



TRANSLATION – REPORT

Audit of the conversion of a European stock corporation (SE) in accordance with Article 37 (6) of the SE Regulation

ProSiebenSat.1 Media AG
Unterföhring

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KPMG AG Wirtschaftsprüfungsgesellschaft

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Appendix

General Engagement Terms

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List of abbreviations

SE	“European Company” or “Societas Europaea” (SE)
SE Regulation	Council of the European Union’s Regulation (EC) No. 2157/2001 dated 8 October 2001 on the Statute for a European Company (SE) and last amended by Regulation (EC) No. 1791/2006 dated 20 November 2006

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1 Engagement and performance of the engagement

At the request of the Executive Board of

ProSiebenSat.1 Media AG, Unterföhring,
– hereinafter also referred to as “Company” –

Munich Regional Court I appointed us “conversion auditor” in accordance with the resolution dated 11 November 2014. Accordingly, the Executive Board of ProSiebenSat.1 Media AG, Unterföhring, pursuant to Art. 37 (6) of the SE Regulation, assigned us the task of examining whether ProSiebenSat.1 Media AG has net assets at least equivalent to its capital plus, pursuant to statutory provisions or the company articles, its non-distributional reserves.

The procedures for establishing a SE by converting an existing stock corporation is governed by Art. 37 of the SE Regulation. Pursuant to Art. 37 (6) of the SE Regulation, conversion is to be examined by one or more conversion auditors.

The examination looks at whether ProSiebenSat.1 Media AG has net assets at least equivalent to its capital plus, pursuant to statutory provisions or the articles of incorporation, its non-distributional reserves. Consequently, the examination involves impairment testing to ensure that the future SE’s net assets are covered. Our task involved carrying out the statutory conversion audit.

Examination of the conversion’s/conversion plan’s proper procedure was outside our audit scope.

By analogously applying Section 321 (4a) of the German Commercial Code [HGB], we confirm that we have conducted our audit pursuant to Article 37 (6) of the SE Regulation in observance of the applicable independence regulations.

We carried out our work between January and March 2015 until 20 March 2015. The following documents were made available to us:

- ProSiebenSat.1 Media AG’s current articles of incorporation dated 26 June 2014,
- Conversion plan dated 9 March 2015 and certified by notary public Prof. Dr. Dieter Mayer, Munich (doc. no. 447/2015), on the Company’s change of legal form to a Societas Europaea (SE), including the future articles of incorporation of ProSiebenSat.1 SE,
- The Company’s commercial register extract dated 19 March 2015,
- Audited and approved financial statements of ProSiebenSat.1 Media AG (in accordance with the German Commercial Code [HGB]) as at 31 December 2014.

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Further information was provided by those persons responsible at ProSiebenSat.1 Media AG. The Executive Board of ProSiebenSat.1 Media AG provided us with a letter of representation stating that all the information relevant for our audit as to whether the Company has net assets at least equivalent to its capital plus, pursuant to statutory provisions or the company articles, its non-distributional reserves is complete and correct.

This audit report may not be used for any other purpose except as information for the shareholders as part of the annual general meeting on 21 May 2015 and for submitting to the register court.

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2 Basis of the conversion

ProSiebenSat.1 Media AG, a stock corporation incorporated under the laws of Germany with its registered office in Unterföhring, is registered at the Munich District Court's commercial register under no. HRB 124169.

On 9 March 2015, the Executive Board prepared the conversion plan for changing the legal form of ProSiebenSat.1 Media AG, Unterföhring, into a European Company in accordance with Art. 2 (4) in conjunction with Art. 7 of the SE Regulation. The Company's future name is: ProSiebenSat.1 Media SE. Its registered office will remain in Unterföhring and its financial year will remain the calendar year.

A corresponding resolution on the conversion is to be adopted at the upcoming annual general meeting on 21 May 2015.

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3 Subject of the audit

In accordance with Art. 37 (6) of the SE Regulation, our audit of the conversion looked at whether ProSiebenSat.1 Media AG has net assets at least equivalent to its capital plus, pursuant to statutory provisions or the articles of incorporation, its non-distributional reserves.

Pursuant to Section 3 of the conversion plan, ProSiebenSat.1 Media AG's entire share capital existing as at the date of entry of the conversion in the commercial register (currently: EUR 218,797,200.00) and allocation as at this date of the existing no-par-value registered shares (current number of shares: 218,797,200) will become share capital of ProSiebenSat.1 Media SE.

ProSiebenSat.1 Media AG does not have any reserves subject to legal dividend payment constraints. ProSiebenSat.1 Media SE's articles of incorporation also do not include any such reserves. In accordance with the financial statements as at 31 December 2014, which we audited and for which we issued an unqualified auditor's report, reserves which, pursuant to statutory provisions or the articles of incorporation, may not be distributed, exist in the amount of EUR 627,352,570.42.

Therefore, ProSiebenSat.1 Media AG's net assets must equal at least EUR 846,149,770.42 as at the conversion date.

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4 Audit performance

When examining whether ProSiebenSat.1 Media AG has net assets at least equivalent to its share capital plus its non-distributional reserves, we in particular carried out the following audit procedures that produced the following findings:

- In accordance with Art. 37 (6) of the SE Regulation, comparing the net assets that must exist to the carrying amount of capital pursuant to the financial statements as at 31 December 2014, which we audited and for which we issued an unqualified auditor's report. As at the reporting date, the carrying amount of equity equalled EUR 2,668,518,280.08.
- Analysing the development of substantial balance sheet items using the Company's unaudited monthly financial statements as at 28 February 2015. According to this monthly closing, there were no material changes to the carrying values of the Company's capital.
- Questioning the Company's Finance and Accounting staff regarding key business transactions up through issuance of our opinion.

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5 Audit opinion

We summarise the findings in our audit opinion as follows:

In accordance with the final results of our statutory audit pursuant to Art. 37 (6) of the SE Regulation, based on the documents, books and records submitted to us, as well as explanations and evidence we received, we confirm that ProSiebenSat.1 Media AG has net assets at least equivalent to its share capital plus, pursuant to statutory provisions or the company articles, its non-distributional reserves, totalling EUR 846,149,770.42.

Munich, 20 March 2015

KPMG AG
Wirtschaftsprüfungsgesellschaft

[original German version signed by:]

Schmidt
Wirtschaftsprüfer
[German Public Auditor]

Specht
Wirtschaftsprüfer
[German Public Auditor]

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Appendix

General Engagement Terms

General Engagement Terms

for

Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften

[German Public Auditors and Public Audit Firms]

as of January 1, 2002

This is an English translation of the German text, which is the sole authoritative version

1. Scope

(1) These engagement terms are applicable to contracts between Wirtschaftsprüfer [German Public Auditors] or Wirtschaftsprüfungsgesellschaften [German Public Audit Firms] (hereinafter collectively referred to as the "Wirtschaftsprüfer") and their clients for audits, consulting and other engagements to the extent that something else has not been expressly agreed to in writing or is not compulsory due to legal requirements.

(2) If, in an individual case, as an exception contractual relations have also been established between the Wirtschaftsprüfer and persons other than the client, the provisions of No. 9 below also apply to such third parties.

2. Scope and performance of the engagement

(1) Subject of the Wirtschaftsprüfer's engagement is the performance of agreed services – not a particular economic result. The engagement is performed in accordance with the Grundsätze ordnungsmäßiger Berufsausübung [Standards of Proper Professional Conduct]. The Wirtschaftsprüfer is entitled to use qualified persons to conduct the engagement.

(2) The application of foreign law requires – except for financial attestation engagements – an express written agreement.

(3) The engagement does not extend – to the extent it is not directed thereto – to an examination of the issue of whether the requirements of tax law or special regulations, such as, for example, laws on price controls, laws limiting competition and Bewirtschaftungsrecht [laws controlling certain aspects of specific business operations] were observed; the same applies to the determination as to whether subsidies, allowances or other benefits may be claimed. The performance of an engagement encompasses auditing procedures aimed at the detection of the defalcation of books and records and other irregularities only if during the conduct of audits grounds therefor arise or if this has been expressly agreed to in writing.

(4) If the legal position changes subsequent to the issuance of the final professional statement, the Wirtschaftsprüfer is not obliged to inform the client of changes or any consequences resulting therefrom.

3. The client's duty to inform

(1) The client must ensure that the Wirtschaftsprüfer – even without his special request – is provided, on a timely basis, with all supporting documents and records required for and is informed of all events and circumstances which may be significant to the performance of the engagement. This also applies to those supporting documents and records, events and circumstances which first become known during the Wirtschaftsprüfer's work.

(2) Upon the Wirtschaftsprüfer's request, the client must confirm in a written statement drafted by the Wirtschaftsprüfer that the supporting documents and records and the information and explanations provided are complete.

4. Ensuring independence

The client guarantees to refrain from everything which may endanger the independence of the Wirtschaftsprüfer's staff. This particularly applies to offers of employment and offers to undertake engagements on one's own account.

5. Reporting and verbal information

If the Wirtschaftsprüfer is required to present the results of his work in writing, only that written presentation is authoritative. For audit engagements the long-form report should be submitted in writing to the extent that nothing else has been agreed to. Verbal statements and information provided by the Wirtschaftsprüfer's staff beyond the engagement agreed to are never binding.

6. Protection of the Wirtschaftsprüfer's intellectual property

The client guarantees that expert opinions, organizational charts, drafts, sketches, schedules and calculations – especially quantity and cost computations – prepared by the Wirtschaftsprüfer within the scope of the engagement will be used only for his own purposes.

7. Transmission of the Wirtschaftsprüfer's professional statement

(1) The transmission of a Wirtschaftsprüfer's professional statements (long-form reports, expert opinions and the like) to a third party requires the Wirtschaftsprüfer's written consent to the extent that the permission to transmit to a certain third party does not result from the engagement terms.

The Wirtschaftsprüfer is liable (within the limits of No. 9) towards third parties only if the prerequisites of the first sentence are given.

(2) The use of the Wirtschaftsprüfer's professional statements for promotional purposes is not permitted; an infringement entitles the Wirtschaftsprüfer to immediately cancel all engagements not yet conducted for the client.

8. Correction of deficiencies

(1) Where there are deficiencies, the client is entitled to subsequent fulfillment [of the contract]. The client may demand a reduction in fees or the cancellation of the contract only for the failure to subsequently fulfill [the contract]; if the engagement was awarded by a person carrying on a commercial business as part of that commercial business, a government-owned legal person under public law or a special government-owned fund under public law, the client may demand the cancellation of the contract only if the services rendered are of no interest to him due to the failure to subsequently fulfill [the contract]. No. 9 applies to the extent that claims for damages exist beyond this.

(2) The client must assert his claim for the correction of deficiencies in writing without delay. Claims pursuant to the first paragraph not arising from an intentional tort cease to be enforceable one year after the commencement of the statutory time limit for enforcement.

(3) Obvious deficiencies, such as typing and arithmetical errors and formelle Mängel [deficiencies associated with technicalities] contained in a Wirtschaftsprüfer's professional statements (long-form reports, expert opinions and the like) may be corrected – and also be applicable versus third parties – by the Wirtschaftsprüfer at any time. Errors which may call into question the conclusions contained in the Wirtschaftsprüfer's professional statements entitle the Wirtschaftsprüfer to withdraw – also versus third parties – such statements. In the cases noted the Wirtschaftsprüfer should first hear the client, if possible.

9. Liability

(1) *The liability limitation of § ["Article"] 323 (2) ["paragraph 2"] HGB ["Handelsgesetzbuch": German Commercial Code] applies to statutory audits required by law.*

(2) *Liability for negligence; An individual case of damages*

If neither No. 1 is applicable nor a regulation exists in an individual case, pursuant to § 54a (1) no. 2 WPO ["Wirtschaftsprüferordnung": Law regulating the Profession of Wirtschaftsprüfer] the liability of the Wirtschaftsprüfer for claims of compensatory damages of any kind – except for damages resulting from injury to life, body or health – for an individual case of damages resulting from negligence is limited to € 4 million; this also applies if liability to a person other than the client should be established. An individual case of damages also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty without taking into account whether the damages occurred in one year or in a number of successive years. In this case multiple acts or omissions of acts based on a similar source of error or on a source of error of an equivalent nature are deemed to be a uniform breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the Wirtschaftsprüfer is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(3) *Preclusive deadlines*

A compensatory damages claim may only be lodged within a preclusive deadline of one year of the rightful claimant having become aware of the damage and of the event giving rise to the claim – at the very latest, however, within 5 years subsequent to the event giving rise to the claim. The claim expires if legal action is not taken within a six month deadline subsequent to the written refusal of acceptance of the indemnity and the client was informed of this consequence.

The right to assert the bar of the preclusive deadline remains unaffected. Sentences 1 to 3 also apply to legally required audits with statutory liability limits.

10. Supplementary provisions for audit engagements

(1) A subsequent amendment or abridgement of the financial statements or management report audited by a Wirtschaftsprüfer and accompanied by an auditor's report requires the written consent of the Wirtschaftsprüfer even if these documents are not published. If the Wirtschaftsprüfer has not issued an auditor's report, a reference to the audit conducted by the Wirtschaftsprüfer in the management report or elsewhere specified for the general public is permitted only with the Wirtschaftsprüfer's written consent and using the wording authorized by him.

(2) If the Wirtschaftsprüfer revokes the auditor's report, it may no longer be used. If the client has already made use of the auditor's report, he must announce its revocation upon the Wirtschaftsprüfer's request.

(3) The client has a right to 5 copies of the long-form report. Additional copies will be charged for separately.

11. Supplementary provisions for assistance with tax matters

(1) When advising on an individual tax issue as well as when furnishing continuous tax advice, the Wirtschaftsprüfer is entitled to assume that the facts provided by the client – especially numerical disclosures – are correct and complete; this also applies to bookkeeping engagements. Nevertheless, he is obliged to inform the client of any errors he has discovered.

(2) The tax consulting engagement does not encompass procedures required to meet deadlines, unless the Wirtschaftsprüfer has explicitly accepted the engagement for this. In this event the client must provide the Wirtschaftsprüfer, on a timely basis, all supporting documents and records – especially tax assessments – material to meeting the deadlines, so that the Wirtschaftsprüfer has an appropriate time period available to work therewith.

(3) In the absence of other written agreements, continuous tax advice encompasses the following work during the contract period:

- a) preparation of annual tax returns for income tax, corporation tax and business tax, as well as net worth tax returns on the basis of the annual financial statements and other schedules and evidence required for tax purposes to be submitted by the client
- b) examination of tax assessments in relation to the taxes mentioned in (a)
- c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)
- d) participation in tax audits and evaluation of the results of tax audits with respect to the taxes mentioned in (a)
- e) participation in Einspruchs- und Beschwerdeverfahren [appeals and complaint procedures] with respect to the taxes mentioned in (a).

In the afore-mentioned work the Wirtschaftsprüfer takes material published legal decisions and administrative interpretations into account.

(4) If the Wirtschaftsprüfer receives a fixed fee for continuous tax advice, in the absence of other written agreements the work mentioned under paragraph 3 (d) and (e) will be charged separately.

(5) Services with respect to special individual issues for income tax, corporate tax, business tax, valuation procedures for property and net worth taxation, and net worth tax as well as all issues in relation to sales tax, wages tax, other taxes and dues require a special engagement. This also applies to:

- a) the treatment of nonrecurring tax matters, e. g. in the field of estate tax, capital transactions tax, real estate acquisition tax
- b) participation and representation in proceedings before tax and administrative courts and in criminal proceedings with respect to taxes, and
- c) the granting of advice and work with respect to expert opinions in connection with conversions of legal form, mergers, capital increases and reductions, financial reorganizations, admission and retirement of partners or shareholders, sale of a business, liquidations and the like.

(6) To the extent that the annual sales tax return is accepted as additional work, this does not include the review of any special accounting prerequisites nor of the issue as to whether all potential legal sales tax reductions have been claimed. No guarantee is assumed for the completeness of the supporting documents and records to validate the deduction of the input tax credit.

12. Confidentiality towards third parties and data security

(1) Pursuant to the law the Wirtschaftsprüfer is obliged to treat all facts that he comes to know in connection with his work as confidential, irrespective of whether these concern the client himself or his business associations, unless the client releases him from this obligation.

(2) The Wirtschaftsprüfer may only release long-form reports, expert opinions and other written statements on the results of his work to third parties with the consent of his client.

(3) The Wirtschaftsprüfer is entitled – within the purposes stipulated by the client – to process personal data entrusted to him or allow them to be processed by third parties.

13. Default of acceptance and lack of cooperation on the part of the client

If the client defaults in accepting the services offered by the Wirtschaftsprüfer or if the client does not provide the assistance incumbent on him pursuant to No. 3 or otherwise, the Wirtschaftsprüfer is entitled to cancel the contract immediately. The Wirtschaftsprüfer's right to compensation for additional expenses as well as for damages caused by the default or the lack of assistance is not affected, even if the Wirtschaftsprüfer does not exercise his right to cancel.

14. Remuneration

(1) In addition to his claims for fees or remuneration, the Wirtschaftsprüfer is entitled to reimbursement of his outlays: sales tax will be billed separately. He may claim appropriate advances for remuneration and reimbursement of outlays and make the rendering of his services dependent upon the complete satisfaction of his claims. Multiple clients awarding engagements are jointly and severally liable.

(2) Any set off against the Wirtschaftsprüfer's claims for remuneration and reimbursement of outlays is permitted only for undisputed claims or claims determined to be legally valid.

15. Retention and return of supporting documentation and records

(1) The Wirtschaftsprüfer retains, for ten years, the supporting documents and records in connection with the completion of the engagement – that had been provided to him and that he has prepared himself – as well as the correspondence with respect to the engagement.

(2) After the settlement of his claims arising from the engagement, the Wirtschaftsprüfer, upon the request of the client, must return all supporting documents and records obtained from him or for him by reason of his work on the engagement. This does not, however, apply to correspondence exchanged between the Wirtschaftsprüfer and his client and to any documents of which the client already has the original or a copy. The Wirtschaftsprüfer may prepare and retain copies or photocopies of supporting documents and records which he returns to the client.

16. Applicable law

Only German law applies to the engagement, its conduct and any claims arising therefrom.