting licenses and games. Any unforeseen changes in legal and



regulatory conditions might have a material impact on some of our business activities. The ProSiebenSat.1 Group actively monitors all relevant developments, and maintains constant contact with the regulatory authorities to ensure that its interests are given the best possible consideration.

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

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

#### **Other risks**

- **Rights of use in new media.** The ProSiebenSat.1 Group is currently in negotiations with various copyright holders about the use of their rights on the Group's platforms, especially in new media (online). The negotiations primarily concern the rights of (online) use for music held by various rights licensing companies. The fragmentation of rights of use is making it increasingly difficult to reach consensus with all involved, and is thus impeding a practical, quick solution to the matter. This situation could adversely affect the development of the new media business.
- **Tax risks.** The investigative proceedings brought against certain individuals by Munich Public Prosecutor's Office I were terminated in the follow-up of the completed antitrust case in 2007 in the fourth quarter of 2009 with no imposition of sanctions or fines on either the individuals concerned or the Company. Consequently we believe that the abstract income tax risk associated with the investigative proceedings has also changed for the better. However, residual risk still remains that certain past operating expenses might be retroactively declared non-deductible for tax purposes.

## **V. Outlook**

Because of ProSiebenSat.1 Media AG's function as a holding company, its operations planning is closely tied to the planning for the ProSiebenSat.1 Group. This planning is 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.



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## 5.1 Overall assessment of the Group's prospective performance – Management's view

General economic conditions are likely to recover slightly in 2010. But forecasts for the future development of the advertising market remain uncertain, and visibility on the whole is low. To ensure that we can grow profitably once again even in a difficult market environment, the ProSiebenSat.1 Group will continue to apply firm cost management. The ProSiebenSat.1 Group proved in 2009 that it can also work creatively and intelligently with limited resources – and that we are competitive even in challenging advertising markets. The ProSiebenSat.1 Group has introduced initiatives in many parts of the Group to tap new revenue sources. The same kind of approach will be maintained for 2010.

## 5.2 Future environment

### Future economic and industry environment

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

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

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

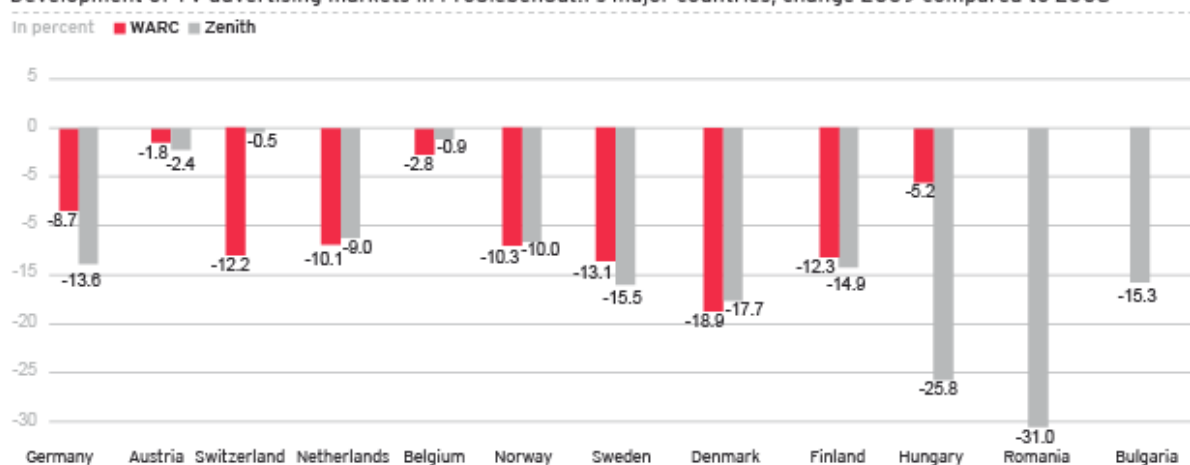
**Anticipated developments in the advertising market.** The future performance of the advertising market will be closely tied to the general economy. Consumer attitudes in particular provide important hints; after all, consumers are the primary audience for advertising messages.

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



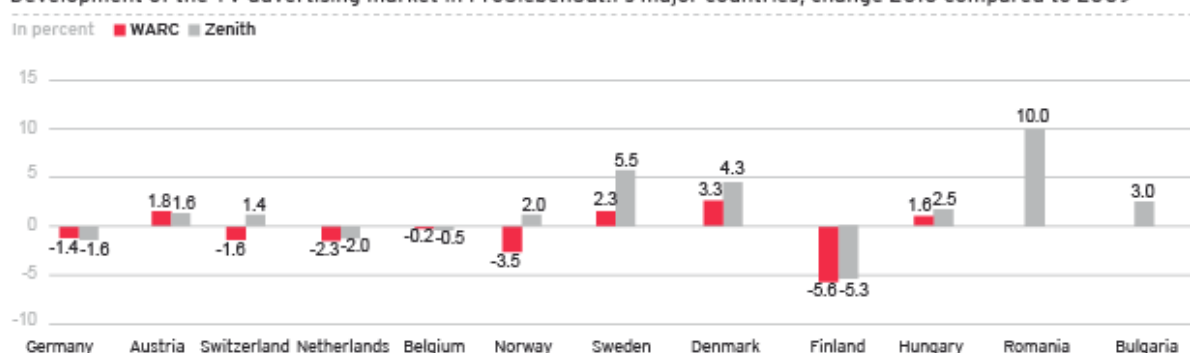
Projections for 2010 are also negative for some of the other markets where the ProSiebenSat.1 Group operates. In the Netherlands, ZenithOptimedia projects minus 2.0 percent and WARC projects minus 2.3 percent. But the net TV advertising markets in Sweden and Hungary are expected to perform significantly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

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



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

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



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

### 5.3 Opportunities specific to the industry

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

**Media use.** Among German advertisers' key demographic between the ages of 14 and 49, viewing time increased by four minutes in 2009, to a total of 182 minutes per day (2008: 178 minutes). Television use in 2009 also remained stable at a high level among young viewers between 14 and 29, at 136 minutes per day. The example of Germany shows that there has been no interruption in





TV's ever-growing appeal to viewers as a medium. At the same time, TV and its content remain important to the young media generation even on the Internet. 60 percent of online video users between the ages of 14 and 29 have used video content that they already knew from TV. 78 percent of online video users between 14 and 29 consider Internet videos something for "in between" – they would still rather watch full-length shows on the TV. 48 percent of this target audience usually take advantage of the chance to watch TV online as a kind of supplement – for example, if they have missed an episode of a series or want to re-watch the best scenes from a show. Accordingly, the Internet is by no means taking away from television. The two media are not cannibalizing one another – they complement each other.

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

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

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

#### **5.4 Opportunities in the legal and media policy environment**

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

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



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## 5.5 Opportunities for performance and strategy

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

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

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

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



return we participate in the value added that has jointly been created, by receiving a share of revenues or a stake in the company.

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

### 5.6 Company outlook

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

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



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

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

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

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

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

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



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



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**Annual Financial Statements of ProSiebenSat.1 Media AG**



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**Balance Sheet of ProSiebenSat.1 Media AG**

# ProSiebenSat.1 Media Aktiengesellschaft, Unterföhring

## Balance sheet as of December 31, 2009

### Assets

	12/31/2009		12/31/2008	
	EUR	EUR	EUR	EUR
<b>A. Non-current assets</b>				
<b>I. Intangible assets</b>				
1. Licenses, trademarks and patents as well as licenses to such assets and rights	815.128,00		846.957,00	
2. Advances paid on intangible assets	390.965,99	1.206.093,99	186.248,00	1.033.205,00
<b>II. Property, plant and equipment</b>				
1. Buildings on land owned by others	32.015.803,51		26.054.803,51	
2. Other equipment, fixtures, furniture and equipment	3.177.283,00		1.241.653,00	
3. Advances paid on tangible assets under construction	23.524,80	35.216.611,31	408.219,48	27.704.675,99
<b>III. Financial assets</b>				
1. Interests in group companies	5.703.428.058,92		5.722.207.558,92	
2. Interests in associated companies	196.771,80		199.839,55	
3. Long-term investments	6.875.561,75		6.058.888,94	
4. Other loans	10.630.012,77	5.721.130.405,24	9.900.899,97	5.738.367.187,38
		5.757.553.110,54		5.767.105.068,37
<b>B. Current assets</b>				
<b>I. Inventories</b>				
1. Raw materials and supplies	0,00		34.459,30	
2. Trade materials	0,00	0,00	1.840,05	36.299,35
<b>II. Receivables and other current assets</b>				
1. Trade accounts receivable	12.215.026,29		5.953.262,55	
2. Receivables from group companies	680.165.813,33		511.922.090,62	
3. Receivables from companies in which equity investments are held	1.237.046,90		414.673,70	
4. Other assets	121.871.323,27	815.489.209,79	94.712.545,54	613.002.572,41
<b>III. Marketable Securities</b>				
Treasury stock		24.527.566,42		2.536.875,00
<b>IV. Cash, cash at banks</b>		646.926.452,29		503.996.599,65
		1.486.943.228,50		1.119.572.346,41
<b>C. Prepaid expenses and deferred items</b>		28.630.090,16		34.206.934,85
		7.273.126.429,20		6.920.884.349,63



## Liabilities and shareholders' equity

	12/31/2009	12/31/2008
	EUR	EUR
<b>A. Shareholders' equity</b>		
<b>I. Subscribed capital</b>	218.797.200,00	218.797.200,00
<b>II. Capital reserves</b>	580.187.621,96	580.187.621,96
<b>III. Revenue reserves</b>		
Reserve for treasury stock	24.527.566,42	2.536.875,00
<b>IV. Distributable profit</b>	1.819.708.435,28	1.899.900.657,51
	<b>2.643.220.823,66</b>	<b>2.701.422.354,47</b>
<b>B. Provisions</b>		
1. Pension provisions and similar obligations	7.756.200,00	7.123.900,00
2. Tax provisions	66.106.100,00	35.698.473,83
3. Other provisions	59.914.000,00	51.549.700,00
	<b>133.776.300,00</b>	<b>94.372.073,83</b>
<b>C. Liabilities</b>		
1. Liabilities to banks		
a. Borrowings	2.561.957.875,84	2.561.957.838,98
b. Interest liabilities	13.258.897,32	14.887.359,62
2. Deposits received	0,00	231.795,92
3. Trade accounts payable	140.540.463,50	79.198.140,12
4. Liabilities to group companies	1.739.776.524,08	1.439.083.806,81
5. Other liabilities	40.563.044,80	29.730.979,88
--thereof for taxes EUR 36.865.828,44 (prior year EUR 26,445,823.61 )--		
--thereof for social security EUR 264.00 (prior year EUR 3.957.75)--		
	<b>4.496.096.805,54</b>	<b>4.125.089.921,33</b>
<b>D. Deferred income</b>	32.500,00	0,00
	<b>7.273.126.429,20</b>	<b>6.920.884.349,63</b>



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**Income Statement of ProSiebenSat.1 Media AG**

# ProSiebenSat.1 Media Aktiengesellschaft, Unterföhring

## Income statement for the period from January 1 to December 31, 2009

	2009		2008	
	EUR	EUR	EUR	EUR
1. Revenues		11.323.012,41		7.621.242,12
2. Other operating income		96.775.316,84		116.462.851,00
3. Programming expenses				
a) Cost of licenses, transmission fees and materials	35.861.792,33		23.331.427,79	
b) Cost of purchased services	343.186,96	36.204.979,29	990.224,26	24.321.652,05
4. Personnel expenses				
a) Wages and salaries	44.769.233,34		37.452.954,11	
b) Social security contributions and expenses for pensions and other employee benefits --of which of respect of old-age pensions EUR 557,574.00 (prior year EUR 1,435,815.01)--	4.073.750,28	48.842.983,62	4.882.997,55	42.335.951,66
5. Amortization and depreciation of intangible assets and property, plant and equipment		4.128.441,59		4.835.081,32
6. Other operating expenses		106.782.356,09		115.566.151,37
7. Income from equity investments --of which from subsidiaries EUR 654,271.86 (prior year EUR 455,607.09)--		654.271,86		455.607,09
8. Income from profit transfer agreements		448.254.235,08		376.292.028,94
9. Income from loans of financial assets		817,06		35.732,81
10. Other interest and similar income --of which from subsidiaries EUR 10,477,672.32 (prior year EUR 9,138,586.52)--		14.757.561,08		19.082.944,61
11. Write-down of financial assets and marketable securities		20.000.000,00		314.383.622,22
12. Expenses from loss absorption		166.432.803,15		724.666.967,66
13. Interest and similar expenses --of which to subsidiaries EUR 21,609,499.87 (prior year EUR 17,413,418.08)--		180.651.060,13		184.521.171,01
14. Income from ordinary business activities		8.722.590,46		-890.680.190,72
18. Income taxes		64.266.291,15		42.705.096,08
19. Other taxes		582.608,12		20.828,00
20. Loss for the year		-56.126.308,81		-933.406.114,80
21. Profit brought forward from the prior year		1.897.825.435,51		2.835.843.647,31
22. Allocation to the reserve for own shares		21.990.691,42		2.536.875,00
23. Distributable profit		1.819.708.435,28		1.899.900.657,51



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**Notes to the Financial Statements of ProSiebenSat.1 Media AG**

# **ProSiebenSat.1 Media AG, Unterföhring**

## **Notes to the Financial Statements for Fiscal 2009**

### **Basis and Methodology**

The annual 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.

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

### **Accounting Policies**

Intangible assets acquired for consideration are capitalized at cost and are amortized on a straight-line basis over no more than ten years. Unscheduled write-downs are taken if a permanent impairment of value can be expected.

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

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

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

Receivables and other assets are measured at their nominal amount or, if applicable, at cost or at their lower market 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.

Trade accounts receivable from and payable to associated entities, as well as the cash pooling of subsidiaries, are netted out because of their like nature and like maturities, and the total is recognized accordingly as a receivable or liability. The netting does not include loans to and from ProSiebenSat.1 Group companies, or receivables or liabilities resulting from profit and loss transfer agreements.

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. Write-ups to the acquisition cost are taken in compliance with the rules on recovery of value.

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

Pension provisions are measured using the entry-age normal method under Sec. 6a of the German Income Tax Act. They are calculated on the basis of biometric data from the 2005 G guideline tables prepared by Prof. Dr. Klaus Heubeck, using an interest rate of 6 percent.

Tax provisions and other provisions are recognized in the amount deemed necessary according to a reasonable commercial assessment. Provisions with an interest component are discounted.

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

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

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

### **Intangible Assets and Property, Plant and Equipment**

No unscheduled amortization of intangible assets or unscheduled depreciation of property, plant and equipment was recognized during the year (previous year: EUR 1,246 thousand).

### **Financial Investments**

The affiliated companies of ProSiebenSat.1 Media AG are listed at the end of these Notes.

Additions to investments in affiliates resulted from the acquisition of further stakes in Producers at work GmbH, of Potsdam.

Because of a lower fair value, unscheduled write-downs of EUR 20,000 thousand were recognized under interests in affiliated companies for fiscal 2009, for the carrying amount of the Company's ownership interest in 9Live Fernsehen GmbH, of Unterföhring. The previous year's unscheduled write-downs because of lower fair values came to EUR 300,000 thousand.

Non-current securities include shares of investment funds that serve to cover pension obligations, and that are pledged for the benefit of the members of the Executive Board.

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



## Receivables and Other Current Assets

	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	12,215	0	12,215	5,953
Receivables from affiliated companies	680,166	0	680,166	511,922
Receivables from entities in which the Company holds interests of 20% or more	1,237	0	1,237	415
Other assets	100,809	21,062	121,871	94,713
<b>Total</b>	<b>794,427</b>	<b>21,062</b>	<b>815,489</b>	<b>613,003</b>

Receivables from affiliated companies particularly comprise receivables under profit and loss transfer agreements (EUR 449,698 thousand; previous year: EUR 376,292 thousand), short-term loan receivables (EUR 78,675 thousand; previous year: EUR 74,025 thousand), cash pooling receivables (EUR 98,338 thousand; previous year: EUR 3,239 thousand), and receivables from internal transactions (EUR 53,455 thousand; previous year: EUR 58,366 thousand).

The other current assets primarily comprise advance payments made on licenses, together with tax receivables.

## Treasury Shares

On June 10, 2008, the shareholders' meeting authorized the Company to acquire its own common and/or preferred stock on or before December 9, 2009, for a total notional amount of up to 10 percent of the Company's share capital at the time of the authorization. The repurchased stock is intended primarily to service stock options under the stock option plan.

During the period, the Company acquired a total of 4,900,000 preferred shares at an average price of EUR 3.14 per share. Thus with the preferred shares already acquired as treas-

ury stock in 2008 at an average price of EUR 13.40 per share, ProSiebenSat.1 Media AG held a total of 6,027,500 shares of its own preferred stock at December 31, 2009, equivalent to 2.75 percent of the share capital.

Because of the performance of the price of ProSiebenSat.1 stock, the write-down of EUR 12,569 thousand taken in the previous year on the price at the reporting date was partially reversed (EUR 6,551 thousand).

### Expenses Paid in Advance

This item primarily comprises bank fees from the financing taken out for the acquisition of the SBS Broadcasting Group, which are amortized over the life of the loans.

### Shareholders' Equity

#### Changes in Equity in Fiscal 2009

	Subscribed capital		Capital reserves	Reserve for treasury stock	Distributable profit	Total equity
	Common stock	Preferred stock				
	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k
December 31, 2008	109,398.6	109,398.6	580,187.6	2,536.9	1,899,900.7	2,701,422.4
Dividends paid	-	-	-	-	-2,075.3	-2,075.3
Loss for the year	-	-	-	-	-56,126.3	-56,126.3
Allocation to reserve for treasury stock	-	-	-	21,990.7	-21,990.7	0.0
December 31, 2009	109,398.6	109,398.6	580,187.6	24,527.6	1,819,708.4	2,643,220.8

#### *Subscribed capital*

The subscribed capital of ProSiebenSat.1 Media AG, which amounts to EUR 218,797 thousand, comprises 109,398,600 registered shares of common stock with a par value of 1 euro, and 109,398,600 nonvoting bearer shares of preferred stock, with a par value of 1

euro. The preferred shares carry the right to an advance distribution (additional dividend) of EUR 0.02 per share.

In fiscal 2009, ProSiebenSat.1 Media AG acquired in addition 4,900,000 shares of preferred stock at an average price of EUR 3.14 per share. Thus at December 31, 2009, ProSiebenSat.1 Media AG itself held 6,027,500 shares of the total of 218,797,200 of its shares outstanding.

#### *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*

In accordance with Sec. 272 (4) of the German Commercial Code, a reserve for treasury stock of EUR 24,538 thousand (previous year: EUR 2,537 thousand) has been recognized in equity. The increase in the reserve resulted from the acquisition of further treasury stock and from the measurement of the stock portfolio at the reporting date. 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 adopted at the shareholders' meeting on June 4, 2009, a dividend of EUR 2,075 thousand was paid out to holders of preferred stock, out of ProSiebenSat.1 Media AG's 2008 distributable profit of EUR 1,899,901 thousand. This figure represents a payout of EUR 0.02 per share of preferred stock.

The Executive Board of ProSiebenSat.1 Media AG will propose that the distribute profit of EUR 1,819,708 thousand for fiscal 2009 should be allocated as follows:

Distribution of a dividend of EUR 0.02

per bearer share of preferred stock	EUR	2,067,422.00
Balance to be carried forward to the next accounting period	<u>EUR</u>	<u>1,817,641,013.28</u>
Distributable profit	EUR	1,819,708,435.28

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*

The authorization of the Executive Board to increase the share capital (Authorized Capital) under Article 4 (4) of the Company's articles of incorporation expired on May 6, 2009. The shareholders' meeting on June 4, 2009, approved a new Authorized Capital, together with an authorization to exclude preemptive rights, with a corresponding amendment of Article 4 (amount and division of share capital) of the articles of incorporation. Subject to the consent of the Supervisory Board, the Executive Board is now authorized to increase the Company's share capital on one or more occasions on or before June 3, 2014, by not more than EUR 109,398,600, in return for contributions in cash and/or in kind, by issuing new no-par shares of stock.

### *Conditional capital*

The shareholders' meeting of June 4, 2009, approved a conditional increase of the share capital by a total of not more than EUR 109,398,600, by the issuing of not more than 109,398,600 registered shares of common stock or bearer shares of preferred stock. The conditional capital increase will serve to grant stock to holders of, or creditors under, convertible bonds and/or warrant-linked bonds, which the Company was also authorized to issue by the shareholders' meeting of the same date.

### *Stock option plan*

As of December 31, 2009, ProSiebenSat.1 Media AG had two stock option plans. The 2005 Long-Term Incentive Plan (LTIP 2005) was introduced by consent of the shareholders' meeting of May 13, 2005, and the 2008 Long-Term Incentive Plan (LTIP 2008) was introduced by consent of the shareholders' meeting of June 10, 2008. Each stock option carries the right to purchase one preferred share of ProSiebenSat.1 Media AG stock in return for payment of a "strike price."

As of December 31, 2009, a total of 1,127,500 stock options were still outstanding under LTIP 2005, all of which had been issued in 2006 (the 2006 Cycle). No further options will be issued under LTIP 2005. The options issued in 2005 were called in by the Company in 2007 by paying out the cash value of the option.

LTIP 2008 covers the issue of up to another 4,900,000 options. If issued options expire unexercised, the number of stock options increases by the number of expired unexercised options. Totals of 1,399,250 options were issued in 2008 (the 2008 Cycle) and 2,997,500

options in 2009 (the 2009 Cycle). Thus a total of 4,396,750 stock options had been issued under LTIP 2008 up to December 31, 2009.

The following table provides information about the ProSiebenSat.1 Media AG stock option plan:

<b>Stock Option Plan</b>			
	<b>LTIP 2005</b>	<b>LTIP 2008</b>	<b>LTIP 2008</b>
	<b>Cycle 2006</b>	<b>Cycle 2008</b>	<b>Cycle 2009</b>
01/01/09	1,127,500	1,941,250	- / -
Options granted in 2009	- / -	- / -	2,997,500
Options exercised in 2009	- / -	- / -	- / -
Options expired or forfeited in 2009	- / -	542,000	- / -
<b>12/31/2009</b>	<b>1,127,500</b>	<b>1,399,250</b>	<b>2,997,500</b>
Thereof: eligible for exercise on 12/31/2009	1,127,500	n.y.e.**	n.y.e.**
Exercise price in EUR	13.99	16.00	1.58
Absolute exercise hurdle in EUR	18.19	22.40	2.05
Maximum exercise gain in EUR	27.98	32.00	20.00
End of vesting period *	August 2, 2008	December 31, 2008	December 31, 2009
End of exercise period	December 31, 2011	December 31, 2014	December 31, 2015

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

\*\* not yet exercisable

## Provisions

	<b>12/31/09</b>	<b>12/31/08</b>
	<b>EUR k</b>	<b>EUR k</b>
Provisions for pensions and similar obligations	<b>7,756</b>	7,124
Tax provisions	<b>66,106</b>	35,698
Interest on tax liabilities	<b>18,445</b>	16,336
Provision for onerous contracts	<b>10,748</b>	2,524
Provisions for outstanding invoices	<b>9,590</b>	15,834
Provisions for partial retirement, severance and one-time payments	<b>7,156</b>	6,800
Other miscellaneous provisions	<b>13,975</b>	10,526
<b>Total</b>	<b>133,776</b>	94,372

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

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

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

The other miscellaneous provisions are essentially provisions for the stock option plan and vacation provisions.

	Remaining term			Total 12/31/09	Total 12/31/0
	1 year or less	1 to 5 years	over 5 years		
	EUR k	EUR k	EUR k	EUR k	EUR k
Liabilities to banks					
a) Borrowings	497,240	1,241,625	823,093	2,561,958	2,561,958
b) Interest liabilities	13,259	0	0	13,259	14,887
Advance payments received	0	0	0	0	232
Trade accounts payable	140,540	0	0	140,540	79,198
Liabilities to affiliated companies	1,739,777	0	0	1,739,777	1,439,084
Miscellaneous liabilities	40,536	0	0	40,563	29,731
<b>Total</b>	<b>2,431,379</b>	<b>1,241,625</b>	<b>823,093</b>	<b>4,496,097</b>	<b>4,125,090</b>

The loan liabilities shown under liabilities to banks include various term loans with terms to July 3, 2014 (EUR 1,241,625 thousand) and July 3, 2015 (EUR 823,093 thousand), as well as a revolving credit facility with a term to July 3, 2014 (EUR 497,240 thousand) and a ceiling of EUR 600 million, which can be drawn variably. The loans were granted by an international banking syndicate and institutional investors. A portion of the loans can also be drawn in currencies other than the euro. At December 31, 2009, all loans had been drawn in euros. Under the loan agreement, the Company has pledged as security its ownership interests in various subsidiaries categorized as significant.

Liabilities to affiliated companies particularly include cash pooling liabilities (EUR 1,616,466 thousand; previous year: EUR 453,104 thousand), which because of their like nature and

like maturities are netted against receivables from internal transactions (EUR 43,122 thousand; previous year: EUR 9,506 thousand), as well as liabilities under profit and lost transfer agreements (EUR 166,433 thousand; previous year: EUR 724,667 thousand). The previous-year liabilities to affiliated companies also include loan liabilities of EUR 270,819 thousand.

### Contingent Liabilities

	12/31/09	12/31/08
	EUR k	EUR k
Contingent liabilities from guarantees (amounts due to affiliated companies)	415 (0)	5,885 (1,348)
Liability for provision of collateral for outside liabilities	1,505,896	1,490,020

The liability for providing 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	Remaining term 2 to 5years	Remaining term over 5 years	Total
	EUR k	EUR k	EUR k	EUR k
Programming assets (amounts due to affiliated companies)	394,503 (0)	1,534,159 (0)	488,027 (0)	2,416,689 (0)
Use fees (amounts due to affiliated companies)	25,842 (0)	121,345 (0)	86,784 (0)	233,971 (0)
Leasing and rental commitments (amounts due to affiliated companies)	15,855 (0)	57,042 (0)	72,241 (0)	145,138 (0)
Other liabilities (amounts due to affiliated companies)	8,375 (0)	13,219 (0)	5 (0)	21,599 (0)
<b>Total</b>	<b>444,575</b>	<b>1,725,765</b>	<b>647,057</b>	<b>2,817,397</b>



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

Leasing and rental commitments particularly include building leases for office and editorial space at the Unterföhring and Berlin sites. The principal contracts for the Unterföhring site expire between 2012 and 2023. The contracts for the Berlin site expire in 2018. All leases are on arm's-length terms.

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

## Notes to the Income Statement

### Revenues

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

The income relating to other periods that is included under other operating income, in the amount of EUR 14,674 thousand (previous year: EUR 6,723 thousand) particularly comprises income from the reversal of provisions (EUR 7,209 thousand; previous year: EUR 6,314 thousand) and write-ups on treasury stock (6,551 thousand; previous year: EUR 0 thousand).

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

### Programming and Material Costs

	2009 EUR k	2008 EUR k
Licenses, transmission fees and materials	35,862	23,332
Purchased services	343	990
<b>Total</b>	<b>36,205</b>	<b>24,322</b>

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

### **Personnel Expenses**

The increase in personnel expenses is essentially the result of higher severance expenses and of allocations to provisions for the stock option plan.

### **Other Operating Expenses**

In addition to expenses relating to other periods of EUR 44 thousand (previous year: EUR 1,128 thousand), the other operating expenses particularly include charges passed on by Group companies, legal and consulting fees, and rent and other office expenses.

### **Expenses Due to Transfers of Losses**

Expenses due to transfers of losses came to EUR 166,433 thousand, compared to EUR 724,667 thousand for the previous year. In 2009, write-downs on the carrying amount of investment interests, due to lower fair values, at P7S1 Erste SBS Holding and P7S1 Zweite SBS Holding, both of Unterföhring, particularly resulted in losses totaling EUR 165,395 thousand (previous year: EUR 695,016 thousand) that were assumed by ProSiebenSat.1 Media AG under profit and loss transfer agreements.

### **Interest and Similar Expenses**

Interest and similar expenses include interest on an allocation of EUR 397 thousand to pension provisions (previous year: EUR 274 thousand).

### **Income Taxes**

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

## Other Information

### Average Number of Employees during the Year

	2009	2008
Employees	363	374
Trainees, volunteers and interns	34	42
<b>Total</b>	<b>397</b>	<b>415</b>

### **Professional Fees of the Independent Auditor**

The information required under Sec. 285 No. 17 of the German Commercial Code, regarding the total fees charged by our independent auditor, KPMG AG Wirtschaftsprüfungsgesellschaft, in fiscal 2009 is provided in the consolidated financial statements of ProSiebenSat.1 Media AG.

### **Derivative Financial Instruments**

Because of existing underlying transactions and planned transactions, ProSiebenSat.1 Media AG is exposed to risks from changes in interest rates and foreign exchange rates. These risks are hedged with derivative financial transactions in the form of interest swaps, currency forwards, and currency options. ProSiebenSat.1 Media AG does not use derivative financial instruments for trading or speculative purposes.

The fair values of currency forwards and interest swaps are determined using a discounted cash flow method. Fair values for currency options are measured using the Black and Scholes option pricing formula.

The nominal and market values of derivative financial instruments held by ProSiebenSat.1 Media AG at December 31, 2009, are shown below:

	Year of maturity			Nominal amount	Market value
	2010	2011-2014	2015 and after	as of 12/31/2009	as of 12/31/2009
	USD k	USD k	USD k	USD k	EUR k
Currency forwards	265,728	439,370	0	705,098	-8,029
Currency options	54,000	75,000	0	129,000	3,797
	EUR k	EUR k	EUR k	EUR k	EUR k
Interest swaps	0	1,750,000	0	1,750,000	-156,433

The following items on the balance sheet include derivative financial instruments that are reportable under the German Commercial Code, at the indicated carrying amounts:

In EUR k	Other assets		Other liabilities		Other provisions	
	12/31/09	12/31/08	12/31/09	12/31/08	12/31/09	12/31/08
Currency forwards	801	1,045	1,649	1,033	1,094	2,524
Currency options	3,751	1,888	0	0	0	0
Interest swaps	0	0	7,177	966	0	0
<b>Total</b>	<b>4,552</b>	<b>2,933</b>	<b>8,826</b>	<b>1,999</b>	<b>1,094</b>	<b>2,524</b>

### Executive Board and Supervisory Board

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

In addition to their functions as directors and officers of the Company, the members of the Executive Board of ProSiebenSat.1 Media AG also have contractual relationships with the

Company. The Supervisory Board is responsible for making the employment agreements with the members of the Executive Board. The employment agreements between ProSiebenSat.1 Media AG and the members of its Executive Board have a maximum term of five years. These contracts establish the Board members' rights and duties, including their compensation.

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

- Under their employment contracts, all Executive Board members receive a fixed base salary, paid monthly, that is determined with reference to the individual member's area of responsibilities.
- In addition to this base component, each member also receives a performance-based variable component in the form of an annual bonus. The specific terms of this annual bonus are uniform among the contracts of the individual board members. One portion of the bonus is decided by the Supervisory Board, and depends on the achievement of predefined performance targets composed of Group EBITDA, the Group net debt, and personal goals.
- Additionally, the members of the Executive Board also participate in a ProSiebenSat.1 Media AG stock option plan (the Long-Term Incentive Plan, or LTIP), which was first introduced in 2005 and was most recently renewed in 2009. With this stock option plan the Company has created an additional compensation component, focused on the Company's long-term success, so as to cultivate shareholder value. Each option under the LTIP entitles the holder to acquire one share of ProSiebenSat.1 preferred stock if the exercise conditions are met (in particular, the expiration of the vesting period and the achievement of performance targets). As of December 31, 2009, the members of the Executive Board held 149,500 stock options issued in 2006, 405,000 options issued in 2008, and 1,205,000 options issued in 2009. No stock options were exercised in 2009. The vesting period for the stock options issued in 2006 ended in August 2008. The stock options issued in 2008 cannot be exercised until July 2010 at the

earliest, and the options issued in 2009 cannot be exercised until July 2011 at the earliest.

- Furthermore, the Company has signed pension agreements with all members of the Executive Board, under which those members are entitled to payment of a retirement pension if they reach age 60 and leave the Company's employ after the contractual vesting period has elapsed.
- Finally, the members of the Executive Board receive other compensation in the form of non-cash benefits, including company cars, insurance coverage, and coverage of relocation expenses if they must relocate.

ProSiebenSat.1 Media AG has extended neither loans nor guaranties or warranties to the members of the Executive Board.

Compensation paid to active members of the Executive Board of ProSiebenSat.1 Media AG came to EUR 5.7 million in 2009 (previous year: EUR 6.9 million). These figures include both a variable component of EUR 2.2 million (previous year: EUR 2.8 million) and benefits of EUR 0.1 million (previous year: EUR 0.1 million).

Executive Board members who left the Company during fiscal 2009 received EUR 4.8 million in compensation after their departure (previous year: EUR 2.0 million).

ProSiebenSat.1 Media AG set aside pension provisions totaling EUR 0.5 million (previous year: EUR 1.2 million) for pension commitments to members of the Executive Board who were in office at December 31, 2009. A total of EUR 7.5 million (previous year: EUR 5.7 million) in provisions was set aside at December 31, 2009, for pension obligations to former members of the Executive Board.

The accrued pension entitlement as of December 31, 2009, was EUR 0.1 million per year (previous year: EUR 0.1 million) for members of the Executive Board who were active at December 31, 2009, and EUR 0.3 million per year (previous year: EUR 0.2 million) for former members. Pension payments of EUR 0.3 million were made to former members of the Executive Board in 2009 (previous year: EUR 0.1 million). Funds have been endowed to safeguard these pension provisions.

The fair value of the 1,205,000 stock options (previous year: 497,000) issued to the Executive Board in office on December 31, 2009, for fiscal 2009, came to EUR 2.30 per option (previous year: EUR 0.17).

Payments to management, except for pension entitlements, are all payable within short terms.

A resolution by the shareholders' meeting of August 2, 2006, released the Company for five years from the statutory obligation to disclose the individual compensation of Executive Board members in the consolidated financial statements. However, this resolution of the shareholders' meeting poses no obstacle to the voluntary disclosure of individual Board members' compensation otherwise. The Executive Board and Supervisory Board have decided to exercise this option of voluntary disclosure in the Compensation Report for 2009, which is included in the Corporate Governance Report of the Executive Board and Supervisory Board. That report therefore states figures for the compensation paid to individual members of the Company's Executive Board for the past fiscal year.

Expenses for the Supervisory Board of ProSiebenSat.1 Media AG came to EUR 0.8 million in the year under review (previous year: EUR 1.7 million). The members of the Supervisory Board receive a fixed compensation. The Chairman and Vice-Chairman of the Supervisory Board each receive twice the amount of this fixed base figure. Members of the Supervisory Board's committees are compensated with a separate meeting honorarium, payable for participating at each committee meeting. Committee 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:



Compensation of current members of the Supervisory Board				
in EUR k	Fixed component 2009	Compensation for Committee work 2009	Total 2009	Total 2008
Johannes Huth	100	27	127	131
Götz Mäuser	100	30	130	233
Robin Bell-Jones	50	13	63	118
Greg Dyke	50	10	60	105
Philipp Freise	50	17	67	115
Lord Clive Hollick	50	2	52	190
Dr. Jörg Rockenhäuser	29	- / -	29	- / -
Adrianus Johannes Swartjes	50	12	62	105
Prof. Dr. Harald Wiedmann	50	30	80	118
Members who left in 2009	132	4	136	466
Members who left in 2008	- / -	- / -	- / -	155
<b>Total 2009</b>	<b>661</b>	<b>145</b>	<b>806</b>	<b>- / -</b>
<b>Total 2008</b>	<b>- / -</b>	<b>- / -</b>	<b>- / -</b>	<b>1.736</b>

Members of the Supervisory Board received no remuneration or other consideration for personal services, especially consulting and mediation services, during fiscal 2009. Reimbursements of expenses for participation in meetings of the full Supervisory Board and Board committees came to EUR 0.1 million for 2009 (previous year: EUR 0.0 million).

Altogether, the current members of the Executive Board and Supervisory Board directly held 1,254,578 shares of preferred stock (previous year: 202,500) of ProSiebenSat.1 Media AG as of December 31, 2009. This is equivalent to 0.6 percent of the Company's share capital (previous year: 0.1 percent).

### 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 2009 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](http://www.prosiebensat1.com).

### Related Party Transactions

There were no related party transactions on other than arm's length terms.

**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, which includes the Company in its consolidated financial statements.

The following disclosure of ownership interests was duly published by ProSiebenSat.1 Media AG on September 25, 2009, in compliance with Section 26 (1) of the Securities Trading Act, and can be viewed at the Company's Web site in the Annual Document required under Section 10 of that Act.

In compliance with Sections 21 (1) and 22 of the Securities Trading Act, Permira Holdings LLP, of London, England, has informed us that on September 21, 2009, its share of voting rights in our Company fell below the thresholds of 75 percent, 50 percent, 30 percent, 25 percent, 20 percent, 15 percent, 10 percent, 5 percent, and 3 percent, and as of that date amounted to 0.00 percent (no voting rights).

For clarification, Permira Holdings LLP pointed out that the shares of voting rights of all other companies through which the former share of voting rights in our Company was attributed to Permira Holdings LLP were unaffected by the above reductions of holdings below thresholds as declared by Permira Holdings LLP, and that in the existing structure the ultimate parent company is now Permira Holdings Limited, not Permira Holdings LLP.

Unterföhring, March 11, 2010

The Executive Board

Anteilsbesitzliste per 31.12.2009

ProSiebenSat.1 Media AG as of December 31, 2009  
List of holdings

No.	Company	Location	Country	Interest in %	Equity in Eur k	Net income/Net loss in EUR k	via No.
	<b>Affiliated companies</b>						
1	ProSiebenSat.1 Media AG	Unterföhring	Germany		823.512,39	-54.682,20	
2	9Live Fernsehen GmbH	Unterföhring	Germany	100,00	500,79	0,00 <sup>2)</sup>	1
3	9Live International GmbH	Unterföhring	Germany	100,00	25,00	0,00 <sup>2)</sup>	2
4	Agency Atlantic EOOD	Sofia	Bulgaria	100,00	41,6	8,2	150
5	Agency Vitosha EOOD	Sofia	Bulgaria	100,00	1.780,3	187,5	150
6	Aktuelt Nyheter AS	Oslo	Norway	100,00	13,6	0,0	143
7	Anonimi Radiofoniki Etairia Lampsi A.E. (Lampsi Radio Company S.A.)	Athens	Greece	100,00	2.839,3	-957,9	103
8	ArtMerchandising & Media AG	Unterföhring	Germany	100,00	6.694,81	0,00 <sup>2)</sup>	44
9	AT Fun B.V.	Amsterdam	The Netherlands	100,00	-528,8	-854,3	110
10	best webnews GmbH (in Liquidation)	Cologne	Germany	100,00	319,80	-841,10 <sup>3)</sup>	127
11	Broadcast Norge AS	Oslo	Norway	100,00	56.890,7	1.084,4	96
12	Carthage I B.V.	Amsterdam	The Netherlands	100,00	-53,9	-44,8	110
13	CBO Media B.V.	Amsterdam	The Netherlands	100,00	-28,6	-12,9	110
14	Cutting Edge Production AS	Oslo	Norway	100,00	75,7	-180,5	116
15	E-FM Sverige AB	Stockholm	Sweden	100,00	204,7	-18,9	17
16	EBS International N.V.	Zaventem	Belgium	100,00	-70,1	0,1	99
17	Euradio 1 Sverige AB	Stockholm	Sweden	100,00	14,8	0,0	118
18	European Broadcasting System S.à r.l.	Luxembourg	Luxembourg	100,00	n/a	n/a <sup>1)</sup>	99
19	European Radio Investments Ltd.	London	Great Britain	100,00	3.908,1	0,0	103
20	Evroark EOOD	Sofia	Bulgaria	100,00	21,4	-2,5	150
21	Fem Media GmbH	Munich	Germany	100,00	399,78	0,00 <sup>2)</sup>	127
22	German Free TV Holding GmbH	Unterföhring	Germany	100,00	975.735,96	0,00 <sup>2)</sup>	1
23	Hellas Radio Services Ltd.	Athens	Greece	100,00	20,2	-7,1	99
24	ICS SBS Broadcasting S.R.L.	Chisinau	Moldavia	100,00	37,9	-1,1	124
25	INTERAKTIV-FICTION Műsorkészítő és Filmgyártó Kft.	Budapest	Hungary	100,00	30,3	20,4	26
26	INTERAKTIV Televíziós Műsorkészítő Kft.	Budapest	Hungary	100,00	827,2	-72,7	99
27	kabel eins Fernsehen GmbH	Unterföhring	Germany	100,00	80.414,42	0,00 <sup>2)</sup>	22
28	Kanal 5 AB	Stockholm	Sweden	100,00	57.622,6	38.710,2	29
29	Kanal 5 Holding AB	Stockholm	Sweden	100,00	125.690,0	-12.341,5	100
30	Kanal 5 Ltd.	London	Great Britain	100,00	0,00	0,00	103
31	KISS FM DOO (in Liquidation)	Belgrade	Serbia	49,00	n/a	n/a <sup>1)</sup>	99
32	Kommunikationsanpartsselskabet af 2/4 1990	Arhus C.	Denmark	100,00	31,9	-3,0	82
33	lokalisten media GmbH	Munich	Germany	93,33	3.549,32	-626,88	127
34	Magic Flight Film GmbH (in Gründung)	Munich	Germany	100,00	25,00	-0,02	54
35	MAGIC Internet Holding GmbH	Berlin	Germany	100,00	3.054,00	0,00 <sup>2)</sup>	127
36	MAGIC Internet GmbH	Berlin	Germany	100,00	525,00	69,31	35
37	MAZ & More TV-Produktion GmbH	Berlin	Germany	100,00	26,31	1,32	48
38	Meteos TV Holding GmbH	Unterföhring	Germany	100,00	50,05	0,00 <sup>2)</sup>	156
39	Miracle Sound Oy	Helsinki	Finland	51,00	251,0	169,7	55
40	Miracle Sound Oulu Oy	Oulu	Finland	100,00	82,5	36,0	39
41	Miracle Sound Tampere Oy	Helsinki	Finland	100,00	77,2	-7,2	55
42	Mix Megapol.se AB	Stockholm	Sweden	100,00	46,6	0,2	113
43	MM MerchandisingMedia GmbH	Unterföhring	Germany	100,00	45,00	0,00 <sup>2)</sup>	8
44	MM MerchandisingMedia Holding GmbH	Unterföhring	Germany	100,00	21.141,81	0,00 <sup>2)</sup>	1
45	MTM Produkció Műsorgyártó és Filmforgalmazó Kft.	Budapest	Hungary	100,00	50,5	36,5	99
46	MTM-SBS Televízió Zrt.	Budapest	Hungary	97,51	54.353,8	2.095,3	99
47	MyVideo Broadband S.R.L.	Bucharest	Rumänien	100,00	0,0	0,0	35
48	N24 Gesellschaft für Nachrichten und Zeitgeschehen mbH	Unterföhring	Germany	100,00	2.025,00	0,00 <sup>2)</sup>	22
49	Niknet EOOD	Sofia	Bulgaria	100,00	37,7	17,0	150
50	P7S1 Broadcasting S.à r.l.	Luxembourg	Luxembourg	100,00	n/a	n/a <sup>1)</sup>	51
51	P7S1 Erste SBS Holding GmbH	Unterföhring	Germany	100,00	1.516.394,39	0,00 <sup>2)</sup>	1
52	P7S1 Creative Productions Holding GmbH	Unterföhring	Germany	100,00	1.367,00	0,00 <sup>2)</sup>	1
53	P7S1 Zweite SBS Holding GmbH	Unterföhring	Germany	100,00	379.055,61	0,00 <sup>2)</sup>	1
54	Producers at work GmbH	Potsdam	Germany	74,90	850,00	2.589,75	52
55	Pro Radio Oy	Helsinki	Finland	100,00	-6.442,4	1.181,0	96
56	ProSiebenSat.1 Applications GmbH	Unterföhring	Germany	100,00	2.025,00	0,00 <sup>2)</sup>	1
57	ProSieben Austria GmbH	Vienna	Austria	100,00	21,60	1,00	129
58	ProSieben Digital Media GmbH	Unterföhring	Germany	100,00	52,00	0,00 <sup>2)</sup>	1
59	ProSieben Television GmbH	Unterföhring	Germany	100,00	450.485,68	0,00 <sup>2)</sup>	22
60	ProSieben (Switzerland) AG	Küsnacht	Switzerland	100,00	113,20	41,30	131
61	ProSiebenSat.1 Achte Verwaltungsgesellschaft mbH	Unterföhring	Germany	100,00	26,32	0,00 <sup>2)</sup>	1
62	ProSiebenSat.1 Dreizehnte Verwaltungsgesellschaft mbH	Unterföhring	Germany	100,00	25,00	0,00 <sup>2)</sup>	1
63	ProSiebenSat.1 Elfte Verwaltungsgesellschaft mbH	Unterföhring	Germany	100,00	25,00	0,00 <sup>2)</sup>	61
64	ProSiebenSat.1 Erste Verwaltungsgesellschaft mbH	Unterföhring	Germany	100,00	25,00	0,00 <sup>2)</sup>	1
65	ProSiebenSat.1 Fünfzehnte Verwaltungsgesellschaft mbH	Unterföhring	Germany	100,00	25,00	0,00 <sup>2)</sup>	1
66	ProSiebenSat.1 Produktion GmbH	Unterföhring	Germany	100,00	8.975,81	0,00 <sup>2)</sup>	1
67	ProSiebenSat.1 Vierzehnte Verwaltungsgesellschaft mbH	Unterföhring	Germany	100,00	25,00	0,00 <sup>2)</sup>	1
68	ProSiebenSat.1 Zehnte Verwaltungsgesellschaft mbH	Unterföhring	Germany	100,00	25,00	0,00 <sup>2)</sup>	81
69	ProSiebenSat.1 Zwölfte Verwaltungsgesellschaft mbH	Unterföhring	Germany	100,00	25,00	0,00 <sup>2)</sup>	61
70	ProSiebenSat.1 Welt GmbH	Unterföhring	Germany	100,00	525,00	-31,14	1
71	PS Event GmbH	Cologne	Germany	67,00	25,00	82,87	72
72	PSH Entertainment GmbH	Unterföhring	Germany	100,00	1.845,13	0,00 <sup>2)</sup>	1
73	Puls 4 TV GmbH	Vienna	Austria	100,00	18,20	0,00	129
74	PULS 4 TV GmbH & Co. KG	Vienna	Austria	100,00	2.603,50	0,00 <sup>2)</sup>	129
75	Radio Nova A/S	Copenhagen	Denmark	80,00	10,1	-3.842,4	98
76	Radio City AB	Stockholm	Sweden	100,00	497,1	-46,4	117
77	Radio Daltid SBS AB	Stockholm	Sweden	51,00	73,6	229,1	113
78	Radio Express EAD	Sofia	Bulgaria	100,00	-1.437,6	11,5	5
79	Radio Match AB	Jönköping	Sweden	100,00	2.188,3	43,2	113
80	Radiostasjonen Radio Norge AS	Oslo	Norway	100,00	15.639,5	-2.917,7	116
81	Radio Veselina EAD	Plovdiv	Bulgaria	100,00	245,5	-155,6	99
82	Radioreklame A/S	Arhus C.	Denmark	95,20	-2.357,3	-419,3	114
83	Radioutvecklingen i Sverige KB	Stockholm	Sweden	100,00	0,0	0,0	138
84	Redseven Artists GmbH	Unterföhring	Germany	100,00	25,00	167,43	85
85	RedSeven Entertainment GmbH	Unterföhring	Germany	100,00	25,00	0,00 <sup>2)</sup>	52
86	RIS Vinyl Skåne AB	Stockholm	Sweden	100,00	8,6	0,0	118
87	Ritmo Plovdiv EOOD	Plovdiv	Bulgaria	100,00	-1,8	-1,6	150
88	Rockklassiker Sverige AB	Stockholm	Sweden	100,00	204,7	-18,9	86
89	Romanian Broadcasting Corporation Ltd.	London	Great Britain	100,00	-15.883,1	0,0	103
90	Sat.1 Bayern GmbH	Unterföhring	Germany	100,00	9.354,54	0,00 <sup>2)</sup>	144
91	Sat.1 Grundstücksverwaltungs GmbH & Co. KG	Unterföhring	Germany	100,00	2.027,51	6.060,22	94
92	Sat.1 NordGermany GmbH	Hannover	Germany	100,00	25,00	0,00 <sup>2)</sup>	94
93	Sat.1 Privatrundfunk und -programmgesellschaft m.b.H.	Vienna	Austria	51,00	7.029,20	6.620,00	94
94	Sat.1 Satelliten Fernsehen GmbH	Unterföhring	Germany	100,00	443.440,95	0,00 <sup>2)</sup>	22
95	Sat.1 (Switzerland) AG	Zürich	Switzerland	50,00	3.218,70	4.775,30	94
96	SBS Belgium N.V.	Zaventem	Belgium	100,00	15.161,6	-4.195,9	99
97	SBS Broadcasting B.V.	Amsterdam	The Netherlands	100,00	249.569,5	43.821,0	110
98	SBS Broadcast Danmark A/S	Skovlunde	Denmark	100,00	-12.138,7	6.429,2	96
99	SBS Broadcasting Europe B.V.	Amsterdam	The Netherlands	100,00	1.210.471,3	-154.479,2	102
100	SBS Broadcasting Europe B.V. the Nederlands svensk Filial	Stockholm	Sweden	100,00	-436.883,6	-29.573,0	99

Anteilsbesitzliste per 31.12.2009

No.	Company	Location	Country	Interest in %	Equity in Eur k	Net income/Net loss in EUR k	via No.
101	SBS Broadcasting Holding I B.V.	Amsterdam	The Netherlands	100,00	814.433,8	-13.173,2	50
102	SBS Broadcasting Holding II B.V.	Amsterdam	The Netherlands	100,00	989.693,0	-12.935,7	101
103	SBS Broadcasting (UK) Ltd.	London	Great Britain	100,00	71.280,7	3.374,3	99
104	SBS Broadcasting Networks Ltd.	London	Great Britain	100,00	25.995,4	-9.879,9	103
105	SBS Broadcasting (Sweden) AB	Stockholm	Sweden	100,00	15.567,7	277,3	99
106	SBS Danish Television Ltd.	London	Great Britain	100,00	0,0	0,0	103
107	SBS Finance B.V.	Amsterdam	The Netherlands	100,00	867.782,8	22.249,4	99
108	SBS Finland Oy	Helsinki	Finland	100,00	-1.329,2	3,0	55
109	SBS Magyarországi Befektetési Kft.	Budapest	Hungary	100,00	55,7	-0,3	99
110	SBS Nederland B.V.	Amsterdam	The Netherlands	100,00	440.375,8	669,6	99
111	SBS Productions B.V.	Amsterdam	The Netherlands	100,00	528,8	384,6	97
112	SBS Publishing & Licensing B.V.	Amsterdam	The Netherlands	100,00	192,4	-98,4	97
113	SBS Radio AB	Stockholm	Sweden	79,98	9.283,7	1.913,4	118
114	SBS Radio A/S	Copenhagen	Denmark	80,00	-21.772,1	-2.023,5	98
115	SBS Radio HNV AB	Stockholm	Sweden	100,00	-253,6	-328,6	113
116	SBS Radio Norge AS	Oslo	Norway	100,00	7.885,4	1.233,0	96
117	SBS Radio Sweden AB	Stockholm	Sweden	100,00	2.189,0	2,4	118
118	SBS Radio Sweden Holding AB	Stockholm	Sweden	100,00	43,7	66,9	100
119	SBS TV A/S	Skovlunde	Denmark	100,00	-12.740,3	10.326,7	98
120	Scandinavian Broadcasting System (Jersey) Ltd.	Jersey	Channel Islands	100,00	-9.154,5	-501,8	99
121	S.C. Canet Radio S.R.L.	Bucharest	Rumanien	20,00	667,8	-154,6	124
122	S.C. Media Group Services International S.R.L.	Bucharest	Rumanien	100,00	9.239,1	1.490,7	124 110
123	S.C. Prime Time Productions S.R.L.	Bucharest	Rumanien	100,00	69,1	19,5	124 110
124	S.C. SBS Broadcasting Media S.R.L.	Bucharest	Rumanien	100,00	13.003,2	-13.353,6	19 89 103
125	SevenOne AdFactory GmbH	Unterföhring	Germany	100,00	30,00	0,00 <sup>2)</sup>	126
126	SevenOne Brands GmbH	Unterföhring	Germany	100,00	5.168,98	0,00 <sup>2)</sup>	1
127	SevenOne Intermedia GmbH	Unterföhring	Germany	100,00	45.624,70	0,00 <sup>2)</sup>	58
128	SevenOne International GmbH	Unterföhring	Germany	100,00	125,00	0,00 <sup>2)</sup>	52
129	SevenOne Media Austria GmbH	Vienna	Austria	100,00	13.651,7	12.785,8	126
130	SevenOne Media GmbH	Unterföhring	Germany	100,00	5.771,71	0,00 <sup>2)</sup>	126
131	SevenOne Media (Switzerland) AG	Küsnacht	Switzerland	100,00	10.391,0	9.325,0	126
132	SevenPictures Film GmbH	Unterföhring	Germany	100,00	2.233,12	0,00 <sup>2)</sup>	1
133	SevenSenses GmbH	Unterföhring	Germany	100,00	25,00	0,00 <sup>2)</sup>	1
134	Seven Scores Musikverlag GmbH	Unterföhring	Germany	100,00	26,00	0,00 <sup>2)</sup>	1
135	SRU Svensk Radioutveckling AB	Stockholm	Sweden	67,60	17,1	0,9	115
136	Starwatch Music GmbH	Unterföhring	Germany	100,00	26,00	0,00 <sup>2)</sup>	44
137	Stichting Administratiekantoor Melida (in Liquidation)	Amsterdam	The Netherlands	100,00	n/a	n/a <sup>1)</sup>	50
138	Svensk Radioutveckling KB	Stockholm	Sweden	87,00	0,00	0,00	115
139	Teledirekt Vermarktungsgesellschaft für Fernsehempfang mbH	Unterföhring	Germany	100,00	26,00	0,00 <sup>2)</sup>	1
140	THE VOICE TV NORGE AS	Oslo	Norway	100,00	51,7	67,8	116
141	Turun Ensitorppa Oy	Helsinki	Finland	100,00	72,9	2,4	55
142	TV5 Finland Oy	Helsinki	Finland	100,00	-17.640,7	-8.483,2	55
143	TVNorge AS	Oslo	Norway	100,00	17.777,3	10.429,6	11
144	tv weiss-blaue Rundfunkprogrammanbieter GmbH	Unterföhring	Germany	100,00	1.027,00	0,00 <sup>2)</sup>	94
145	V8 Broadcasting B.V.	Amsterdam	The Netherlands	100,00	24.479,4	9.453,2	97
146	Veronica Broadcasting V.O.F.	Amsterdam	The Netherlands	100,00	n/a	n/a <sup>1)</sup>	145 12
147	Veronica Litho B.V.	Hilversum	The Netherlands	100,00	233,0	-490,0	97
148	Veronica Uitgeverij B.V.	Hilversum	The Netherlands	100,00	860,0	182,0	97
149	Vinyl AB	Stockholm	Sweden	100,00	1.335,5	-169,4	118
150	Vitosha FM EOOD	Sofia	Bulgaria	100,00	1.952,2	-0,1	99
151	VOICE TV ApS	Copenhagen	Denmark	100,00	783,2	801,7	114
152	VT4 Ltd.	London	Great Britain	100,00	0,1	-914,3	99
153	VT4 Marketing & Sales N.V.	Zaventem	Belgium	100,00	-732,7	-1,7	99 16
154	VT4 Network N.V.	Zaventem	Belgium	100,00	-610,2	-4,1	99 16
155	wer-weiss-was GmbH	Hamburg	Germany	100,00	11.864,00	218,35	127
156	wetter.com AG	Singen	Germany	72,97	1.468,28	626,01	127
157	Wetter Fernsehen - Meteos GmbH	Singen	Germany	100,00	140,42	662,26	38
<b>Affiliated companies, not consolidated</b>							
158	Amerom Television Ltd. (in Liquidation)	New York	USA	100,00	n/a	n/a <sup>1)</sup>	99
159	Anadolu Televizyon Ve Radyo Yayincilik Ve Ticaret Anonim Sirketi	Istanbul	Türkei	99,00	n/a	n/a <sup>1)</sup>	99 110 12
160	Balkans Media Investments EOOD	Sofia	Bulgaria	100,00	n/a	n/a <sup>1)</sup>	150
161	maxdome Verwaltungs GmbH	Unterföhring	Germany	100,00	25,00	6,06	169
162	Merchandising Pragueue spo. s r o.	Prague	Tschechien	100,00	n/a	n/a <sup>1)</sup>	44
163	ProSiebenSat.1 Sechzehnte Verwaltungsgesellschaft mbH (in Gründung)	Unterföhring	Germany	100,00	n/a	n/a <sup>1)</sup>	61
164	SBS Services (US) Inc. (in Liquidation)	Stamford	USA	100,00	n/a	n/a <sup>1)</sup>	99
<b>Associated companies -at equity-</b>							
165	Autoplenum GmbH	Munich	Germany	25,10	176,30	-536,80	127
166	Big Brother AB	Stockholm	Sweden	50,00	41,8	1,6	100
167	Big Brother KB	Stockholm	Sweden	51,00	96,5	0,4	28 166
168	IP Multimedia (Switzerland) AG	Küsnacht	Switzerland	22,96	12.681,18	10.195,70 <sup>3)</sup>	131
169	maxdome GmbH & Co. KG	Unterföhring	Germany	50,00	4.308,89	-15.337,37	133
170	Mediamätning i Skandinavien MMS AB	Stockholm	Sweden	24,02	1.849,5	203,7	28
171	LOVESEARCH DP AB	Stockholm	Sweden	100,00	49,2	10,6	28
172	Österjóns Reklamradio AB	Visby	Sweden	40,00	17,3	-6,3	113
173	Privatfernsehen in Bayern Verwaltungs-GmbH	Munich	Germany	49,90	67,00	6,00 <sup>3)</sup>	144
174	Privatfernsehen in Bayern GmbH & Co. KG	Munich	Germany	49,90	238,00	4,00 <sup>3)</sup>	144
175	Radio Silkeborg af 1997 A/S	Silkeborg	Denmark	40,48	3,0	63,7	82
176	TV 10 B.V.	Amsterdam	The Netherlands	100,00	1.360,7	66,4	177
177	TV10 Holdings LLC	Wilmington	USA	50,00	n/a	n/a <sup>1)</sup>	97
178	Veronica/Jetix Text V.O.F.	Amsterdam	The Netherlands	100,00	n/a	n/a <sup>1)</sup>	145 176
179	VG Media Gesellschaft zur Verwertung der Urheber- und Leistungssch	Berlin	Germany	50,00	378,00	0,00	1
<b>Other equity interests</b>							
180	Aggregate Media Fund III KB	Stockholm	Sweden	17,82	n/a	n/a <sup>1)</sup>	113 28
181	Aggregate Media Fund IV KB	Stockholm	Sweden	14,67	n/a	n/a <sup>1)</sup>	113 28
182	AFK Aus- und Fortbildungs GmbH für elektronische Medien	Munich	Germany	12,00	n/a	n/a <sup>1)</sup>	1
183	Berliner Pool TV Produktionsgesellschaft mbH	Berlin	Germany	50,00	152,70	16,10	48
184	Deutscher Fernsehpreis GmbH	Cologne	Germany	25,00	n/a	n/a <sup>1)</sup>	1
185	FIRST STEPS - der Deutsche Nachwuchspreis Gesellschaft bürgerlich	Berlin	Germany	25,00	n/a	n/a <sup>1)</sup>	22
186	ZeniMax Media Inc.	Rockville	USA	7,89	n/a	n/a <sup>1)</sup>	99

Explanations to the footnotes

- <sup>1)</sup> Not applicable; immaterial investments
- <sup>2)</sup> Result before profit or loss transfer
- <sup>3)</sup> Disclosures for fiscal year 2008

## Members of the Executive Board

Thomas Ebeling CEO	Chief Executive Officer since March 1, 2009	Responsibility: Group Content, International Free TV, Print, Corporate, Human Resources, Sales and Marketing
Axel Salzmann CFO	Chief Financial Officer since July 2008 Member of the Executive Board since May 1, 2008	Responsibility: Group Operations, Group Controlling, Finance/Investor Relations, Legal Affairs, Accounting, Tax and Portfolio Management, Regulatory Affairs and Administration
Andreas Bartl (German Free TV)	Member of the Executive Board since June 17, 2008	Responsibility: German Free TV
Dr. Marcus Englert (New Media)	Member of the Executive Board from August 1, 2006 until April 30, 2010	Responsibility: Pay TV, Video on Demand, Participation TV, Radio, Distribution and Business Development Mandate: wetter.com AG (non-executive)
Klaus-Peter Schulz	Member of the Executive Board from September 1, 2008 until July 31, 2009	Responsibility: Sales and Marketing
Patrick Tillieux COO	Member of the Executive Board from July 1, 2007 until June 30, 2009	Responsibility: Group Operations, International Free TV, International Pay TV, Radio, Print

## Members of the Supervisory Board

Johannes Huth, Chairman of the Supervisory Board	Member of the Supervisory Board since March 7, 2007 Kohlberg Kravis Roberts & Co. Ltd. (Partner and Head of Europe)	Mandate: A.T.U Auto-Teile Unger Holding GmbH (non-executive) Rally Lux Holding One S.à r.l. (executive) Rally Lux Holding Two S.à r.l. (executive) KION Holding 1 GmbH (non-executive) KKR & Co. Limited (executive) KKR & Co. SAS (executive) NXP BV (non-executive) Bertelsmann Music Group (non-executive)
Götz Mäuser, Vice Chairman of the Supervisory Board	Member of the Supervisory Board since March 7, 2007 Permira Beteiligungsberatung GmbH (Partner)	
Robin Bell-Jones	Member of the Supervisory Board since March 7, 2007 Permira Advisors LLP (Principal)	Mandate: ALL3Media Holdings Ltd. (non-executive)
Gregory Dyke	Member of the Supervisory Board since May 7, 2004 Company Director	Mandate: World Film Collective (non-executive) UK Film Council (non-executive) Brentford FC (Lionel Road) Ltd. (non-executive) Brentford Football Club (non-executive) Ducks Walk Management Company Ltd. (non-executive) Sunshine Holdings 3 Ltd. (non-executive) Powder Creek Limited (non-executive) DGCC Limited (non-executive) Vine Leisure Ltd. (non-executive) Vine Developments Ltd. (non-executive) Dummer Golf Ltd. (non-executive) Ambassador Theatre Group (non-executive)
Philipp Freise	Member of the Supervisory Board since March 7, 2007 Kohlberg Kravis Roberts & Co. Ltd. (Director)	Mandate: Demag Group S. à r.l. (non-executive) A.T.U Auto-Teile Unger GmbH (non-executive) Duales System Deutschland GmbH (non-executive) BMG Rights Management GmbH (non-executive)
Lord Clive Hollick	Member of the Supervisory Board since March 7, 2007 Kohlberg Kravis Roberts & Co. Ltd. (Senior Advisor)	Mandate: Diageo PLC (non-executive) Honeywell Inc. (non-executive) BMG Music Rights Management (non-executive)
Dr. Jörg Rockenhäuser	Member of the Supervisory Board since June 4, 2009 Permira Beteiligungsberatung GmbH (Managing Partner)	
Adrianus Johannes Swartjes	Member of the Supervisory Board since July 17, 2007 Telegraaf Media Groep N.V. (CEO)	
Prof. Dr. Harald Wiedmann	Member of the Supervisory Board since March 7, 2007 Gleiss Lutz Hootz Hirsch Partnerschaftsgesellschaft von Rechtsanwälten und Steuerberatern (German Certified Public Accountant, Tax Advisor, Attorney at Law)	Mandate: Berenberg Gossler & Co. KG (non-executive) Wincor Nixdorf AG (non-executive) Praktiker Baumärkte Holding AG (non-executive) Prime Office AG (non-executive) Merz KGaA (non-executive)

### Members of the Supervisory Board who retired in 2009

Stefan Dziarski	Left as of June 4, 2009 Permira Beteiligungsberatung GmbH (Investment Professional)	
Reinhard Gorenflos	Resigned as of April, 30 2009 Kohlberg Kravis Roberts & Co. Ltd. (Manager)	Mandate: A.T.U GmbH & Co. KG (non-executive) Pages Jaunes SA (non-executive) Duales System Deutschland GmbH (non-executive) Van Gansewinkel BV (non-executive)
Thomas Krenz	Left as of June 4, 2009 Permira Beteiligungsberatung GmbH (Managing Director)	
Christoph Röttele	Left as of June 4, 2009 Permira Beteiligungsberatung GmbH (Consultant)	Mandate: Provimi Holding BV (non-executive)
Silke Scheiber	Left as of June 4, 2009 Kohlberg Kravis Roberts & Co. Ltd. (Director)	Mandate: Torkett SA (non-executive) KKR International Flooring 1 S. à r.l. (non-executive) KKR International Flooring 2 S. à r.l. (non-executive) A.T.U Auto-Teile Unger Holding GmbH (non-executive) KION Group GmbH (non-executive) KION Holding 1 GmbH (non-executive)
Harry Evans Sloan	Left as of June 4, 2009 MGM Holdings, Inc. (Chairman of the Board of Directors and CEO)	Mandate: MGM Holdings Inc. (executive until August 2009) MGM Holdings Inc. (non-executive from August 2009) ZeniMax Media Inc. (non-executive)
Marinus Maria Petrus van Lent	Resigned as of March 1, 2009 Telegraaf Media Groep NV (President International)	Mandate: Telegraaf Media International BV (executive)

# ProSiebenSat.1 Media Aktiengesellschaft, Unterföhring

## Development of non-current assets in the fiscal year 2009

	Acquisition and production costs				12/31/2009 EUR
	1/1/2009 EUR	Additions EUR	Reclassifications EUR	Disposals EUR	
<b>I. Intangible assets</b>					
1. Licenses, trademarks and patents as well as licenses to such assets and rights	6.096.206,25	467.321,79	30.000,00	37.859,20	6.555.668,84
2. Advances paid on intangible assets	186.248,00	234.717,99	-30.000,00	0,00	390.965,99
	<b>6.282.454,25</b>	<b>702.039,78</b>	<b>0,00</b>	<b>37.859,20</b>	<b>6.946.634,83</b>
<b>II. Property, plant and equipment</b>					
1. Buildings on land owned by others	66.420.609,08	8.900.581,13	408.219,48	3.620.809,97	72.108.599,72
2. Other equipment, fixtures, furniture and equipment	8.296.802,32	2.570.850,19	0,00	374.415,94	10.493.236,57
3. Advances paid on tangible assets under construction	408.219,48	23.524,80	-408.219,48	0,00	23.524,80
	<b>75.125.630,88</b>	<b>11.494.956,12</b>	<b>0,00</b>	<b>3.995.225,91</b>	<b>82.625.361,09</b>
<b>III. Financial assets</b>					
1. Interests in group companies	6.022.207.558,92	1.220.500,00	0,00	0,00	6.023.428.058,92
2. Interests in associated companies	619.860,56	0,00	0,00	3.067,75	616.792,81
3. Long-term investments	7.531.960,53	476.046,01	0,00	0,00	8.008.006,54
4. Other loans	9.900.899,97	730.312,80	0,00	1.200,00	10.630.012,77
	<b>6.040.260.279,98</b>	<b>2.426.858,81</b>	<b>0,00</b>	<b>4.267,75</b>	<b>6.042.682.871,04</b>
	<b>6.121.668.365,11</b>	<b>14.623.854,71</b>	<b>0,00</b>	<b>4.037.352,86</b>	<b>6.132.254.866,96</b>

1/1/2009	Amortization, depreciation and write-downs			Carrying amounts		
	Additions	Disposals	Write up's	12/31/2009	12/31/2009	12/31/2008
EUR	EUR	EUR		EUR	EUR	EUR
5.249.249,25	504.541,79	13.250,20	0,00	5.740.540,84	815.128,00	846.957,00
0,00	0,00	0,00	0,00	0,00	390.965,99	186.248,00
5.249.249,25	504.541,79	13.250,20	0,00	5.740.540,84	1.206.093,99	1.033.205,00
40.365.805,57	2.995.331,61	3.268.340,97	0,00	40.092.796,21	32.015.803,51	26.054.803,51
7.055.149,32	628.568,19	367.763,94	0,00	7.315.953,57	3.177.283,00	1.241.653,00
0,00	0,00	0,00	0,00	0,00	23.524,80	408.219,48
47.420.954,89	3.623.899,80	3.636.104,91	0,00	47.408.749,78	35.216.611,31	27.704.675,99
300.000.000,00	20.000.000,00	0,00	0,00	320.000.000,00	5.703.428.058,92	5.722.207.558,92
420.021,01	0,00	0,00	0,00	420.021,01	196.771,80	199.839,55
1.473.071,59	0,00	0,00	-340.626,80	1.132.444,79	6.875.561,75	6.058.888,94
0,00	0,00	0,00	0,00	0,00	10.630.012,77	9.900.899,97
301.893.092,60	20.000.000,00	0,00	-340.626,80	321.552.465,80	5.721.130.405,24	5.738.367.187,38
354.563.296,74	24.128.441,59	3.649.355,11	-340.626,80	374.701.756,42	5.757.553.110,54	5.767.105.068,37





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## 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 11, 2010

Thomas Ebeling (CEO)

Axel Salzmänn (CFO)

Dr. Marcus Englert (New Media)

Andreas Bartl (German Free TV)



## 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, 2009. 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 12, 2010

KPMG AG  
Wirtschaftsprüfungsgesellschaft

**Kozikowski**

Wirtschaftsprüfer

**Dr. Dauner**

Wirtschaftsprüfer



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#### The ProSiebenSat.1 Group on the Internet

This and other publications are available on the Internet, along with information about the ProSiebenSat.1 Group, at <http://www.prosiebensat1.com/>.

Forward-looking statements. This report contains forward-looking statements regarding ProSiebenSat.1 Media AG and the ProSiebenSat.1 Group. Such statements may be identified by the use of such terms as “expects,” “intends,” “plans,” “assumes,” “pursues the goal,” and similar wording. Various factors, many of which are outside the control of ProSiebenSat.1 Media AG, could affect the Company’s business activities, success, business strategy and results. Forward-looking statements are not historical facts, and therefore incorporate known and unknown risks, uncertainties and other important factors that might cause actual results to differ from expectations. These forward-looking statements are based on current plans, goals, estimates and projections, and take account of knowledge only up to and including the date of preparation of this report. Given these risks, uncertainties and other important factors, ProSiebenSat.1 Media AG undertakes no obligation, and has no intent, to revise such forward-looking statements or update them to reflect future events and developments. Although every effort has been made to ensure that the provided information and facts are correct, and that the opinions and expectations reflected here are reasonable, ProSiebenSat.1 Media AG assumes no liability and offers no warranty as to the completeness, correctness, adequacy and/or accuracy of any information or opinions contained herein.



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## Financial calendar

March 4, 2010	Press conference / IR conference on preliminary figures for 2009
March 30, 2010	2009 Annual Report
May 6, 2010	Quarterly Report for Q1 2010
June 29, 2010	2010 Annual Shareholders' Meeting
August 5, 2010	Semiannual Report for H1 2010
November 11, 2010	Quarterly Report for Q3 2010

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