



**Focus Television**

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# Group Structure

Business Areas of the ProSiebenSat.1 Group	Activities	Key Subsidiaries
<b>Television</b>	<ul style="list-style-type: none"> <li>• Commercial Television</li> <li>• Foreign Advertising Windows</li> <li>• Advertising Sales Television</li> <li>• Production</li> <li>• Film Distribution</li> </ul>	<ul style="list-style-type: none"> <li>• SAT.1 [100%]</li> <li>• ProSieben [100%]</li> <li>• Kabel 1 [100%]</li> <li>• N24 [100%]</li> <li>• SevenOne Media [100%]</li> <li>• SevenPictures [100%]</li> <li>• SevenX [50%]</li> </ul>
<b>Multimedia</b>	<ul style="list-style-type: none"> <li>• Internet</li> <li>• Teletext</li> <li>• E-Commerce</li> <li>• Community-TV</li> <li>• Advertising Sales Multimedia</li> </ul>	<ul style="list-style-type: none"> <li>• ProSieben Digital Media [100%]</li> <li>• LetsBuyIt.com [17%]</li> <li>• CM Community Media [76%]</li> <li>• SevenOne Interactive [100%]</li> </ul>
<b>Merchandising</b>	<ul style="list-style-type: none"> <li>• Merchandising</li> <li>• Viewers' Club</li> </ul>	<ul style="list-style-type: none"> <li>• MM Merchandising München [100%]</li> <li>• ArtMerchandising &amp; Media [55%]</li> <li>• SevenOne Club &amp; Shop [100%]</li> </ul>
<b>Services</b>	<ul style="list-style-type: none"> <li>• News Agency</li> <li>• Creative Design</li> <li>• Studios</li> <li>• Logistics</li> <li>• Software-Development</li> </ul>	<ul style="list-style-type: none"> <li>• ddp [100%]</li> <li>• SevenSenses [100%]</li> <li>• SZM Studios [100%]</li> <li>• ProSieben Information Service [100%]</li> </ul>

Status: March 15, 2001

# Key Figures by Business Area

			2000	1999	Change
Television	External revenues	[Euro mill]	2,094	1,971	6%
	Total revenues	[Euro mill]	2,101	1,975	6%
	Operating profit	[Euro mill]	288	217	33%
	Employees*		1,894	1,859	2%
SAT.1	Total revenues	[Euro mill]	971	908	7%
	Pre-tax income	[Euro mill]	38	26	46%
	Employees*		552	542	2%
ProSieben	Total revenues	[Euro mill]	866	840	3%
	Pre-tax income	[Euro mill]	257	224	15%
	Employees*		264	287	-8%
Kabel 1	Total revenues	[Euro mill]	220	191	15%
	Pre-tax income	[Euro mill]	51	24	113%
	Employees*		42	39	8%
N24	Total revenues	[Euro mill]	38	8	375%
	Pre-tax income	[Euro mill]	-34	-4	-750%
	Employees*		127	102	25%
Multimedia	External revenues	[Euro mill]	20	16	25%
	Total revenues	[Euro mill]	21	17	24%
	Operating profit	[Euro mill]	-10	-3	-233%
	Employees*		163	117	39%
Merchandising	External revenues	[Euro mill]	30	20	50%
	Total revenues	[Euro mill]	35	23	52%
	Operating profit	[Euro mill]	5	6	-17%
	Employees*		86	59	46%
Services	External revenues	[Euro mill]	11	11	-/-
	Total revenues	[Euro mill]	129	86	50%
	Operating profit	[Euro mill]	-4	-1	-300%
	Employees*		1,043	893	17%

\* Full-time equivalent positions as at December 31.

<b>Financial Calendar</b>	<b>Internet addresses</b>	<b>Published by</b>
April 24, 2001 Annual Accounts Press Conference and Corporate Presentation for Analysts and Investors Business Development 2000 Business Development Perspective January to March	ProSiebenSat.1 Group <a href="http://www.ProSiebenSat1.com">www.ProSiebenSat1.com</a>  Business-to-Business <a href="http://www.animation-vfx.com">www.animation-vfx.com</a> <a href="http://www.artmm-ag.com">www.artmm-ag.com</a> <a href="http://www.ddp.de">www.ddp.de</a> <a href="http://www.e-max.de">www.e-max.de</a> <a href="http://www.it4tv.de">www.it4tv.de</a> <a href="http://www.merchandising.de">www.merchandising.de</a> <a href="http://www.ProSieben-Software.de">www.ProSieben-Software.de</a> <a href="http://www.sevenoneinteractive.de">www.sevenoneinteractive.de</a> <a href="http://www.sevenonemedia.de">www.sevenonemedia.de</a> <a href="http://www.SevenSenses.de">www.SevenSenses.de</a> <a href="http://www.szm-studios.de">www.szm-studios.de</a>	ProSiebenSat.1 Media AG Medienallee 7 D-85774 Unterföhring Germany Tel. +49-89-95 07-10 Fax +49-89-95 07-1122 HRB 124 169 AG Munich
May 31, 2001 Annual General Meeting, Munich		Editorial conception and content ProSiebenSat.1 Media AG
June 1, 2001 Distribution of Dividends		Editorial Dr. Torsten Rossmann
August 2001 Interim Report: January to June		Christof Gaißmayer Irmgard Jarosch Thomas Nötting Steffen Schiefer Cordelia Wagner
November 2001 Business Development: January to September	Programs <a href="http://www.Sat1.de">www.Sat1.de</a> <a href="http://www.ProSieben.de">www.ProSieben.de</a> <a href="http://www.Kabel1.de">www.Kabel1.de</a> <a href="http://www.N24.de">www.N24.de</a>	Design KMS Team
<b>Contact</b>		
Investor Relations Medienallee 7 D-85774 Unterföhring Germany Tel. +49-89-95 07-15 10 Fax +49-89-95 07-15 03	Leisure <a href="http://www.beyond3000.de">www.beyond3000.de</a> <a href="http://www.liebesuende.de">www.liebesuende.de</a> <a href="http://www.oktoberfest.de">www.oktoberfest.de</a> <a href="http://www.wetter.com">www.wetter.com</a>	Thomas Mayfried
ProSiebenSat.1 Share Information Medienallee 7 D-85774 Unterföhring Germany Tel. +49-89-95 07-11 65 Fax +49-89-95 07-11 59	Communities <a href="http://www.ProSieben-Club.de">www.ProSieben-Club.de</a> <a href="http://www.redseven.de">www.redseven.de</a>	Lithos Foag & Lemkau GmbH
Internet <a href="http://www.ProSiebenSat1.com">www.ProSiebenSat1.com</a>		Print Alfred Aumaier GmbH
Email <a href="mailto:aktie@ProSiebenSat1.com">aktie@ProSiebenSat1.com</a>		Printed in Germany

**ProSiebenSat.1** Media AG

Medienallee 7  
D-85774 Unterföhring  
Germany  
Tel. +49-89-95 07-10  
Fax +49-89-95 07-1122

[www.ProSiebenSat1.com](http://www.ProSiebenSat1.com)  
[info@ProSiebenSat1.com](mailto:info@ProSiebenSat1.com)



# Key Figures

Consolidated Financial Statements	2000	1999 Pro forma	Change from previous year
Revenues [Euro mill]	2,155	2,018	7 %
Pre-tax income [Euro mill]	205	198	4 %
Net income for the year [Euro mill]	93	81	15 %
EBIT [Euro mill]	245	241	2 %
EBITDA [Euro mill]	332	296	12 %
Cash flow in accordance with DVFA/SG [Euro mill]	1,279	1,195	7 %
Profit per share in accordance with DVFA/SG [Euro]	0.53	0.42	26 %
Balance sheet total [Euro mill]	1,669	1,778	-6 %
Equity [Euro mill]	647	594	9 %
Capital to asset ratio	39 %	33 %	18 %
Pre-tax return on equity	32 %	33 %	-3 %
Pre-tax return on revenues	10 %	10 %	-/
Programming assets [Euro mill]	1,147	1,239	-7 %
Programming assets / balance sheet total	69 %	70 %	-1 %
Net financial debts [Euro mill]	550	582	-5 %
Dividends <sup>1</sup> [Euro]	0.30	0.30	-/
Dividend return			
- inclusive of tax credit	1.34	2.98	-55 %
- exclusive of tax credit	0.93	2.08	-55 %
Tax rate			
- ProSiebenSat.1 Media AG	43.8	- / -	- / -
- ProSiebenSat.1 Group	55.7	50.4	11 %
Employees as at Dec. 31 <sup>2</sup>	3,187	2,928	9 %

<sup>1</sup> Dividend per preference share

<sup>2</sup> Full-time equivalent posts

# At a Glance

## ProSiebenSat.1 Media AG

Share capital: Euro 194,486,400  
[194,486,400 denomination shares ]

### Ordinary shares

[restricted registered shares]

97,243,200 denomination shares

Share in subscribed capital per share:  
Euro 1.00

### Preference shares

[bearer shares]

97,243,200 denomination shares

Share in subscribed capital per share:  
Euro 1.00

### Allocation of share capital

KirchMedia GmbH & Co. KGaA	52.52 %
Axel Springer Verlag AG	11.48 %
Free float	36.00 %

### Executive Board

**Urs Rohner** [Chairman]  
Born 1959 in Zurich, Switzerland  
Management segment: Multimedia  
and Sales

**Dr. Ludwig Bauer**  
Born 1957 in Freyung  
Management segment: Television

**Jürgen Doetz**  
Born 1944 in Heidelberg  
Management segment: Media Policy and  
Regulation

**Lothar Lanz**  
Born 1948 in Bihlafingen  
Management segment: Finance,  
Merchandising and Services

**Claus Larass**  
Born 1944 in Jüterborg  
Management segment: Information,  
News and Political Programs

### Supervisory Board

**Dr. Dieter Hahn** [Chairman]  
Deputy Chairman at  
KirchHolding GmbH & Co. KG, Ismaning

### Thomas Kirch

[Deputy Chairman]  
Businessman, Munich

### Dr. h.c. Helmut Guthardt

Former Chairman of the Executive Board  
at DG Bank AG, Frankfurt

### Dr. Ralf Kogeler

Member of the Executive Board at  
Axel Springer Verlag AG, Berlin

### Prof. Dr. Hans-Joachim Mertens

Professor at the Johann Wolfgang  
Goethe Universität, Frankfurt

### Jan Mojto

General Manager at KirchHolding GmbH  
& Co. KG, Ismaning

### Dr. Klaus Piette

General Manager at KirchHolding GmbH  
& Co. KG, Ismaning

### Hans Reischl

Chairman of the Executive Board at  
Rewe-Zentral AG, Cologne

### Gisela Schmitt

Member of the Management Team  
at Rewe-Zentral AG, Cologne

# ProSiebenSat.1 Corporate History

<b>January 1984</b>	SAT.1 is the first German commercial television company to go on air
<b>August 1988</b>	Launch of SAT.1 Text
<b>January 1989</b>	ProSieben goes on air
<b>February 1992</b>	Kabel 1 goes on air, ProSieben holds 45 percent of the shares
<b>July 1992</b>	Formation of the sales company MediaGruppe München
<b>January 1993</b>	Formation of SZM Studios
<b>July 1994</b>	Launch of ProSieben Text
<b>November 1995</b>	ProSieben acquires the remaining 55 percent of shares in Kabel 1
<b>December 1995</b>	ProSieben is transformed into a stock corporation [Aktiengesellschaft]
<b>March 1996</b>	ProSieben takes over MM Merchandising München
<b>April 1996</b>	Formation of ProSieben Digital Media and launch of ProSieben Online
<b>September 1996</b>	Launch of SAT.1 Online
<b>July 1997</b>	ProSieben is listed on the stock exchange
<b>August 1997</b>	Launch of Kabel 1 Text and Kabel 1 Online
<b>December 1998</b>	ProSieben acquires the news agency ddp
<b>April 1999</b>	Formation of the creative agency SevenSenses
<b>August 1999</b>	Formation of the SAT.1 sales company Media 1
<b>January 2000</b>	N24 goes on air, launch of N24 Text and N24 Online
<b>October 2000</b>	Formation of ProSiebenSat.1 Media AG
<b>November 2000</b>	SevenOne Media originates from the merger between MediaGruppe München and Media 1

## **Television is our main focus**

We are the leading and most powerful television company in Germany. Our core business is television. We open up television related markets like multimedia and merchandising. Our brands and employees are the key factors for success in competition. In the interest of all our shareholders we pursue an earnings oriented growth strategy, in order to increase the value of our company long-term.



13.00

14.00

15.00

16.00

17.00

18.00

ProSieben



SAT.1



Kabel 1



N24



19.00

20.00

21.00

22.00

23.00

24.00



## Greater Flexibility for a Dynamic Corporate Policy



Dear Shareholders and Business Partners,

The past twelve months have been extraordinarily exciting and challenging for the company's management, employees and shareholders alike. The merger between SAT.1 and ProSieben Media AG shaped the financial year 2000 in every respect. This 'marriage made in heaven' has created the largest and most powerful television company in the German media market - ProSiebenSat.1 Media AG. Today, we are pleased to present to you the first annual report of the new holding company and with it the financial accounts for a year when we not only were able to put in place important forward-looking strategic decisions but also managed to significantly increase both revenues and income within our group of companies.

In the financial year 2000, the ProSiebenSat.1 Group's revenues rose by Euro 137 million to Euro 2.155 billion compared to the pro forma figures published for 1999. This represents an increase of seven percent. We were able to grow the group pre-tax income by four percent to Euro 205 million - in spite of considerable investments in the set up of the news channel N24 and in the expansion of our activities in the multimedia and merchandising area. In addition, the income statement was also burdened by transaction and integration costs in the amount of Euro 27 million which arose in connection with the merger. Not taking into account the special effects of the merger, the pre-tax income did, in fact, increase by 18 percent to Euro 233 million. This performance is an impressive testimony of the ProSiebenSat.1 Group's income potential.

The highlights of the financial year 2000 doubtlessly also include the birth of the news channel N24. Since the new channel went on air on January 24, 2000, we have consistently extended the technical reach of N24. Today, around 50 percent of all German television households are able to receive the new channel. With its TV stations SAT.1, ProSieben, Kabel 1 and N24, ProSiebenSat.1 Media AG is the only German media company with four wholly-owned nationwide television channels, which consistently complement each other both from a positioning and programming perspective. No other television company is able to offer the advertising industry a target group portfolio as broad and varied as this, no other television company in Germany enjoys a market position as strong as the ProSiebenSat.1 Group's. Based on these facts our shares also held up well in what was a difficult year for the stock markets. With a price of Euro 32.09 at the close of the year, we were able to record a price gain of 116 percent. This has placed the ProSiebenSat.1 Media AG share among the top performers in the media sector in 2000.

We also have big plans for the future. We are consistently pursuing the goal of increasing the value of our media company even further. In this respect, our core business - advertising funded television - offers the largest potential. This is where the ProSiebenSat.1 Group realizes 98 percent of its total revenues. And herein also lies the explanation for our earnings power. All our TV stations, but in particular SAT.1 as a



multifaceted full service channel, still offer sufficient development potential to further increase the company's overall profitability. We are convinced that we can double the ProSiebenSat.1 Group's pre-tax profit margin within the next four to five years - which will raise it to 20 percent from the current ten percent.

By focusing on our core business we are consistently gearing the ProSiebenSat.1 Group toward 'pure play' from a strategic perspective. The company only operates in business sectors that can be integrated sensibly with its core business television. The television related markets in which we concentrate our investments and know-how include two particularly attractive sectors in the media industry - multimedia and merchandising. In these market sectors, the ProSiebenSat.1 Group already holds a strong market position today, which will be further extended in the future. The entrepreneurial concept of 'pure play' is accompanied by a structural realignment of the company portfolio, which we will carry out in the course of the financial year 2001. This will further enhance the effectiveness of the group to a considerable extent.

Today, the ProSiebenSat.1 Group, with its market position, capital resources and earnings power, ranks among the top companies in the German and European media industry. The company fulfils all the necessary requirements and has the capacity to continue on its growth path in the future. This is not least due to our employees, whose exceptional determination and commitment made the successful conclusion of the merger and our entrepreneurial success possible in the first place. For this, we would like to express our sincere thanks.

The merger, which resulted in the creation of ProSiebenSat.1 Media AG, has given us additional leeway to pursue a dynamic corporate policy. We intend to resolutely exploit these opportunities and firmly establish the ProSiebenSat.1 Group as a trademark for good programs - both in the television market and in the capital market.

Yours sincerely

Urs Rohner  
Chairman of the Executive Board

## "Our Key Focus Is Television"

The amalgamation of SAT.1 and ProSieben Media AG under ProSiebenSat.1 Media AG took place more than six months ago. Which integration tasks have been realized and which are still outstanding?

**Urs Rohner:** Thanks to our preparatory work, we were able to start with the integration of the two companies immediately when the legal conditions allowed us to do so. Since the company was entered in the Register of Companies on October 2, 2000, we have been operating under the new structure. The positive business performance shows that the new organization, based on a central holding company, strong TV stations and a common marketing company, proves successful in competition. Naturally, our staff in Berlin and Munich still need to get to know each other a little better yet. The process of establishing close links across the company will take some more time. There are also two specific tasks we still need to perform. Firstly, we will only be able to finalize the integration within the news area after N24's partial relocation to Berlin. This will take place in the summer of 2001. And secondly, the standardization of the IT systems too cannot be accomplished overnight, unfortunately. But overall, the integration process is moving ahead as planned and so far very successfully.

What is the ProSiebenSat.1 Group's future strategic orientation?

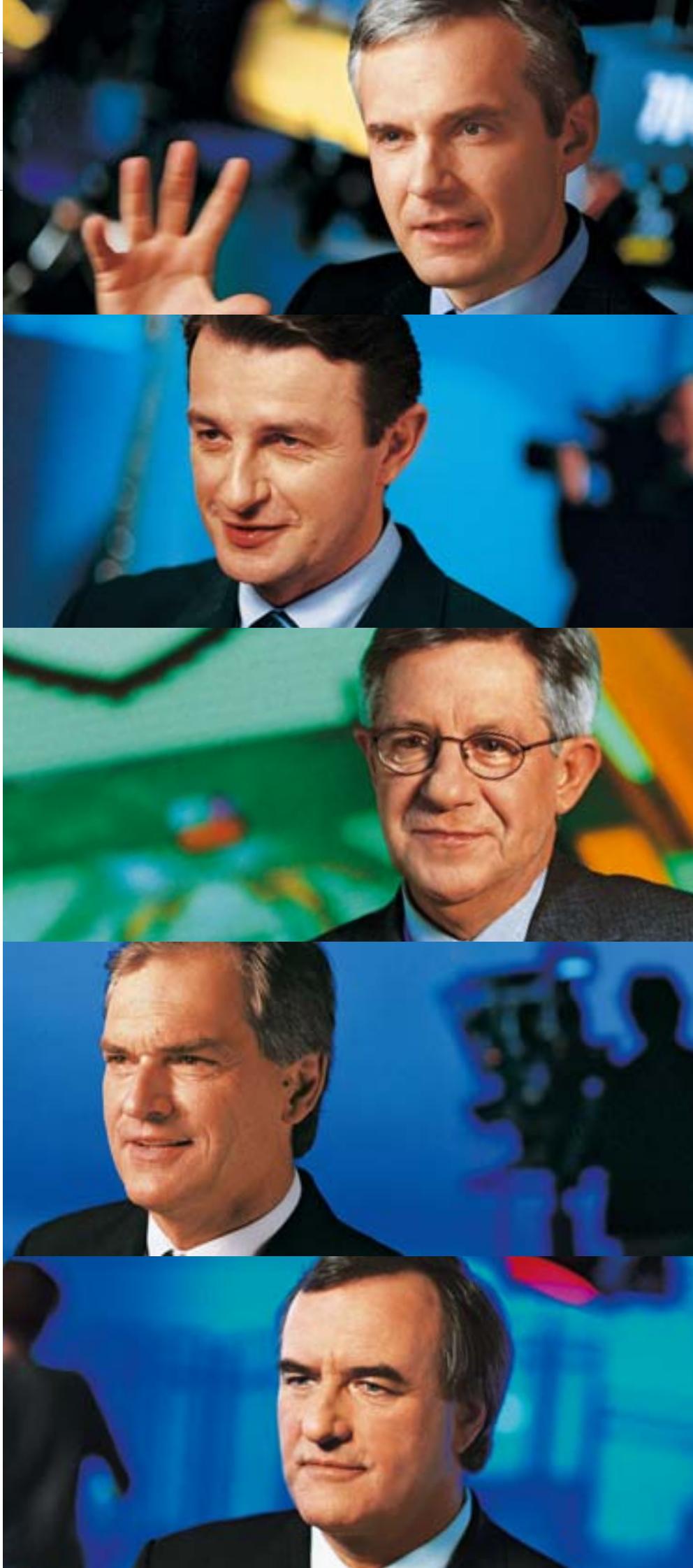
**Urs Rohner:** The ProSiebenSat.1 Group pursues an income oriented growth strategy, whereby we concentrate primarily on our core business television. We also invest in activities in television related markets like the multimedia and merchandising sector, which we tie into the activities of our core business. We have a very clear objective to further increase the earnings power of the entire group. Over the next four to five years, we aim to double our pre-tax profit margin from the current ten percent to 20 percent. All our TV stations still have spare capacity to further increase the company's profitability. SAT.1, which has been turning into a true mainstay within the TV channel network since the economic turnaround in 1998, offers the largest growth potential. But the clear yield orientation of the ProSiebenSat.1 Group also means that we resolutely need to separate from subsidiary companies and divest participating interests that do not fit within our entrepreneurial vision and don't have any chance of reaching our return-on-investment objectives. The further expansion of our company will be based

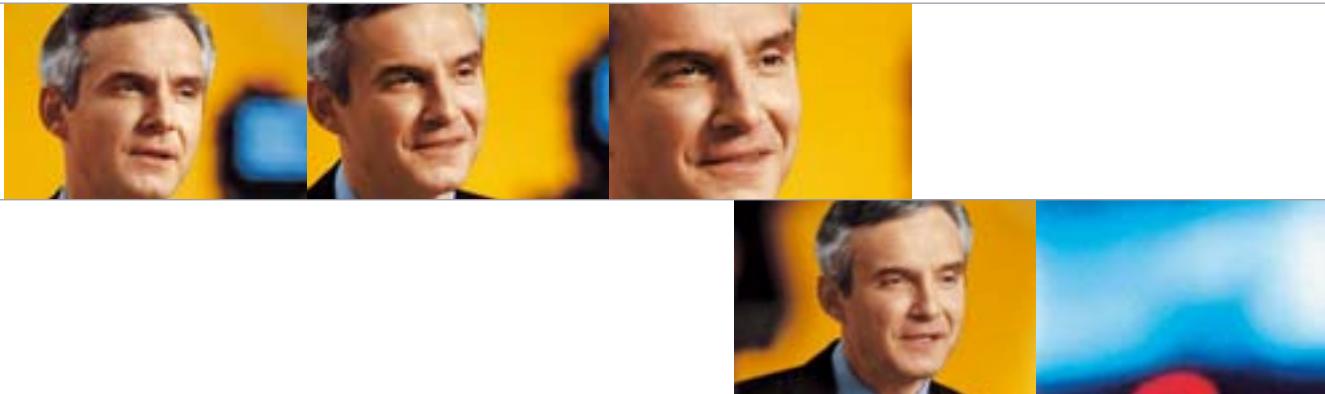
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**Urs Rohner**

Born in 1959, studied Law in Zurich, Switzerland between 1978 and 1983 and was called to the Bar in 1986 in the canton of Zurich. Between 1983 and 1988, the former competitive sportsman [hurdles] worked at the offices of Lenz & Staehelin. In 1988 he went to New York and worked at the offices of Sullivan & Cromwell and was admitted to the Bar in the State of New York. In the same year he returned to the law firm Lenz & Staehelin in Zurich where he was made a partner in 1992. Specialist areas: Media and entertainment law, capital market and cartel law. In addition, Supervisory Board Member at a number of Swiss companies. Appointed Chairman of the Executive Board at ProSieben Media AG in 2000 and following the merger with SAT.1 was elected Chairman of the Executive Board at ProSiebenSat.1 Media AG. Management segments: Multimedia and Sales

From top to bottom:  
Urs Rohner, Dr. Ludwig Bauer, Jürgen Doetz,  
Lothar Lanz, Claus Larass





on a careful yet consistent investment and acquisition policy in the TV market as well as in the television related markets, multimedia and merchandising.

#### How do you assess the ProSiebenSat.1 Group's growth potential in its core business television?

**Dr. Ludwig Bauer:** Over the last few years, the television advertising market has been growing at a steady pace. All predictions are also based on the assumption of an annual net growth rate of well over five percent in the long-term. Measured against countries like Italy, the UK and the USA, where television advertising plays a much more significant role, the German television advertising market still has a lot of spare capacity. Our TV channel network will benefit from future growth in this area in line with its market position. Added to this, we were able to improve the performance across all our TV channels. The increased market shares with viewers will also lead to a further rise in advertising revenues generated by the TV channel network. And last but not least, we are opening up an additional source of income through our activities in the area of transaction TV. For instance, we recently entered into a collaboration agreement with the shopping channel H.O.T., which produces live shopping windows for our SAT.1 and Kabel 1 channels. All profits realized through these transactions will be shared equally between H.O.T. and the ProSiebenSat.1 Group. We are currently developing additional business models in the area of transaction TV.

#### How will the television advertising market develop in 2001?

**Dr. Ludwig Bauer:** We are confident about the future, although the start into the 2001 advertising year was somewhat restrained. In the first two months of this year, the television advertising market had to accept a drop of four percent by gross figures compared to the same period in 1999, whereas the print market even had to relinquish revenues in the region of double digit percentage points. However, we do know from discussions with customers and agencies that this is only a matter of postponing campaign and investment plans. Today, we are already seeing some evidence that demand is on the rise again. The TV advertising market will also receive additional impetus in the second half of the year as a result of the conversion to the Euro and the new legislation on rebates. It had originally been predicted that the net growth in the market would lie at around six percent for the year as a whole. Many players in the market now expect net growth to reach four percent.

#### Dr. Ludwig Bauer

Born in 1957, studied German and English Language and Literature in Munich between 1977 and 1984, and in-between worked at the Bayerische Rundfunk [Bavarian Broadcasting & Radio] as a freelance journalist. In 1986, he was awarded a research grant and doctorate by the Bavarian Graduation Fund. Between 1986 and 1991 he was co-publisher of two film and media sciences publishing series. Following his PhD in 1991, he worked as a freelance contributor with Bayerisches Fernsehen [Bavarian Television] and as a lecturer in film history and media sciences. He joined Kabel 1 in 1992 as Head of Program Research and in the same year was promoted to Director of Programs. In 1995, he moved to ProSieben as Deputy Director of Programs and Head of Program Planning. He was appointed General Manager of Kabel 1 in 1996 and Member of the Executive Board at ProSieben Media AG in 1999. Member of the Executive Board at ProSiebenSat.1 Media AG since 2000.

Management segment: Television

The merger has led to closer contact between the ProSiebenSat.1 Group and the Kirch Group. To what extent does your main shareholder influence your corporate and business policies?

**Urs Rohner:** The relationship between the two companies is still clearly defined, even subsequent to the merger. The Kirch Group is represented at Supervisory Board level and naturally exerts its influence on the strategic direction of the ProSiebenSat.1 Group through this body. The Executive Board is responsible for the operational side of the business, which we manage completely independently, while being fully aware



of our responsibility to safeguard the interests of all our shareholders. Overall, the ProSiebenSat.1 Group benefits from the fact that its main shareholder, the Kirch Group, is also Europe's foremost provider of film and television rights. Effectively, we get 'first look' at all programs and productions offered by the Kirch Group. This advantage should not be underestimated in the tough competition for attractive program rights and we have every intention of making full use of this opportunity.

**What is the reason for the partial relocation of the news channel N24 to Berlin?**

**Claus Larass:** With the stronger presence in the German capital the news channel N24 will benefit from additional journalistic impetus which in turn will give the TV station competitive advantages. In addition, the synergy potential arising from the merger between N24 and the news division of SAT.1 can be best realized at our offices in Berlin. In a countermove, we are expanding our facilities in Munich to form the central production location for the entire range of sports programs for all of the company's TV channels. We expect that the relocation costs for N24 will total around Euro ten million. The move will be completed by the summer of 2001.

**Where do you see opportunities to realize the synergy potential in the news area of the TV channel network?**

**Claus Larass:** N24 will be expanded to take on the role of central service provider for the news production of the entire TV channel network. In future, all TV stations will be able to fall back on a common infrastructure - from foreign studios right through to the editorial offices in the capital. Like any other producer, the news content delivered to our TV stations by N24 Gesellschaft für Nachrichten und Zeitgeschehen mbH fulfil the requirements and the terms stipulated by SAT.1, ProSieben and Kabel 1. It goes without saying that there will not be any standardized editorial mishmash. Each TV station will continue to focus on particular areas, in line with its positioning in the market. Following the partial relocation of N24, our budget provides for around 25 percent of the synergy potential to be realized in the financial year 2001, and around 65 percent by 2002. At the same time, we are further expanding the information sectors within the channel network. SAT.1, for example, added a nightly journal to its program in March 2001, which will further reinforce the channel's authority in the information arena.

**What are you hoping to achieve with the proposed merger between the two multi-media companies, ProSieben Digital Media and Kirch New Media?**

**Urs Rohner:** The policy decision to merge the two companies puts us into an excellent starting position that will allow us to take advantage of future developments in the multimedia market. The ProSiebenSat.1 Group plans to acquire up to 50 percent of the shares in the new company. Our partners are KirchMedia and KirchPayTV. This will make us the largest individual shareholder in a company that links our strong TV channel brands on the Internet to the broad range of audiovisual content available within the Kirch Group. The merger makes sense which ever way you look at it. By bundling all resources we not only benefit from substantial cost advantages but are also able to greatly expand our product portfolio as well as speeding up the process of integrating the traditional television business with the new online world.

**Claus Larass**

Born in 1944, trainee reporter at the newspaper 'Fränkischer Anzeiger' between 1966 and 1968; initially worked as a reporter for the regional newspapers 'Kölner Stadtanzeiger' and 'Donaukurier'. Appointed Section Head at the 'Welt' newspaper in 1973 and later at the Sunday equivalent 'Welt am Sonntag'. In 1980 he started working as a freelance author and in 1985 was appointed Deputy Editor-in-Chief at the Sunday paper 'Bild am Sonntag'. Between 1988 and 1991 he was Deputy Editor-in-Chief at the magazine 'Bunte'. From 1991 Editor-in-Chief of 'BZ' and 'BZ am Sonntag'. Appointed Editor-in-Chief of the daily newspaper 'Bild' in 1992, and from 1996 onward also publisher of 'Bild' and 'Bildwoche'. In 1998 appointed Deputy Chairman of the Executive Board at the publishing house Axel Springer Verlag AG. Member of the Executive Board at ProSiebenSat.1 Media AG since 2000.

Management segment: News, Information and Political Programs



#### What level of dividend can shareholders expect for 2000?

**Lothar Lanz:** As a result of the positive earnings position, we are able to increase the dividend total compared to the amount distributed by ProSieben Media AG in 1999. Under the proposal of the Executive Board and the Supervisory Board on the appropriation of profits, each preference share will receive a dividend of Euro 0.30 and each ordinary share a dividend of Euro 0.28. The ProSiebenSat.1 Media AG therefore continues to pursue the earnings oriented and shareholder friendly dividend policy for which ProSieben Media AG had become renowned.

#### Why does the ProSiebenSat.1 Group not provide any segment reporting in contrast to the former ProSieben Group?

**Lothar Lanz:** As a result of the merger between SAT.1 and ProSieben Media AG, our strategic and commercial focus is centered on television. This is already illustrated by the sheer magnitude of the amount of revenues generated in the television area, which have almost doubled through the merger. The group as a whole generates around 98 percent of total revenues in its core business. That is why we have dispensed with preparing separate reports for the multimedia, merchandising and services segments. The true focus of our business is concentrated on our TV channels. We therefore provide appropriately detailed reports on the developments at SAT.1, ProSieben, Kabel 1 and N24.

#### Do you anticipate further deregulation in respect of the advertising guidelines and legal framework for commercial broadcasting once the new State Broadcasting Treaty has come into force?

**Jürgen Doetz:** In the political discussion we support the cause for a state media treaty which stipulates a liberal regulatory framework for all media services in the broadcasting area. We need planning guarantees and sufficient flexibility to enable us to meet the challenges arising from the transition from analog to digital, i.e. multimedia distribution. At the same time, on a European level we are doing everything we can to ensure the advertising guidelines under the EU television directive are further liberalized as soon as possible. Coincidentally, this also reflects a demand brought forward by the leaders of the federal states, which has our wholehearted support. In the political debate, our basic stance is this: If the protection of consumers and young people is maintained - for instance through a distinct separation between programs and advertising - it should be left to the market to determine the amount and allocation of commercials.

#### Will the private cable network operators bring about a new cable market model in Germany?

**Jürgen Doetz:** So far, at least, there is no new cable market model. Although the sell-off of the regional cable networks of Deutsche Telekom has been accomplished to a certain extent, the allocation of programs on analog cable channels is still being handled through the regional media authorities. This binds the private cable network operators to the political guidelines of the policy which so far has prevented the operators from aligning their services to the demands of customers. The regulatory policy of

#### Lothar Lanz

Born in 1948, studied Business Administration between 1969 and 1974 and completed his course with a Master of Commerce. Initially worked as assistant auditor at a firm of certified public accountants and tax consultants and in 1977 made the move to Bayerische Hypotheken- und Wechselbank AG, Munich, where he managed a succession of the bank's branches between 1983 and 1990. In 1991, he was elected a Member of the Executive Board at HSB HYPO Service-Bank AG, Munich. In 1996, he was appointed Member of the Executive Board at the trustee savings bank Nassauische Sparkasse in Wiesbaden. In the same year, he moved to ProSieben Media AG as Member of the Executive Board and Chief Financial Officer. Member of the Executive Board at ProSiebenSat.1 Media AG since 2000.

Management segments: Finance, Services and Merchandising



excessive controls in respect of cable will undoubtedly come to an end with the move to digitalization. For us, it is important that this process will lead to one third of the digital transmission capacity being reserved for broadcasting services like SAT.1, ProSieben, Kabel 1 and N24. Two thirds of the cable should be placed at the free disposal of the network operators. This is what we are actively fighting for at the political level. We plan to develop new services in collaboration with the cable network operators, which will enhance cable with attractive multimedia content and offer viewers genuine additional value.

**How do you ensure that complementary programming for the TV channels SAT.1, ProSieben and Kabel 1 is maintained?**

**Dr. Ludwig Bauer:** We rely on the variety and independence of our TV channels. Strong brands and unmistakable, clear positioning are important factors for success in the predatory competition in the television market. That is why ProSiebenSat.1 Media AG, as a holding company, is focussing on the strategic positioning of the TV channel network in the market. We have put in place coordination functions to ensure the channels' complementary programming. This is achieved primarily through the centralized program procurement function, which bundles the requirements of each TV channel, acquires program rights and subsequently makes these available to the individual members of the TV channel network. In addition, we also regularly consult with all Station Heads, who are responsible for their programs both from an entrepreneurial and programming perspective. Our concept for the TV channel family is: as much independence as possible, as much coordination as necessary.

**What is your prediction for the ProSiebenSat.1 Group for the financial year 2001?**

**Urs Rohner:** The conditions for a successful financial year are very positive. In the first two months of this year, our four TV stations have been able to significantly enhance their market weight. In addition to new program formats, the improvement in performance is also attributable to the complementary programming strategy, which we have fine-tuned continuously since the merger last year. On the basis of the recent policy decision on the amalgamation of our multimedia company ProSieben Digital Media with Kirch New Media, we will further strengthen our position in the multimedia market. In this financial year we will also for the first time benefit to an appreciable extent from the synergy effects arising from the merger between SAT.1 and ProSieben Media AG. Added to this, we entered into the financial year 2001 'squeaky clean'. Loss makers like CM Community Media, the news agency ddp and LetsBuyIt.com were either written off or adjusted in value last year. Against this background, we will record a double digit percentage increase in group pre-tax income in the financial year 2001. The ProSiebenSat.1 Group's revenue growth will outperform the net increase of the entire television market.

#### Jürgen Doetz

Born in 1944, trained at the daily newspaper 'Pfälzer Tageblatt' and visited the German College of Journalists in Munich. National service with the Federal Armed Forces between 1964 and 1966, left as a Lieutenant of the Reserves. Studied Political Sciences, History and Sociology between 1966 and 1971; in 1970 also worked as a political reporter at the 'Pfälzer Tageblatt'. Between 1971 and 1976 he was Press Officer for the Minister for Education and Cultural Affairs in Rhineland-Palatinate and between 1976 and 1982 Deputy Spokesperson for the government of Rhineland-Palatinate. Between 1982 and 1992 General Manager at PKS Programmgesellschaft für Kabel- und Satellitenrundfunk mbH in Frankfurt; from 1985 General Manager at SAT.1 SatellitenFernsehen GmbH. Between 1985 and 1990 he was Chairman of Bundesverband Kabel und Satellit e.V. in Bonn [national association of cable and satellite]. In 1990, he was appointed Executive Vice President of Verband Privater Rundfunk und Telekommunikation e.V. [German association of commercial broadcasting and telecommunications] in Bonn and was made President in 1996. Member of the Executive Board at ProSiebenSat.1 Media AG since 2000.

Management segment: Media Policy and Regulation

**We are pursuing the clear objective  
to further increase our earning power.**



# Management Report and Group Management Report

## Economic position

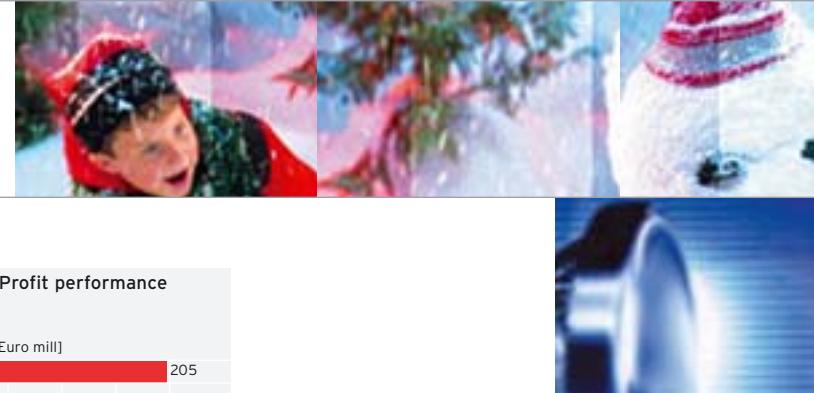
### Success in the first business year

The ProSiebenSat.1 Group has recorded record results in both revenues and income in its first business year. The company was able to increase group revenues by seven percent to Euro 2.155 billion compared to the pro forma value of the previous year. The group net income for the year rose by 15 percent to Euro 93 million. The group income before taxes increased by four percent to Euro 205 million. This figure includes merger and transaction costs in the amount of Euro 27 million. The group pre-tax profit margin amounted to ten percent. Excluding the special effect arising from the merger, the group pre-tax income amounted to Euro 233 million - a rise of 18 percent. As a result, the group was able to considerably improve its earnings power in the year of the merger - in spite of substantial investments in the set up of the news channel N24 and the expansion of the business activities in the multimedia, merchandising and services areas.

The profit per share, calculated in accordance with the latest criteria laid down by the German association of financial analysts and asset managers [DVFA] and the 'Schmalenbach Gesellschaft' - German association for business administration [SG], rose by 26 percent to Euro 0.53. The company was able to improve its EBIT result by two percent to Euro 245 million. EBITDA increased by twelve percent to Euro 332 million. The group cash flow in accordance with DVFA/SG increased by seven percent to Euro 1.279 billion.

The adjustments made to the investment portfolio in the financial year 2000 will have a positive effect on the future business performance of the ProSiebenSat.1 Group. The company is able to start the financial year 2001 without any encumbrance. Total write-downs on financial assets amounted to Euro 24 million. Among others, this includes a value adjustment to the shareholding in LetsBuyIt.com totaling around Euro 15 million. As at December 31, 2000 ProSiebenSat.1 Media AG still held around 17 percent of the shares in the European Internet mail order company. Furthermore, an adjustment was made to the book value of the participating interests in RTL/ProSieben Schweiz Fernseh AG, which ceased operation in spring 2000. The financial result of the ProSiebenSat.1 Group amounted to minus Euro 63 million compared to minus Euro 45 million in the previous year.



**ProSiebenSat.1 Group: Revenue performance**

Consolidated revenues [Euro mill]	
'00	2,155
'99*	2,018
0	400 800 1,200 1,600 2,000

\*Pro forma

**ProSiebenSat.1 Group: Profit performance**

Consolidated pre-tax income [Euro mill]	
'00	205
'99*	198
0	30 60 90 120 150 180 210

\*Pro forma

**Strong balance sheet**

The balance sheet total of ProSiebenSat.1 Media AG decreased by six percent to Euro 1.669 billion compared to the pro forma financial statements for 1999.

With regard to liabilities and shareholders' equity the decrease in the balance sheet total is mainly attributable to repayments of shareholder loans at SAT.1. This has led to an overall reduction in liabilities of 13 percent to Euro 865 million. The company was able to reduce the net financial liabilities from Euro 582 million to Euro 550 million. This represents a decrease of five percent. Due to the high profitability, shareholders' equity increased by nine percent to Euro 647 million. The equity ratio improved from 33 percent in the previous year to 39 percent in the financial year 2000. The ProSiebenSat.1 Group therefore has at its disposal very sound capital structure, which forms a solid basis for the continued entrepreneurial development of the media company.

**ProSiebenSat.1 Group: Balance sheet structure****Assets [Euro mill]**

	[Pro forma] 1999	2000	Change from previous year	Share 2000
Fixed assets	265	240	-9 %	14 %
Current assets	1,501	1,413	-6 %	85 %
- of which programming assets	1,239	1,147	-7 %	69 %
Prepaid and deferred items*	12	16	33 %	1 %
Total assets	1,778	1,669	-6 %	100 %

**Liabilities and shareholders' equity [Euro mill]**

Shareholders' equity	594	647	9 %	39 %
Accrued liabilities	183	155	-15 %	9 %
Liabilities	999	865	-13 %	52 %
Deferred items	2	2	0 %	0 %
Total liabilities and equity	1,778	1,669	-6 %	100 %

\* Including deferred taxes



ProSiebenSat.1 Group: Equity

Equity [Euro mill]

'00 647

'99\* 594

0 150 300 450 600 750

\*Pro forma

ProSiebenSat.1 Group: Capital to asset ratio

Capital to asset ratio [Euro mill]

'00 39

'99\* 33

0 5 10 15 20 25 30 35 40

\*Pro forma

On the asset side, the decrease in current assets of six percent to Euro 1.413 billion was a key contributing factor to the reduction in total assets. Current assets represent 85 percent of the balance sheet total, making it the most important asset item of the ProSiebenSat.1 Group. Programming assets - valued at Euro 1.147 billion represent the most important item under current assets. In the financial year 2000, programming assets decreased by Euro 92 million, equivalent to seven percent, compared to the pro forma value of the previous year. Program investments effecting the balance sheet amounted to Euro 999 million. This represents a decrease of four percent compared to 1999.

#### **Contractually agreed program rights valued at Euro 2.183 billion**

Programming assets shown in the balance sheet of the ProSiebenSat.1 Group primarily include feature films and series, prepayments for programs and commissioned productions scheduled for single and multiple transmissions. Feature films and series are capitalized at the beginning of the contractual license period, while commissioned productions are capitalized as transmittable programming assets after completion. In addition, the ProSiebenSat.1 Group owns broadcasting rights to the value of Euro 1.036 billion, which are not capitalized until the license period has started or payment for the rights is made. As at December 31, 2000, the total contractually agreed programming assets amounted to Euro 2.183 billion. The ProSiebenSat.1 Group's program inventory included 41,671 hours of contractually agreed broadcasting rights, including 16,102 hours of international feature films, 12,846 hours of international television series, 3,157 hours of animation programs, 2,897 hours of German TV series and 994 hours of German feature films. The revenue potential of these programming assets amounts to around Euro 3.8 billion and can be realized on the SAT.1, ProSieben and Kabel 1 TV channels.

Programming and material costs relate in particular to the depreciation resulting from program transmissions in respect of the capitalized programming assets, i.e. primarily for licensed programs as well as for single and multiple transmissions of commissioned productions. In addition, this item includes expenditure for licenses, transmission fees and materials as well as for production costs. In the financial year 2000, programming and material costs amounted to Euro 1.380 billion, falling just below the previous year's total of Euro 1.386 billion. Depreciation amounted to Euro 1.091 billion, which represents a drop of one percent compared to 1999. Unscheduled depreciation amounted to Euro 99 million, a reduction of 20 percent compared to the previous year's value.



Appreciation of programming assets, included under the item 'Other operating income', amounted to Euro twelve million. The substantially higher values of the previous year in respect of unscheduled depreciation and 'Other operating income' are mainly attributable to a revaluation of the programming assets as a result of changes to the German tax law.



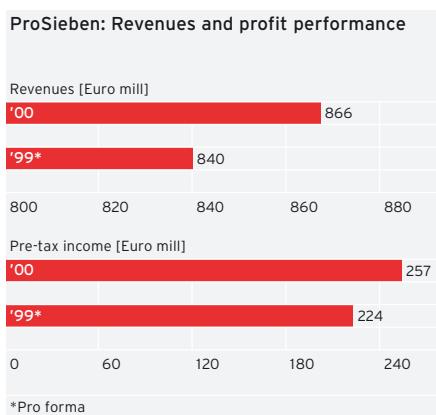
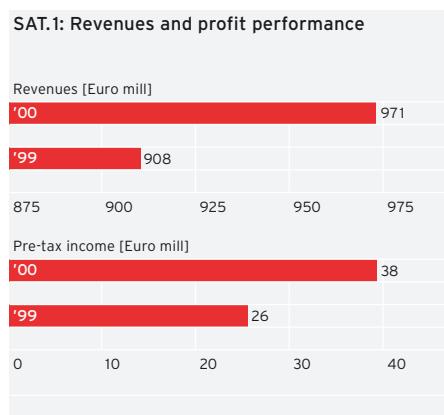
#### **Continuation of shareholder friendly dividend policy**

In view of the positive earnings situation, ProSiebenSat.1 Media AG is able to continue its earnings orientated and shareholder friendly dividend policy, for which ProSieben Media AG had become renowned. The Executive Board is proposing a dividend of Euro 0.30 for each preference share and Euro 0.28 for each ordinary share. This increases the amount to be distributed to Euro 56 million compared to Euro 40 million distributed by ProSieben Media AG in the previous year. Overall, more than 44 percent of ProSiebenSat.1 Media AG's net income for the year are to be distributed to the shareholders. Euro 63 million are to be allocated to revenue reserves and Euro eight million are to be carried over to the new accounting period.

#### **Television**

##### **Television is the primary vehicle for revenues and income**

Television financed through advertising represents the ProSiebenSat.1 Group's core business. Around 98 percent of total revenues were generated by the group's four television channels - SAT.1, ProSieben, Kabel 1 and N24. The operating profit in the television segment increased by 33 percent to Euro 288 million compared to the pro forma figures reported in 1999. External revenues rose by six percent to Euro 2.094 billion. Total revenues also increased by six percent to Euro 2.101 billion. As a result, the TV channels were able to increase their pre-tax profit margin to 14 percent, after eleven percent in the previous year.





In the financial year 2000, SAT.1 has once again maintained its encouraging business performance. The TV station was able to increase its income at a substantially higher rate, compared to its revenues. Revenues increased by seven percent to Euro 971 million, while pre-tax profits rose by 46 percent to Euro 38 million. The pre-tax profit margin amounted to four percent. Since the economic turnaround in 1998, the TV station has increasingly developed into an efficient mainstay within the channel network.

In the year under review, the ProSieben TV station generated revenues in the amount of Euro 866 million - an increase of three percent compared to 1999. Pre-tax profits rose by 15 percent to Euro 257 million compared to the previous year's level achieved in the program area of the former ProSieben Media AG. The pre-tax profit margin rose from 27 percent to 30 percent. This makes the ProSieben TV station by far the most profitable television company in Germany.

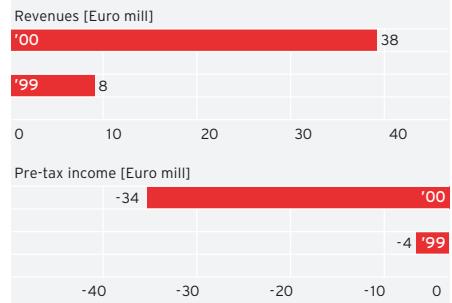
Kabel 1, a second generation television station, was also able to maintain its dynamic growth. Revenues climbed to Euro 220 million after Euro 191 million in 1999. This represents an increase of 15 percent. The rise in income was even more distinct. Pre-tax profits increased by 113 percent to Euro 51 million. Consequently, the TV station was able to increase its pre-tax profit margin from 13 percent to 23 percent. With these results, Kabel 1 already rates as one of the most profitable companies in the German television market today.

The news channel N24, which went on air on January 24, 2000, was able to realize its targets in the first year of operation. With revenues in the amount of Euro 38 million, N24 reached its budget levels. The TV station recorded a result of minus Euro 34 million. N24 is scheduled to achieve an operating profit in 2004. In the last financial year, the TV channel was able to significantly extend its technical reach, even exceeding its own targets. At the end of 2000, 48 percent of all German television households were already able to receive N24. At the time of going on air the technical reach stood at 30 percent.

**Kabel 1: Revenues and profit performance**



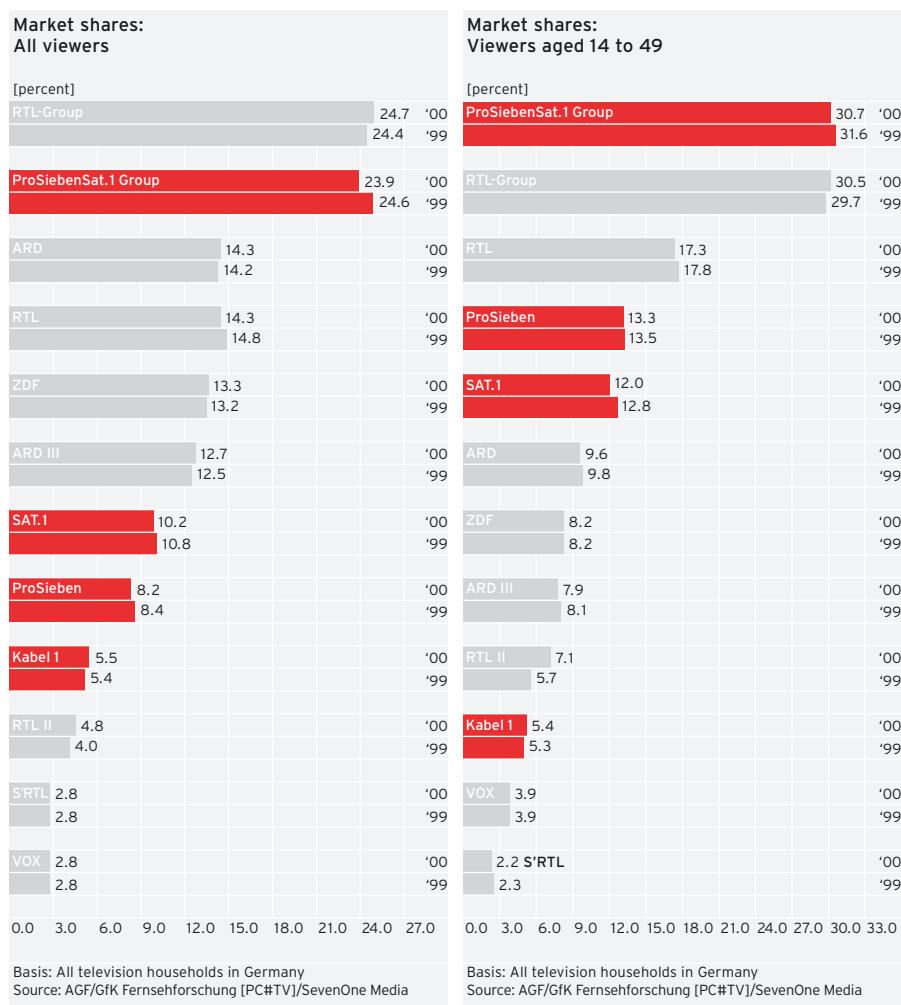
**N24: Revenues and profit performance**





## 2000 was a good year for advertising

The development in the German television advertising market was very positive in 2000. However, it is not possible to put a precise figure on the actual growth right now. The German advertising association [ZAW] does not publish the net advertising revenues for the television stations until May 2001. The ZAW values are based on information provided voluntarily by each company and include details on advertising revenues before deductions for cash discounts and after deductions for agency commission and rebates. According to ZAW's own estimates, the entire advertising market recorded a 4.6 percent growth, with revenues totaling Euro 32.9 billion in 2000. Based on these figures, the advertising market performed substantially better than the economy as a whole. Although the gross domestic product in Germany achieved its strongest increase since 1991 with 3.1 percent growth in real terms, it still remained well below the growth in the advertising market. In its most recent study Prognos AG predicts a 7.5 percent growth



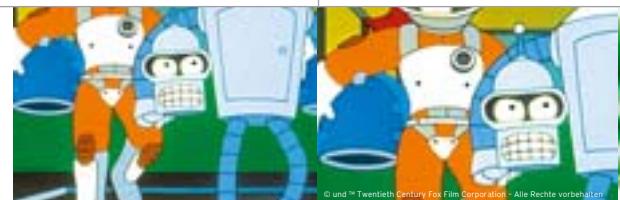


rate for the television advertising market, with total revenues of Euro 4.6 billion. Based on these figures, just under 50 percent of the German television industry's total net advertising revenues went to the ProSiebenSat.1 Group. Marketing for the company's network of television channels falls under the responsibility of SevenOne Media, a wholly-owned subsidiary of ProSiebenSat.1 Media AG. The company arose from the merger between the two sales companies MediaGruppe München and Media 1 which came into force on November 1, 2000. SevenOne Media is the largest marketing company for television advertising spots in Germany.

#### **ProSiebenSat.1 Group is market leader with viewers aged 14 to 49**

In its first year of operation, the ProSiebenSat.1 Group was able to establish itself as market leader in the commercially decisive target group. In the target group of viewers aged 14 to 49, which is particularly important to the advertising industry, the company's full service channels achieved a combined market share of 30.7 percent. The RTL Group's television channels recorded a market share of 30.5 percent. ProSieben and Kabel 1 were able to maintain their position in a strongly competitive market. ProSieben recorded 13.3 percent, while Kabel 1 increased its market share to 5.4 percent. SAT.1 reached a market share of 12.0 percent. Comparable official figures for N24 will not become available until the end of the test phase for market share calculations through the German television research panel [GfK].

The ProSiebenSat.1 Group as a whole achieved a market share of 23.9 percent of all viewers. In the same target group, SAT.1 reached a market share of 10.2 percent, ProSieben 8.2 percent, with Kabel 1 recording 5.5 percent. Television usage in Germany reached new heights in 2000. Every viewer watched television for an average of 190 minutes each day - two minutes more than the previous record set in 1998 and five minutes more than in 1999.



## Multimedia, Merchandising and Services

### Performance on target

The multimedia, merchandising and services segments also performed as planned in the financial year 2000. In total, the three business segments contributed two percent to the group's overall revenues.

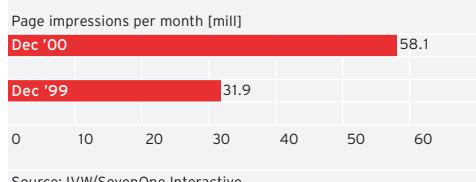
### Multimedia business grows by 25 percent

In the financial year 2000, the multimedia area comprised the Internet activities, e-commerce, teletext and the digital out of home medium 'e:max' of the former ProSieben Group. The online activities of SAT.1 were integrated only at the beginning of 2001. In the financial year 2000, external revenues in these market sectors increased by 25 percent to Euro 20 million compared to the previous year. Total revenues rose from Euro 17 million to Euro 21 million - an increase of 24 percent. As a result of the company's investments in the expansion of the business segment, the operating result fell from minus Euro three million in 1999 to minus Euro ten million as planned. In the last business year, it became apparent that the market development for the out of home medium 'e:max', produced by CM Community Media, is not progressing as quickly as originally anticipated. Nonetheless, CM Community Media even now generates more than ten million viewer contacts each month. Already today, the Cologne based company collaborates with more than 1,100 business outlets that have installed the 'e:max' medium.

Last year, ProSieben Digital Media not only produced high quality content for the company's own teletext, Internet and telecommunication offerings, but also extended its services to external clients. In addition to ProSieben, Kabel 1 and N24, the company's teletext customer portfolio includes the German sports channel DSF as well as MTV. Furthermore, ProSieben Digital Media was responsible for producing all of the Internet offerings of the companies operating under the umbrella of the ProSiebenSat.1 Group, including 'ProSiebenSat1.com', 'ProSieben.de', 'Kabel 1.de', 'N24.de', 'redseven.de', 'oktoberfest.de', 'wetter.com' as well as the news for info screens situated at a large number of subway stations. ProSieben Digital Media also provides the content for the joint finance community of N24 and comdirect bank.

In the financial year 2000, the market for online advertising was able to maintain its dynamic development once again. According to a study by Jupiter MMXI, investments in online advertising in Germany rose by 116 percent to Euro 204 million. In addition to increasing demand from its advertising clients, the ProSiebenSat.1 Group benefited from the growing popularity of its own offerings. In December 2000, the ProSiebenSat.1 Online Network was able to position itself among the top five Internet networks in Germany, recording more than 58 million page impressions. This represents an increase of 82 percent compared to 1999. In December 1999, the Internet offerings of the former ProSieben Group and SAT.1 together recorded a total of around 32 million page impressions.

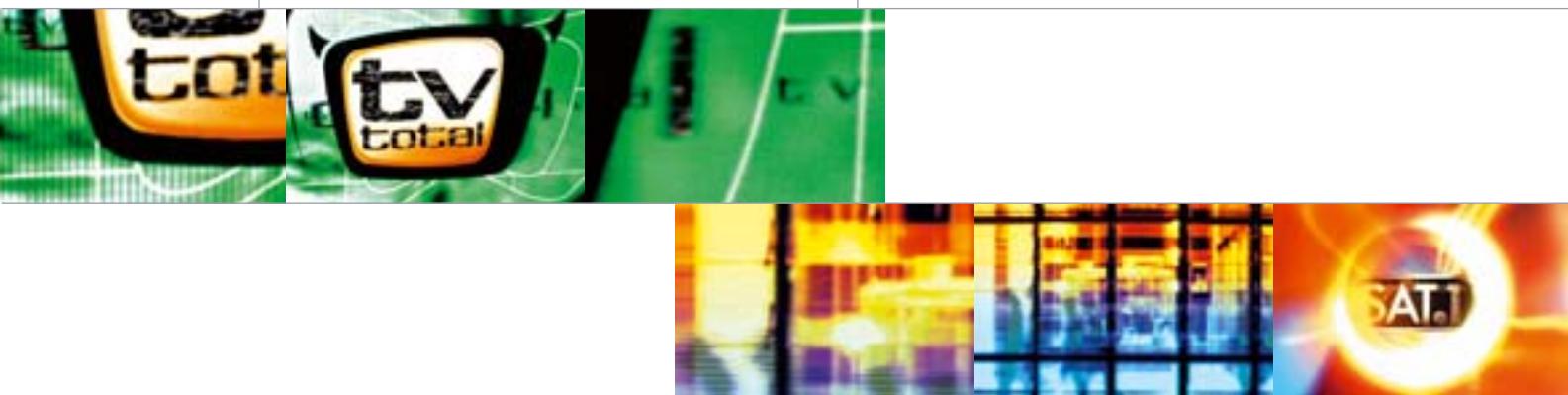
Utilization of the ProSiebenSat.1 Online Network



Source: IVW/SevenOne Interactive

22:00

23:00

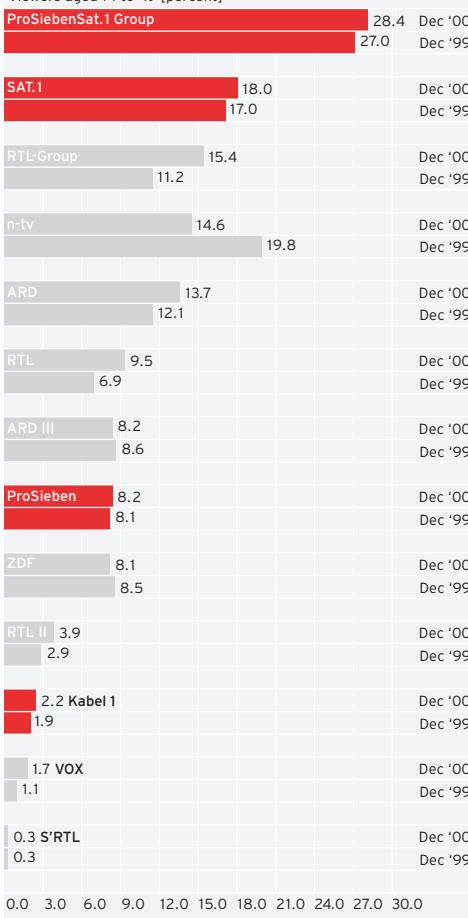


In the financial year 2000, the ProSiebenSat.1 Group's teletext offerings also performed strongly. The teletext services of the TV stations SAT.1, ProSieben and Kabel 1 recorded a combined market share of 28.4 percent in the target group of viewers aged 14 to 49. The services of the public broadcasting stations ARD and ZDF reached 21.8 percent, with the RTL Group recording a market share of 15.4 percent.

The ProSiebenSat.1 Group's investment in the mail order company LetsBuyIt.com proved less successful. The performance of the company, which went public in the summer of 2000, was afflicted by the difficult market conditions effecting the entire Internet economy. Due to the tight liquidity positions, LetsBuyIt.com had to file for a standstill agreement under Dutch law at the end of 2000. The company managed to avoid the threat of insolvency, however, after the management was able to secure new investors for LetsBuyIt.com. The company was able to resume its business activities in February 2001. Pursuant to German commercial law, the ProSiebenSat.1 Group nevertheless made provisions against the trade investment totaling around Euro 15 million.

#### Market shares Teletext

Viewers aged 14 to 49 [percent]



Basis: All households able to receive teletext  
Source: AGF/GfK Fernsehforschung/own figures/SevenOne Media

#### Merchandising records 50 percent growth in revenues

The company's merchandising businesses [MM Merchandising München, ArtMerchandising & Media, SevenOne Club & Shop] were able to record 50 percent growth in external revenues, amounting to Euro 30 million. Total revenues rose by 52 percent to Euro 35 million. As a result of the investments in the expansion of the subsidiary ArtMerchandising & Media AG - set up at the end of 1999 - and its subsidiaries, the operating profit, which amounted to Euro five million, did not reach the level achieved in the previous year which stood at Euro six million.

In addition to marketing its own TV rights, the ProSiebenSat.1 Group operates a traditional merchandising business through the agency MM Merchandising München. The licensing portfolio includes rights in the area of film, television and publishing. Among the cartoon classics are 'Pumuckl', 'The Smurfs', 'Watership Down' and 'Marsupilami'. Ancillary art rights are marketed worldwide under the umbrella of the company's subsidiary ArtMerchandising & Media AG. These rights include works of art by well-known artists like Andy Warhol, Keith Haring, Salvador Dalí and Edward Hopper, to name just a few. In the financial year 2000, MM Merchandising München's stake in ArtMerchandising & Media AG was reduced from 70 percent to 55 percent, as contractually agreed.



ProSieben Club & Shop GmbH is the second mainstay in the merchandising segment. In addition to representing an important vehicle for fostering audience loyalty, the Club also acts as a major distribution channel for merchandising products. Since its formation in April 1995, the ProSieben Club has steadily increased its membership base. As at December 31, 2000, the Club counted 248,000 members. This represents an increase of 23 percent compared to December 31, 1999.

#### **Services support the operating business**

The ProSiebenSat.1 Group benefits from its own competent and reliable service providers in its operating business, who also handle projects for external clients, although to a lesser extent. In the financial year 2000, the companies operating in the services sector under the umbrella of the ProSiebenSat.1 Group - SZM Studios, SAT.1 Berlin Produktion, ddp and SevenSenses - recorded external revenues in the amount of Euro eleven million, which exactly matches the level achieved in the previous year. Overall, these operations generated revenues totaling Euro 129 million. The negative operating result in the services segment amounted to Euro four million, after Euro one million in the previous year. The decline in performance is attributable to the investments in the expansion of the news agency ddp.

In the last financial year, the news agency ddp developed into a modern and efficient services company, which provides news and business information to the ProSieben-Sat.1 Group as well as supporting more than 180 external clients. The company has to hold its own in a difficult market environment, shaped by the dominant position of the dpa agency. The agency ddp has only been represented nationwide in Germany since the financial year 2000. In addition to Munich and Berlin, ddp today maintains 30 state and regional offices. Furthermore, ddp is supported by a network of independent correspondents operating from a further 70 locations. Through the newly formed ddp/vwd operation - a joint venture business - the company is able to further enhance its business reporting capabilities. In collaboration with ProSieben Digital Media, the company also developed a new service for online clients, which converts traditional agency reports into multimedia formats. Further special subject services as well as a picture service have also been added to the company's portfolio.



## Research and development

### Market research high on the agenda

The ProSiebenSat.1 Group attaches great value to continuous research and market analysis. In the financial year 2000, total investments in market research activities amounted to Euro 20 million, thereby exceeding the previous year's level by Euro 0.4 million. There is hardly any other business sector where success and failure can be assessed as quickly as in the television market. Results on market shares for all TV stations are calculated daily and are already made available the following morning. The ratings ensure continued transparency in the television market while at the same time serving as the most important control tool for program managers in hot competition for viewers and advertising clients. The analysis is carried out by the German consumer market research company [GfK], which measures the viewing habits of a representative panel of television viewers. The analysis is commissioned by Arbeitsgemeinschaft Fernsehforschung [AGF], a study group for television research, whose members include all major commercial television channels as well as the public broadcasting stations.

The results of this market research not only provide a means for drawing important conclusions in respect of program, marketing and communication strategies but also represent an important source of information for media planners in the advertising industry. In addition to standard analyses in respect of media performance and monitoring of individual advertising campaigns, the ProSiebenSat.1 Group also offers its advertising clients comprehensive qualitative studies as part of its business services. Among others these include studies and tools in support of TV program planning and the definition of relevant target groups as well as research on advertising impact, ad-hoc analyses on the effectiveness of new advertising vehicles, industry specific media reports and qualitative program research tools. On behalf of the ProSiebenSat.1 Group, the company Prognos AG conducts the only study to date on the medium to long term development of the advertising market. In addition, the ProSiebenSat.1 Group performs detailed analyses on the use of new electronic media. On the basis of the quarterly '@facts' survey - the most comprehensive and technically demanding Internet survey for Germany and Europe - 30,000 people are regularly questioned about their use and attitudes with regard to new media.

### Investments in the development of new formats

In 2000, the ProSiebenSat.1 Group's four TV stations broadcast a total of 19,151 program hours of inhouse and commissioned productions. These include news, magazine formats and reports, talk shows, comedy programs, television films, series and trailers. Around 55 percent of all program hours broadcast related to either inhouse or commissioned productions. Program formats like 'TV Total', 'Schwester Stefanie' [Sister Stefanie] and 'Was bin ich?' [What's my line?] ensure recognition in the intensely competitive television market. Unlike licensed programs, these formats can be produced either daily or weekly over a long period.



The ProSiebenSat.1 Group is constantly developing new and innovative programs. Editors responsible for the development of new formats adopt ideas from within the company as well as taking on board suggestions from outside. The subsequent development of these projects - often carried out in collaboration with experienced producers - stretches over a period of several months, from the pilot program right through to the time the program is ready for transmission. In 2000, the company developed around 17 pilot films and commissioned 175 new screenplays on this basis. Overall, the ProSiebenSat.1 Group's development costs for new programs totaled Euro eleven million. In the previous year, these costs amounted to Euro 15 million, which was mainly attributable to the development of the news channel N24.

#### New jobs at N24, multimedia and merchandising operations

The ProSiebenSat.1 Group's expansion strategy is also reflected in the company's human resources development. As an annual average in the financial year 2000, the company employed a total of 3,183 staff. Compared to the pro forma figures recorded in the previous year, this represents an increase of 18 percent. Additional staff were hired in particular in connection with the development of the news channel N24, the expansion of the news agency ddp, and new activities in the multimedia and merchandising business areas.

The average age of all employees within the Group stands at 34 years. The average number of apprentices, trainees and students on release for practical training within the group rose from 168 to 242. As a result of the significant increase in the number of employees, personnel expenses rose by 18 percent to Euro 220 million.

#### After the close of the financial year

#### Integration process will be implemented as planned

Following the successful merger between SAT.1 and ProSieben Media AG, a number of measures were implemented at the start of the financial year 2001, which serve the further integration of the two companies, and effect specific business areas and subsidiaries. This has led to the recent consolidation of the SAT.1 Online and ProSieben Digital Media operations, for example. With the start of 2001, the multimedia segment therefore covers the ProSiebenSat.1 Group's entire range of Internet, teletext and e-commerce activities.

The merchandising activities of SAT.1, previously concentrated in the 'New Business Development' division, were transferred to the licensing agency MM Merchandising München GmbH in January 2001, who now cover all traditional merchandising activities of the ProSiebenSat.1 Group.

Effective February 22, 2001, ProSieben Club & Shop GmbH was renamed SevenOne Club & Shop GmbH. The new company name takes into account the broader focus of the business activities in this area. For instance, SevenOne Club & Shop GmbH, which



has already implemented a successful viewers' club concept for ProSieben, now develops specific tools to foster audience loyalty for both SAT.1 and Kabel 1. At the same time, this will open up new sales channels for the company's merchandising products.

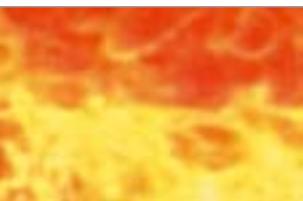
In the services area, the design department of SAT.1 has been amalgamated with the creative agency SevenSenses. The merger, which came into force on January 1, 2001, has created the largest agency for TV design in Germany. At the start of 2001, the company SAT.1 Berlin Produktion was merged with the former ProSieben subsidiary SZM Studios GmbH. The same applies to SAT.1's IT department, which has been consolidated with ProSieben Information Service, the technical service provider of the former ProSieben Group.

All integration measures pursue the same goal – to open up the synergy potential arising from the merger between SAT.1 and ProSieben Media AG, which is estimated at around Euro 100 million per year. This potential is to be largely realized by the end of 2002 and fully realized by the end of 2003. Considerable synergies within the TV channel network arise in particular in the areas of program production, acquisition and exploitation. Against this background, the last step still to be taken in respect of the integration process is the consolidation of the SAT.1 news division and the N24 TV station. The news channel will be expanded to take on the role of central information service provider for the group's entire network of TV stations and will be partly relocated to Berlin in the summer of 2001. Starting in July 2001, reports from N24 on national events in politics and business will be produced in Berlin.

The larger presence in the German capital will give added journalistic impetus to the TV station. At the same time, editorial support and production of the entire range of sports reports for all of the ProSiebenSat.1 Group's TV channels will in future be handled in Munich. It is estimated that the total relocation and integration costs may amount to around Euro 15 million.

#### **Bundling of resources in the multimedia segment**

In January 2001, a decision of general principle was taken to merge the wholly-owned subsidiary ProSieben Digital Media with Kirch New Media AG, the Kirch Group's multimedia company. The planned merger will create one of the largest and most efficient new media companies in Germany. Content, which is currently being developed by Kirch New Media will be integrated in the ProSiebenSat.1 Group's online brand network. The plan is for the new joint venture operation to also take on the management of all other affiliated companies and joint ventures in the area of new media. ProSiebenSat.1 Media AG, as the largest individual shareholder, intends to acquire a stake of up to 50 percent in the new company. The bundling of all resources in the online area not only leads to significant cost advantages but also greatly expands the product portfolio as well as speeding up the process of integrating the ProSiebenSat.1 Group's traditional television business into the online world. Negotiations in respect of the merger are expected to reach conclusion in the first quarter of 2001.



### **Entry into the transaction TV arena**

In February 2000, the ProSiebenSat.1 Group and H.O.T. Home Order Television AG entered into a cooperation agreement covering the area of transaction TV. The collaboration with H.O.T. – the leading German TV shopping company – will provide the ProSiebenSat.1 Group strategic access to the world of transaction television. Both companies have entered into a long-term agreement to broadcast joint live shopping programs on both SAT.1 and Kabel 1. H.O.T. Home Order Television AG started production of suitable programs on March 5, 2001. At the same time, H.O.T. is handling the merchandising transactions from a business perspective – from product procurement to telephone orders right through to the dispatch of goods to the customer. The agreement between the ProSiebenSat.1 Group and H.O.T. Home Order Television AG allows for both companies to share the benefits in terms of advantages and profits gained through this collaboration in equal parts. The ProSiebenSat.1 Group is currently working on developing additional business models in the area of transaction television.

### **Eurobond offering will provide greater leeway in financing**

ProSiebenSat.1 Media AG plans to issue a Eurobond during the month of March. Terms and conditions will only be determined shortly prior to the launch of the bond and were not available at the time this report went to press. The fixed-income bond in the amount of up to Euro 400 million is to carry a medium-term maturity. The proceeds generated by the Eurobond issue will be used primarily to reduce existing liabilities of the former SAT.1 Group. The bond also opens up additional funding opportunities for the further expansion of the ProSiebenSat.1 Group.

### **Risk report**

#### **High performance risk management system**

In connection with the merger between SAT.1 Holding GmbH and ProSieben Media AG, a differential risk management system has been developed for the entire ProSiebenSat.1 Group. The control system focuses in particular on the group's TV channels, in view of their substantial importance to the business in terms of revenues and earnings. The ProSiebenSat.1 Group's risk management policy ensures any potential risks to the company are detected and contained at an early stage. Early warning indicators have been defined for all appreciable and primary risk areas. Any developments regarding these indicators are presented to the Executive Board by way of monthly reports. Responsibility for monitoring the predefined risk areas has been assigned to individual members of staff. In addition, a control system ensures that the necessary counter measures are activated as soon as an indicator exceeds a specific tolerance limit.

The control system's early warning indicators primarily cover the ProSiebenSat.1 Group's performance in the audience and advertising market, the profitability and appeal of the program inventory, human resources development as well as developments in respect of media policy and other legal issues.



#### **Adjudication proceedings following the merger**

The amalgamation of SAT.1 and ProSieben Media AG under ProSiebenSat.1 Media AG has led to a special event in the financial year 2000 with regard to the risk report. The merger was unanimously approved by the ordinary shareholders at the extraordinary general meeting on August 22, 2000. In a separate meeting of preference shareholders on the same day, the merger also received the approval from a clear majority of those shareholders present, with 99.43 percent of the represented preference share capital voting for the merger. ProSiebenSat.1 Media AG has since received the by now customary applications to improve the exchange ratio through adjudication proceedings. Eleven preference shareholders of the former ProSieben Media AG have asserted claims for so-called 'additional cash payments'. The reasons given by the shareholders assert that in their opinion, the valuation ratio for the two companies has favored the shareholders of SAT.1 Holding GmbH. It is currently not possible to assess if the adjudication proceedings will result in any financial burden for the company. The valuation of the companies was, however, based on an independent expert opinion, prepared by Arthur Andersen, a firm of certified public accountants and tax consultants, and subsequently approved by the merger auditor BDO Deutsche Warentreuhand Aktiengesellschaft appointed by the courts. The Executive Board of ProSiebenSat.1 Media AG believes the claims of the shareholders to be unfounded not least in view of the positive business development of SAT.1 during 2000. A decision in respect of the adjudication proceedings is still pending.

#### **Detailed analysis of the audience and advertising market**

With its three full service channels ProSieben, SAT.1 and Kabel 1, the ProSiebenSat.1 Group is the leading television company in the most significant target group for the advertising industry - viewers aged 14 to 49. The audience market share is the most important early warning indicator in respect of the ProSiebenSat.1 Group's position in the television market. In the first two months of 2001, the ProSiebenSat.1 Group's performance was very encouraging. Following an increase of 1.9 percentage points in January, ProSieben, SAT.1 and Kabel 1 achieved a combined market share of 32.2 percent in February. This represents a further increase of 0.4 percentage points in the combined market weight of the three TV stations.

The ProSiebenSat.1 Group monitors developments in advertising revenues through comprehensive analytical processes. Based on the number of advertising spots booked, advertising revenues are projected for the year as a whole. The monthly reports submitted to the Executive Board provide a comparison between the actual and planned values as well as showing the figures for the previous year's advertising revenue levels. These reports provide the company with detailed information on the development in advertising revenues. Furthermore, the company also analyzes the position of its competitors as well as general economic trends and specific developments in the advertising market.



At the start of 2001, the entire television market was shaped by a difficult mood in the advertising industry. In particular the weak position of the new economy businesses in the financial markets together with the mad-cow-disease crisis had an adverse effect on advertising investments in television. Among customer and agency circles, however, there are no signs that advertising budgets will be cut. All the indications point to campaigns originally scheduled for the first quarter being postponed and spread out more widely. The conversion to the Euro and the new legislation on rebates will give new impetus to television advertising in the second half of the year. In spite of the restrained start, the ProSiebenSat.1 Group anticipates a positive development for the television advertising market as a whole in 2001. Right now, it still remains unclear if the market growth in the region of six to 6.5 percent forecast up to now can actually be achieved. Some players in the industry by now also expect the television advertising market to grow by four percent at most in 2001, which would effect revenue growth at the ProSiebenSat.1 Group accordingly.

#### **High profitability and appeal of the program inventory**

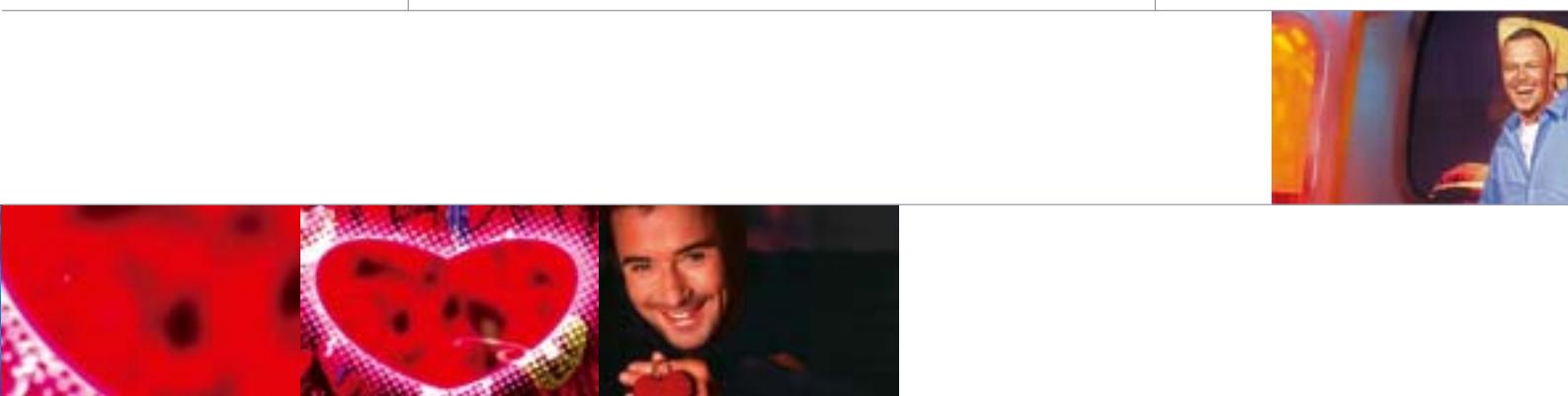
The economic success of any television company is to a large extent determined by the profitability and appeal of its program inventory. With its four complementary TV channels in terms of programs and positioning, the ProSiebenSat.1 Group benefits from extensive synergies in the area of program acquisition and exploitation. A further advantage for the TV network family arises from the affiliation under corporate law with KirchMedia GmbH & Co. KGaA. The company is the largest European program provider and the most important licensor for the ProSiebenSat.1 Group. Contracts relating to program packages, feature films and series are generally signed several years prior to transmission. In order to minimize investment risks, contractually secured broadcasting rights are regularly reviewed in respect of their potential revenue value. One of the early warning indicators, for example, is the total yield of the company's program inventory.

In the financial year 2000, the ProSiebenSat.1 Group's list of suppliers for programs contained more than 100 business contacts. The company acquires programs from a perspective of profitability and appeal. The contractually agreed program rights to date enable the ProSiebenSat.1 Group to cover around 60 percent of the entire licensed program requirements for SAT.1, ProSieben and Kabel 1 until 2003.

#### **Active participation in political opinion forming processes**

The ProSiebenSat.1 Group plays an active role at all levels of media political opinion forming processes, in order to champion the statutory framework and to be able to challenge any possible restrictions. For example, discussions are currently taking place both within Germany and on a European level regarding the possible introduction of advertising restrictions for particular products, such as alcohol.

In this case, the commercial television industry would have to find a way to compensate for the relevant losses in advertising revenues. This could be achieved through increased television advertising by certain industry sectors, which up to now have only



moderately benefited from free advertising time at the larger commercial stations, due to the non-availability of advertising spots. In addition, some of the advertising clients effected would most likely choose the Internet as an alternative advertising medium.

According to the ProSiebenSat.1 Group's current perception it is unlikely that advertising restrictions on alcohol will be introduced. On the one hand, this line of thinking is even generating controversy during debates within the Federal Cabinet. On the other hand, as a result of the recent change of Ministers at the German Ministry of Health, there are signs of a shift in the political focus. At EU level, only a recommendation by the council regarding 'Alcohol consumption by children and young persons' exists. However, this recommendation does not include any proposals on advertising restrictions in the television sector right now, which would go beyond the existing self-imposed restraints already in place in Germany.

#### **Preparation for the digital television era**

To ensure lasting success in the advertising market for the ProSiebenSat.1 Group's TV stations, high audience reach is absolutely essential. In addition to offering attractive programs, the technical reach of the TV channels is particularly important in this respect. The group's three full service channels - SAT.1, ProSieben and Kabel 1 - are all achieving high technical coverage. SAT.1 reaches 97 percent of all German television households - estimated at around 34 million - via cable, satellite and aerial, while ProSieben can be received by 93 percent and Kabel 1 by 89 percent of all TV households. The news channel N24 already reaches 48 percent of all television households in Germany.

The transition from analog to digital distribution technology will greatly increase the capacity for the transmission of television programs. According to the wishes of the German government, the transition to digital transmission is to be realized by 2010. ProSiebenSat.1 Media AG welcomes this policy, as it will open up new entrepreneurial opportunities for media companies like the ProSiebenSat.1 Group. The distribution of the four television channels' programs - SAT.1, ProSieben, Kabel 1 and N24 - must, of course, also be safeguarded during the transition period to the digital era. The ProSiebenSat.1 Group will therefore prepare for simulcast transmissions, the simultaneous distribution of programs in both analog and digital format.

With regard to the inclusion in digital cable networks, the ProSiebenSat.1 Group is confident that its four TV channels will be allocated space on cable on the strength of their appeal, high audience acceptance and the great variety of programs offered, even in the absence of a direct legal claim. After all, even the federal states responsible for broadcasting legislation have made it clear that digitalization should in no way lead to a situation where the number of channels which can be received digitally falls below the number available over analog cable.



Discussions about the possible interference of television cable frequencies with security related radio services have so far not had any negative effect on the inclusion of N24 in national cable networks. Following successful talks between the television stations, federal states and the government to find a consensus, today considerations are focused on disconnecting just one single special interest channel in certain regions. Depending on cabling routes and the federal states involved, this would impact several German television stations, including Kabel 1 and N24 - albeit only to a minimal extent - as new channels would be allocated to those effected by such a move. The cable network operators are, however, trying to find a technical solution to avoid loosing a cable channel, as this would also be detrimental to their own business.

#### **Planned changes to copyright**

The Federal Ministry of Justice has been considering changes to German copyright legislation for some time. As a user of licenses, this would also affect the ProSiebenSat.1 Group. The plans for reform currently only exist in form of a discussion paper prepared by a panel of experts put in place by the ministry. A draft government paper is unlikely to be available before the middle of 2001. The proposed bill contains two key points: Firstly, every author is to be legally entitled to fair consideration for any form of utilization. Secondly, the authors' representative associations are to receive an enforceable option to negotiate all-inclusive contracts with users of copyrights and/or their respective associations. For those entities who exploit copyrights this would first and foremost show itself in an increase in costs when acquiring licenses. To avoid this situation arising, ProSiebenSat.1 Media AG is already conducting intensive talks with all relevant parties. Based on discussions to date, it can be expected that none of the changes - especially those that would have a detrimental effect on the film and television industry - will be included in the draft paper or will be repealed through special regulations in favor of the industry sector.

#### **Relationship with affiliated companies**

In accordance with the regulations set out under § 312 of the German Stock Corporation Act, ProSiebenSat.1 Media AG has prepared a report on the company's relationship with affiliated businesses, which ends with the following statement: 'In the year under review ProSiebenSat.1 Media AG did not perform any legal transactions involving third parties initiated by or in the interest of KirchHolding GmbH & Co. KG or any companies affiliated with KirchHolding GmbH & Co. KG. Measures to be reported within the meaning of § 312 of the German Stock Corporation Act have neither been taken nor omitted. In respect of legal transactions performed during the year under review involving KirchHolding GmbH & Co. KG and affiliated companies, ProSiebenSat.1 Media AG has, in each case, agreed fair consideration within the meaning of § 312 of the German Stock Corporation Act and has, as far as this had to be met in the course of the year under review, received adequate consideration.'



## Perspective

### Positive outlook for 2001

The ProSiebenSat.1 Group will continue to pursue its earnings oriented growth strategy in the future, focussing on the company's core business - television financed through advertising. The company's underlying objective is the further improvement of its earnings power. Over the next four to five years, the group's profit margin is to be doubled from currently ten percent to 20 percent. The expansion of the ProSiebenSat.1 Group will be achieved on the basis of a prudent yet resolute investment and acquisition policy in the television market and in the television related multimedia and merchandising markets. The ProSiebenSat.1 Group's clear focus on profitability also extends to a realignment of the business portfolio in respect of subsidiaries and affiliated companies, which do not fit within the entrepreneurial radius and are also unlikely to meet the defined profitability targets in the medium term.

In its core business television, the ProSiebenSat.1 Group will further extend its leading market position in the financial year 2001. In view of the company's consistent complementary program policy and the introduction of numerous new program formats, the market weight of the TV network family will be substantially improved in the commercially decisive target group of viewers aged 14 to 49. The year 2001 started off very promisingly for the company's network of TV channels. In February, the TV companies were able to increase their combined market share to 32.2 percent in the target group relevant to the advertising industry - a rise of 1.5 percentage points compared to the annual average achieved in 2000.

Against this background, the ProSiebenSat.1 Group predicts a positive business development in 2001. The company expects to be able to achieve an above-average increase in revenues compared to the rest of the industry sector to be realized mainly in the second half of the year. The ProSiebenSat.1 Group anticipates revenue growth within the group to exceed net increases achieved in the television advertising market as a whole. In this respect, the company benefits from the synergies arising for its TV channel network as a result of the merger, in particular in the area of marketing as well as in the procurement, production and exploitation of programming rights. In the financial year 2001, the ProSiebenSat.1 Group expects to record double digit percentage increases in its pre-tax income. Within the TV channel network SAT.1 shows the largest growth potential in terms of rate of return. On the basis of the company's effective cost management and an income oriented program policy in association with the company's three other TV channels, the pre-tax profit margin of SAT.1 is to be increased to at least 15 percent in the medium term.

**Our decisions  
are geared toward enhancing  
the value of the company.**



# The ProSiebenSat.1 Shares: Good Performance in the Stock Market Year 2000

## Stock markets 2000: Initial price rally followed by nosedive

The positive trend on the global equity markets from the previous year also carried through to the start of the stock market year 2000. The indices recorded historical all-time highs. On March 7, 2000 the DAX climbed to 8,136.16 points - a new record for the German stock index. Three days later, the Nemax - the index of the Neuer Markt at the Frankfurt stock exchange - also achieved its annual as well as all-time high. Shortly after that, the markets started to consolidate. Initial negative results announced by a number of corporates caused disappointment in the shares of the new economy companies. The slide in the stock prices of technology and telecoms titles led to a correction at a scale and for a length of time that was totally unexpected. The downturn in earnings cut across virtually every market segment. The overall performance in the stock market year 2000 was particularly modest in respect of the DAX 30. For the first time in six years, the index closed with a negative annual performance. After starting the year at 6,958.14 points, the DAX 30 ended the year 2000 at 6,433.61 points and at a loss of eight percent.

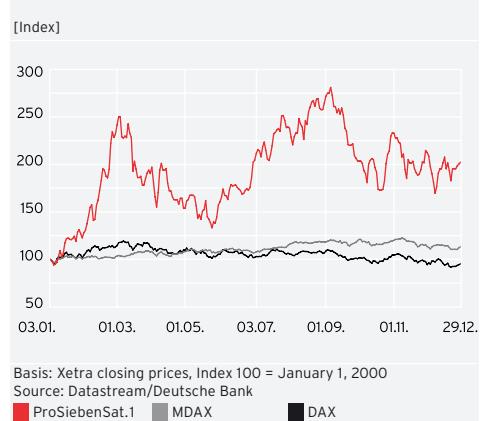
## ProSieben share performance

In anticipation of the merger between ProSieben Media AG and SAT.1, the ProSieben share price rose to an all-time high of Euro 186.80 on February 25, 2000. In the ensuing period, the price development was initially shaped by the overall shaky market climate but started to rise significantly from the day the merger between the two television companies was announced on June 27, 2000. In the eight weeks between the announcement of the merger and the extraordinary general meeting on August 22, 2000, the company was able to record an increase in value of almost 50 percent. At the same time, the proposed merger was viewed very positively by equity research analysts.

## First listing of the new ProSiebenSat.1 shares

The shares of ProSiebenSat.1 Media AG were listed for the first time on the Frankfurt stock exchange on October 13, 2000. Under the new securities reference number 777 117, the quotations board showed the Xetra opening price at Euro 32.60. At its peak, the new media share was able to increase its value by more than 20 percent until the end of the month. In the same period, the DAX rose by ten percent and the MDAX by

ProSiebenSat.1 shares: Price performance 2000







five percent. In the MDAX, the new ProSiebenSat.1 share took the position of ProSieben Media AG with an index weighting of 0.64 percent.

#### A good year for ProSiebenSat.1 shareholders

ProSiebenSat.1 Media AG was able to end the year 2000 with a significant price gain. On the last trading day of the year 2000, the company's share closed at Euro 32.09. On the same day in 1999, the share price stood at Euro 14.13 taking into account the price adjustment in light of the 1:4 share split. This represents an increase of 127 percent within twelve months [Basis: year-end price]. In the same period, the MDAX-Xetra recorded a rise of 13.9 percent. Any investor, investing Euro 5,000 in ProSiebenSat.1 shares during this period would have realized Euro 11,465 including reinvested dividends.

Securities reference number Securities code	777117 PSM GY [Bloomberg] PSMG_p.DE [Reuters]	2000	1999*
Total dividends	[Euro mill]	56.40	39.82
Dividend per preference share	[Euro]	0.30	0.30
Tax credit per preference share	[Euro]	0.13	0.13
Number of shares	[shares mill]	194.49	140.00
Preference shares, listed	[shares mill]	97.24	70.00
Ordinary shares	[shares mill]	97.24	70.00
Profit per share as per DVFA	[Euro]	0.53	0.42
Cash flow per share	[Euro]	6.58	6.14

\* Adjusted

#### Performance of ProSieben / ProSiebenSat.1 shares

		2000	1999*
Close	[Euro]	32.09	14.43
Low	[Euro]	14.34	8.76
High	[Euro]	46.70	15.63
Market capitalization	[Euro bill]	6.241	2.020
Daily trading volume	[shares]	274,246	229,720
Price-earnings ratio		60.55	34.36
Price-cash flow ratio		4.88	2.35
Dividend yield			
- inclusive of tax credit	[percent]	1.34	2.98
- exclusive of tax credit	[percent]	0.93	2.08

\* Adjusted

Share prices: Xetra, Frankfurt



In view of the share price performance in 2000, the investment bank Salomon Smith-Barney rated ProSiebenSat.1 Media AG the best media stock in the world. The assessment covered 20 different stocks. The positive performance of ProSiebenSat.1 Media AG becomes even more apparent in a comparison with other European media companies. Whereas the ProSiebenSat.1 shares were able to record three digit price gains, the European industry index MSCI Europe Media had to accept a markdown of 2.75 percent.

#### Top performer in the MDAX

The ProSiebenSat.1 share also asserted itself as top performer in the MDAX. The television share ranked third among the 70 stocks listed in the MDAX. At the end of 2000, ProSiebenSat.1 Media AG ranked number 32 based on trading volume and number 38 in terms of market capitalization. At the end of 1999, ProSieben still ranked 71st in the DAX 100. Between January and December 2000, an average of 274,246 ProSieben-Sat.1 shares were bought and sold each day. Of this volume, 87 percent were traded via the electronic trading system Xetra, eleven percent were traded on the floor of the Frankfurt stock exchange and two percent on the floors of the remaining domestic stock exchanges. ProSiebenSat.1 shares are quoted in the 'Amtlicher Handel' [official list] of the Frankfurt stock exchange and are also traded on all other German stock exchanges.

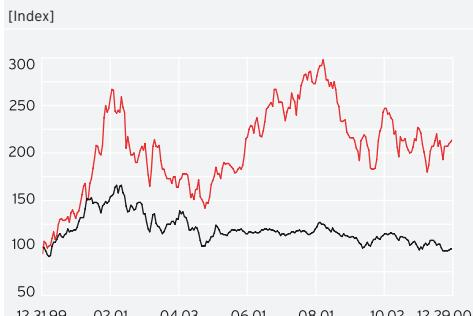
#### ProSiebenSat.1 share listed in the MSCI Europe index

The ProSiebenSat.1 share was first listed in the MSCI Europe index in December 2000 - one of the most important capital market indices in the world. Morgan Stanley Capital International Inc. [MSCI] enjoys one of the highest global profiles among all index providers. In addition, ProSiebenSat.1 Media AG is listed in the industry index MSCI Europe Media as well as in the country index MSCI Germany by way of the MSCI pyramid system. At the end of the year, ProSiebenSat.1 Media AG ranked 627 in the top index - MSCI World - which lists the largest companies in the world. The MSCI World index covers a total of 1,323 corporates.

#### Increase in dividends

As a result of the positive earnings position, ProSiebenSat.1 Media AG is able to pursue a shareholder friendly policy. Under the Executive Board's proposal on the distribution of profits, total dividends are to be increased from Euro 40 million distributed by ProSieben Media AG in 1999 to Euro 56 million. Each preference share is to receive a dividend of Euro 0.30 and each ordinary share a dividend of Euro 0.28. ProSieben-Sat.1 Media AG intends to continue to pursue its performance oriented dividend policy in the new financial year.

**Price performance comparison 2000**  
MSCI Europe Media/ProSiebenSat.1 Shares



Basis: Xetra closing prices, Index 100 = Dec. 12, 2000

Source: Bloomberg

■ ProSiebenSat.1 ■ MSCI Europe Media

**Use of net income for the year 2000**

ProSiebenSat.1 Media AG

Group net income for the year	[Euro mill]	127.06
Loss carryover	[Euro]	4,621.50
Revenue reserves	[Euro mill]	63.00
Dividend	[Euro mill]	56.40
Retained earnings	[Euro mill]	7.65



### Innovative communication with the capital market

In March 2000, the ProSiebenSat.1 Group's new business-to-business Internet service went online. At 'www.ProSiebenSat1.com' investors are offered comprehensive information on the company, up-to-date price charts, analyses, key financial dates, annual and interim reports as well as facts and figures with regard to investor relations. In future, comparisons with other European media shares and indices will also be possible on the basis of chart analyses. Based on the track record of ProSieben Media AG, the number of page impressions at the new ProSiebenSat.1 web site can be expected to average around 150,000 per month. This will make the new Internet service one of the most popular corporate sites in Germany.

ProSiebenSat.1 Media AG endorses innovative communication with the capital market. The company therefore continues in the tradition of ProSieben Media AG, which received numerous awards for its dialog with shareholders. For example, for its B2B Internet service ProSieben Media AG received the 'Web Site Award 2000' from the publication 'Das Wertpapier' [Securities] in the MDAX shares category. According to a survey of the best corporate investor web sites published by the business magazine 'Capital' in February 2000, ProSieben Media AG ranked in second place. Among other categories, the publication 'Wirtschaftswoche' [A week in business] also awarded ProSieben third place of all companies listed in the MDAX, in respect of the excellent interactive nature of its online service. In the selection of the 'Best Annual Report of the Year', the magazine 'Capital' gave the company's annual report for 1999 top marks in respect of

### Award-winning financial communication

	<b>Ranking</b>	<b>Category</b>	<b>Publication</b>
Best web site	1	MDAX	Das Wertpapier 9/00
	2	DAX, MDAX, Nemax 50	Capital 4/00
	3	MDAX	Wirtschaftswoche 45/99
Best investor relations	3	MDAX	Capital 10/99
	2	DAX 100	Capital 11/98
	10	MDAX	Capital 9/98
Best annual report	3	MDAX	Capital 21/00
	10	DAX, MDAX, Neuer Markt, Small caps, Banks	Capital 10/99
	1	Newly listed companies	Manager Magazine 10/98
	5	MDAX	Capital 9/98



information content and presentation. Among all 70 companies listed in the MDAX, ProSieben ranked in third place.

Maintaining direct contact with investors is also increasingly important for communications with the capital market. During a shared platform discussion at the German stock market day in Dresden, for example, ProSiebenSat.1 Media AG presented its new business and news channel N24 to 7,500 visitors. In March 2001, ProSiebenSat.1 Media AG was one of the key exhibitors at 'invest 2001' - the biggest German finance fair, which took place in Stuttgart. This gave the company an opportunity to stay close to its existing shareholders and to attract additional investors. Over the three day period, more than 8,000 visitors attended the fair. The company is already making plans to participate in other fairs in 2001.

The company is also continuously investing in maintaining its direct dialog with institutional investors. In the financial year 2000, the company conducted almost 300 one-on-one discussions with investors and financial analysts around the world as well as numerous group meetings, roadshows and conference calls, with a particular regional focus on the US, Europe and Asia.

#### **Strong commitment from Anglo-American investors**

A large proportion of the company's listed preference shares are currently in the hands of institutional investors. The last survey conducted by ProSieben Media AG in July 2000 showed that the company's shares are particularly sought after by US and UK investment funds. The number of investors in continental Europe also increased slightly compared to the previous survey. Overall, it is estimated that around 63 percent of all preference shares are held by international investors. The proportion of private investors remained steady at around one third and therefore corresponds to the best practice standard of the US National Investor Relations Institute [NIRI].



## ProSiebenSat.1 Media AG - Creating a New Dimension in Television



### Integrated TV network with four channels

The merger of SAT.1 and ProSieben Media AG into ProSiebenSat.1 Media AG has opened up a new chapter in the history of the German television industry. This is the first time two leading commercial television companies have merged, the first time an integrated TV network with a total of four nationwide established television channels has been created, with all channels complementing each other both in terms of positioning and programs. For SAT.1 and ProSieben Media AG, the merger into the new company ProSiebenSat.1 Media AG was a 'marriage made in heaven'. Both companies viewed each other as ideal partners, for which there was no alternative in the German television market. Accordingly, the merger was accomplished very quickly. It took just three months to realize the undertaking from the draft of the merger agreement on June 30, 2000 to the respective extraordinary general meeting and shareholders' meetings of ProSieben Media AG and SAT.1 Holding GmbH on August 22, 2000, right through to the merger coming into force on October 2, 2000. The German antitrust authority and the commission for the assessment of concentration in the German media sector [KEK] also gave the merger the go ahead. On October 13, 2000, ProSiebenSat.1 shares were listed on the Frankfurt stock exchange for the first time. The merger came into force with retroactive effect from January 1, 2000.

### The legal procedure: Merger by acquisition

From a legal perspective, the merger of SAT.1 Holding GmbH and ProSieben Media AG was carried out by way of a merger by acquisition. Both companies transferred their assets as a whole, together with all rights and obligations to ProSiebenSat.1 Media AG under a dissolution without liquidation, in accordance with § 2 no.1 of the Act relating to the transformation of a company. Up until that time, ProSiebenSat.1 Media AG had been trading under the name of Oppenheim Aktiengesellschaft, based in Munich. Oppenheim AG was acquired for the purpose of the merger, renamed ProSiebenSat.1 Media AG and relocated from Munich to Unterföhring. Both SAT.1 Holding GmbH and ProSieben Media AG were dissolved upon the entry of the merger in the company register on October 2, 2000 .

But before that, two additional steps still needed to be taken. Firstly, the business operation of the ProSieben TV station was spun off from ProSieben Media AG and transferred to a new company - ProSieben Television GmbH. At the same time, SAT.1 and its associated company, the sales company Media 1, dropped their business operations into two respective new subsidiaries. The respective shareholdings in both these companies were then brought into SAT.1 Holding GmbH and the company was subsequently merged with ProSieben Media AG into ProSiebenSat.1 Media AG.

### Value ratio of 72 percent to 28 percent between ProSieben and SAT.1

The merger was concluded on the basis of independent company valuations prepared by the accountancy firm Arthur Andersen. The firm determined a value ratio of 71.98 percent to 28.02 percent between the former ProSieben Group and SAT.1. In connection with the merger, each share in ProSieben Media AG with a pro rata capital stock contribution of Euro three was exchanged for four shares in ProSiebenSat.1 Media AG



with a pro rata value of Euro one. The share capital of the new company amounts to Euro 194,486,400. It is divided into 97,243,200 ordinary shares and 97,243,200 non voting preference shares.

The principle shareholder of ProSiebenSat.1 Media AG is KirchMedia GmbH & Co. KGaA, which holds 52.52 percent of the share capital. Calculated through, the company owns 88.52 percent of the ordinary shares and 16.52 percent of the preference shares. Previously, the company held a stake both in ProSieben Media AG and SAT.1. KirchMedia held 58.4 percent of ProSieben Media AG's ordinary shares. Furthermore, KirchMedia also controlled 59 percent of the shares in SAT.1 through PKS Programmgesellschaft für Kabel- und Satellitenrundfunk mbH. For its shares in SAT.1, KirchMedia received an equal number of ordinary shares and preference shares in ProSiebenSat.1 Media AG. The same applies to Axel Springer Verlag AG, the second SAT.1 shareholder, with a 41 percent stake in the TV station. Today, the publishing house holds 11.48 percent of the ordinary shares and preference shares and therefore 11.48 percent of the share capital of ProSiebenSat.1 Media AG. 72 percent of the preference capital is held publicly, which represents 36 percent of the share capital.

Rewe-Beteiligungs-Holding National GmbH, which previously held 41.6 percent of the ordinary shares of ProSieben Media AG, is no longer a shareholder of ProSiebenSat.1 Media AG.

#### **Annual synergies in the region of Euro 100 million**

To prepare for the merger, SAT.1 and ProSieben Media AG set up a joint task force, which analyzed the synergy potential arising from the merger of the two companies, which the group valued at Euro 100 million minimum per annum. The synergy effects are expected to be largely realized by the end of 2002 and fully realized by 2003. The one-time cost for the integration - including the partial relocation of N24 to Berlin - are estimated to amount to between Euro 25 and Euro 35 million. This expenditure will arise over a period of three years, although the greater portion will be accrued in 2000 and 2001. In the financial year 2000, the combined transaction and integration costs amounted to around Euro 27 million.

The most notable boost in value in respect of the synergy potential arises on the earnings and not on the cost side. For example, the complementary program policy for all TV channels will offer increased opportunities in the realization of the company's entire programming assets. At the same time, the company is able to utilize programs for multiple transmissions on different channels, which will considerably increase their profitability. In addition, the ProSiebenSat.1 Group's position in the advertising market will be reinforced in the long term through the joint marketing of all TV channels. The company is in a position to offer the advertising industry excellent value for money, consistent program performances, integrated communication campaigns and simplified handling processes - all from a single source.



Advantages on the cost side arise in particular in the area of news production. N24 Gesellschaft für Nachrichten und Zeitgeschehen mbH will be expanded to become the central information service provider for the entire ProSiebenSat.1 Group. A joint infrastructure - from foreign studios right through to the editorial offices in the German capital - guarantees substantial cost savings in the news division. Compared to producers and licensing traders, the ProSiebenSat.1 Group is in a much stronger position in terms of demand in the area of program acquisition, because of its access to greater transmission volumes. This has given the company an edge in negotiations for prices. Finally, the company has allowed for savings in the area of personnel as a result of efficiency improvements and the gradual elimination of redundancy. In contrast to many other mergers, the reduction in staffing levels - which will only take effect in the financial year 2001 - accounts for a maximum ten percent of the entire synergy potential.

#### New corporate identity builds on strong brands

The ProSiebenSat.1 Group's future commitment will continue to focus on the diversity and independence of its TV channel brands. The company has always been an advocate of strong brands and the unique, clear positioning of its TV channels. SAT.1 is a modern entertainment channel for the entire family, which has made a name for itself through its exceptionally broad range of program formats. ProSieben is the quality brand for young television and has gained a high profile in the market primarily on the basis of major international feature films and series. Kabel 1 stands for timeless quality on German television, guaranteed through the best feature films, series and classic game shows. Finally, N24 complements this channel network with around the clock news and business information.

The individual corporate culture of each TV channel have remained intact after the merger between SAT.1 and ProSieben Media AG. They shape the variety within the TV channel network and represent a significant success factor in a competitive market. The ProSiebenSat.1 Group's new corporate model brings together the track record and leitmotifs of SAT.1 and the former ProSieben Group. This includes:

- a focus on increasing the corporate value and long term expansion of the company's market position in all entrepreneurial decisions, in the interest of the shareholders, employees, customers and business partners;
- the bundling of know-how and resources, to create lean and efficient corporate structures;
- support of strong brands and the independent, clear positioning of the individual TV channels;
- a commitment to the training of young media people within the group and support for hands-on oriented training facilities;
- the creation of new corporate values through creativity and a propensity for entrepreneurial risks.



## The ProSiebenSat.1 Group's strategy

### Increasing the market weight in the German television market

- Focus on the commercially most attractive target groups
- Complementary positioning and programming of all TV channels
- Ongoing optimization of the program mix for all channels
- Strengthening of the brand profile through a clear corporate design
- Optimization of on-air promotion and audience flow in the entire TV network
- Consistent implementation of audience loyalty measures
- Customer oriented advertising mix, including spots, sponsoring and special advertising formats

### Expansion into new and TV related markets

- Pure play in the audiovisual sector
- Exploration of fast-growing markets and market areas both at home and abroad
- Development of new business models for screen media
- Stepping up channel related merchandising transactions
- Gradual entry into transaction television
- Marketing of cross media advertising services

### Improved efficiency in the allocation and realization of programs

- Continuous strengthening of the program inventory
- Reinforcing the position with suppliers in respect of demand, through centralized procurement
- Multiple use of program rights within the TV network
- Channel specific commissioned productions in the area of fiction, comedy and entertainment
- Income oriented programming policy at every channel
- Centralized news production based on channel specific requirements

### Integration of the television business and multimedia

- Bundling of all multimedia activities in a central business unit
- Production, acquisition and archiving of own audiovisual content
- Deployment of audiovisual content across all relevant digital platforms
- Development of attractive Internet services
- Developing and maintaining target group specific communities
- Cross promotion of Internet and television offerings
- Refinancing through advertising, sale of content and e-commerce

# The Formation of ProSiebenSat.1 Media AG



## January 2000

Following initial talks on the formation of a TV channel network comprising SAT.1 and the ProSieben Group, the Boston Consulting Group is charged with preparing for the merger and to support the process.

## February 2000

Task forces at both companies begin to look at the legal, economic and technical aspects of a possible merger.

## June 27, 2000

The agreement on the merger between SAT.1 and ProSieben Media AG to create Germany's biggest television company is made public. Urs Rohner, Dr. Ludwig Bauer, Jürgen Doetz and Lothar Lanz have been proposed as Members of the Executive Board at ProSiebenSat.1 Media AG.

## June 30, 2000

Draft merger agreement put forward.

## July 4, 2000

The company Oppenheim AG is acquired and later renamed ProSiebenSat.1 Media AG.

## July 5, 2000

The German antitrust authority announces it does not have any objections to the merger between SAT.1 and ProSieben Media AG.

## July 7, 2000

First meeting of all executive officers of both companies in Berlin. A total of 27 task forces are set up and charged with the preparation of all necessary integration measures by September.

## July 10, 2000

The merger agreement is notarized.

**July 31, 2000**

The designated Executive Board of ProSiebenSat.1 Media AG announces the management structure of the new holding company and its subsidiary companies.

**August 22, 2000**

The extraordinary shareholders' meeting of SAT.1 Holding GmbH gives its unanimous approval to the merger. At the extraordinary general meeting of ProSieben Media AG, the ordinary shareholders also adopt the merger unanimously. At the special meeting of ProSieben preference shareholders, at which 34.1 percent of the preference capital is represented, a majority of 99.43 percent approve the merger.

**October 2, 2000**

With the entry in the Register of Companies at the district court of Munich under registration number HRB 124169, the merger becomes legally binding. ProSieben Media AG and SAT.1 Holding GmbH are dissolved.

**October 13, 2000**

First stock market listing of ProSiebenSat.1 Media AG. The share started trading at Euro 32.60.

**October 24, 2000**

The commission for the assessment of concentration in the media sector [KEK] declares the merger between SAT.1 and ProSieben Media AG to be safe.

**November 1, 2000**

The two sales companies MediaGruppe München and Media 1 amalgamate under SevenOne Media.

**November 2, 2000**

Dr. Dieter Hahn is appointed Chairman of the Supervisory Board at ProSiebenSat.1 Media AG, Thomas Kirch is appointed Deputy Chairman. Claus Larass joins as fifth Member of the Executive Board.

**We rely on strong brands  
and the unmistakable, clear positioning  
of our TV channels.**



# Television – The ProSiebenSat.1 Group's Core Business

## Key medium of modern mass communication

In 2000, television yet again proved its significance as the key medium of modern mass communication. German television viewers watched an average of 190 minutes television each day in 2000, five minutes more than in 1999 and a new record in the history of television. This has made the medium an even stronger focal point in everyday life than at any time before. In the last ten years, the average viewing time increased by 27 percent. In the target group of viewers aged 14 to 49, which is of particular interest to the advertising industry, the increase in TV usage was even more distinct. Compared to 1990, TV usage was up by 41 percent, with this audience recording a viewing time of 169 minutes per day. This demonstrates that even in the Internet age, acceptance of the key medium television is still rising.

In this growth market the ProSiebenSat.1 Group has taken the number one position for the first time. The newly structured TV channel network ended its first year of operation as market leader. In the commercially decisive target group for commercial TV stations – viewers aged 14 to 49, the company's full service channels achieved a combined market share of 30.7 percent. The RTL Group's TV channels were ranked number two, recording a combined market share of 30.5 percent. The ProSiebenSat.1 Group recorded a market share of 23.9 percent with all viewers aged 3 and above. The ProSiebenSat.1 Group was therefore able to defend its overall market position well in a difficult year for television. Competition in the television market in 2000 was not only characterized by high quality sporting events like the European Soccer Championships and the Summer Olympics, broadcasted by ARD and ZDF, but also by the extraordinary success of long-running reality TV formats like 'Big Brother' on RTL II.

The ProSiebenSat.1 Group has successfully capitalized on its positive results in the audience market. External revenues of the four TV channels increased by six percent to Euro 2.094 billion compared to the pro forma figures recorded in the previous year. Total revenues also rose by six percent to Euro 2,101 billion. The operating profit increased by 33 percent to Euro 288 million. As at December 31, 2000 the company employed 1,894 staff in the television sector – a rise of two percent compared to the

## Television: Revenue and profit performance

Total revenues [Euro bill]

'00	2.101
'99*	1.975

Operating profit [Euro mill]

'00	288
'99*	217

\*Pro forma





previous year. This has enabled the ProSiebenSat.1 Group to lay the foundation in its core business which will ensure a positive development of the company as a whole. Around 98 percent of all revenues were generated by the group's TV channels.

In the television market, the ProSiebenSat.1 Group relies on strong brands. The profile of the four TV channel brands - SAT.1, ProSieben, Kabel 1 and N24 - has become even more distinct since the merger. All TV stations benefit from consistent and complementary program schedules as well as from the synergy effects created by bundling know-how and resources.

In 2000, the ProSiebenSat.1 Group's TV stations yet again rated among the largest employers in the German production market. In the last financial year, the number of inhouse and commissioned productions in the overall program rose to a total of 19,151 hours. This corresponds to a share of 55 percent of all programs. Licensed programs accounted for 45 percent of all program transmissions within the TV channel network.

#### **SAT.1: Entertainment for the whole family**

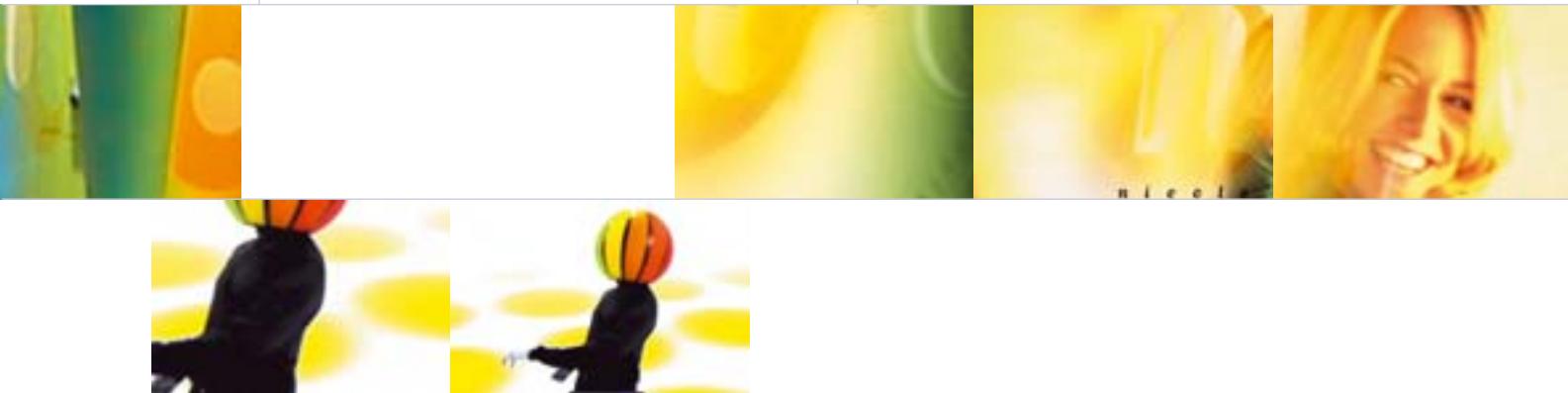
In the commercially decisive target group of viewers aged 14 to 49, SAT.1 was able to maintain its third place behind RTL and ProSieben in the financial year 2000. In this target group, which captures around 80 percent of all investments in television advertising, the TV channel achieved a market share of 12.0 percent, after 12.8 percent in the previous year. With all viewers, SAT.1 recorded a market share of 10.2 percent compared to 10.8 percent in 1999.

SAT.1 was able to strongly improve its business performance and consequently maintained its positive development. Compared to its revenues, the TV channel was able to increase its income at a substantially higher rate. Revenues rose by seven percent to Euro 971 million, while pre-tax profits increased by 46 percent to Euro 38 million. As at December 31, 2000, SAT.1 employed a total of 552 staff. This represents an increase of two percent over the previous year. On the basis of the company's income oriented program policy and by opening up additional sources of revenue in association with the ProSiebenSat.1 Group's other TV channels, the pre-tax profit margin of SAT.1 is to be increased from the current four percent to at least 15 percent in the medium term.

In this respect, SAT.1 benefits from its clear positioning within the ProSiebenSat.1 Group. As a TV channel for the entire family, programs shown on SAT.1 appeal to viewers in the 14 to 49 year age group. Within this target group, the TV channel focuses in particular on viewers aged 30 to 49 as well as on female audiences. The broad variety in the program schedule also allows the channel to address all other target groups relevant to the advertising industry - from children and teenagers right through to young households and viewers in middle age.

SAT.1 stands for entertainment TV with passion. The inhouse and commissioned productions in particular guarantee both viewers and advertising clients an unmistakable program profile. These programs not only represent a proven trademark for the TV channel but with 68 percent are also a key element in the SAT.1 program portfolio.





Compared to the previous year, the station increased the number of program hours for inhouse and commissioned productions to almost 6,000 in the year 2000. This has led to a further strengthening of the channel's profile in its core competence.

In the area of show formats, SAT.1 offers a program mix of proven standards, popular with its audience, as well as new innovative programs. Here, the channel banks on the wide variety of the genre, presenting daily talk shows, docu-soaps and quiz shows with much success.

Company	SAT.1
Legal form	GmbH
Founded	1984
Shareholding	100 %
Company category	Television station
Main activities	Organization of a commercial full service program
General Manager	Jürgen Doetz, Martin Hoffmann
Address	Jägerstr. 32, 10117 Berlin, Germany Tel. +49-30-20 90-0 Fax +49-30-20 90 20 90 <a href="http://www.Sat1.de">www.Sat1.de</a>

Top presenters like Harald Schmidt, Kai Pflaume and Christian Clerici shape the image of the channel. Among the television community, comedy formats in particular are considered unique trademarks of SAT.1. In 2000, SAT.1 comedians not only received top marks in prestigious viewer nominated television awards but also won the hearts of juries. 'The Harald Schmidt Show' won the German Television Award for 'Best Comedy Show'. Bastian Pastewka received the Golden Camera Award for his presentation of 'Die Wochenshow' [Show of the week] as well as 'Brisko's Jahrhundertshow' [Brisko's Millennium Show]. This year, the station is bringing in another well-known personality in television entertainment. In September 2001, Jürgen von der Lippe will go on air with a one hour comedy format on Sunday evenings as well as a 30 minute sitcom.

One synonym for the success of SAT.1's inhouse and commissioned productions is the label 'Der große SAT.1 Film' [The big SAT.1 movie] on Tuesday evenings. Its quality is reflected in the market shares. In the fourth quarter of 2000 alone, eleven 'big SAT.1 movies' ranked among the top 20 TV movies with the best ratings of all TV channels. The movies achieved prime time market shares of up to 23 percent with viewers aged 14 to 49. The jewel in the crown proved to be the movie 'Invitation to Murder' which attracted an audience of almost six million.

Inhouse produced series like 'Für alle Fälle Stefanie' [In any case, Stefanie], 'Kommissar Rex' [Detective Rex], 'alphateam' and 'Der Bulle von Tölz' [A cop in Tölz] also guarantee above average prime time ratings, with market shares averaging 14 to 20 percent with viewers aged 14 to 49. The highlights of the SAT.1 program include films based on true events such as the two-part production 'Der Tunnel' [The tunnel], which achieved high ratings at the beginning of 2001. SAT.1 remains committed to first rate TV event programs in movie quality, such as 'Wambo' - a production by 'Rossini' Director Helmut Dietl and 'Tanz mit dem Teufel - Die Entführung des Richard Oetker' [Dance with the devil - The abduction of Richard Oetker].

In the financial year 2000, SAT.1 responded to the intense competition in the television market by introducing numerous new as well as optimized programs. Two new additions in the daily talk show slot - 'Peter Imhof' and 'Franklin' - were able to maintain the high market shares achieved by their predecessors. The audience also gave the thumbs up to the move of the courtroom show 'Richterin Barbara Salesch' [Judge Barbara Salesch] from its previous 8.00 PM slot to the earlier time of 3.00 PM. This has enabled the program to double its market shares in the new time slot.



In the 2000 business year, SAT.1 was able to record additional market share especially in the hotly contested access prime time program. Particularly successful proved the introduction of the 'Quiz Show' at 7.40 PM. The program achieved an average market share of 17.0 percent with viewers aged 14 to 49. As a result, SAT.1 was the only commercial television station to effectively compete with the daily soap 'Gute Zeiten, schlechte Zeiten' [Good times, bad times] on RTL during access prime time. Since November, the second program slot of the 'Quiz Show' at 6.00 PM also hits the bull's eye. In addition to an increase in TV ratings of more than 50 percent in this transmission slot, the audience flow to the SAT.1 news program at 6.30 PM also improved significantly. Today, the station's main news program consistently achieves double digit market shares with viewers aged 14 to 49. In the first six months of 2001, SAT.1 plans to broadcast additional 'Quiz Show' specials during prime time on four Sundays, featuring well-known personalities.

The TV station's capabilities in the area of news programs will also be strengthened further during 2001. The introduction of the news magazine 'die nacht' [the night] rounds off the news schedule. In March this year, SAT.1's daily information programs were enhanced with the new night journal. In addition to the main news program '18.30', the channel already includes an early morning news slot in its breakfast TV show as well as broadcasting news summaries at 3.00 PM, 4.00 PM and 6.00 PM. Sports were once again one of the most important pillars in the SAT.1 program during 2000. The program 'ran - SAT.1-Bundesliga', which features games from the German soccer league, was one of the strongest performers, attracting an average audience of 4.74 million viewers with its Saturday show [first leg 2000/01 season]. The station was also able to establish additional attractive 'ran' sports categories last year, including boxing, basketball and American Football.

In addition, SAT.1 regularly positions itself at the head of the rating charts with free TV premières of movie hits like 'Ballermann 6', 'As good as it gets' and 'My best friend's wedding'. The blockbuster movie 'Men in black' attracted an overall audience of 8.68 million viewers and was rated 'most successful movie film première of the year', with a 42.6 percent market share in the important advertising target group of viewers aged 14 to 49.

In association with the ProSiebenSat.1 Group's other TV channels, additional opportunities are also opening up for SAT.1 in the acquisition and exploitation of licensed programs. As a result of the joint acquisition of licensed films and series, SAT.1 now has access to a significantly broader program portfolio. In future, the program structure will be aligned even closer to the station's profile and the demands of its viewers.

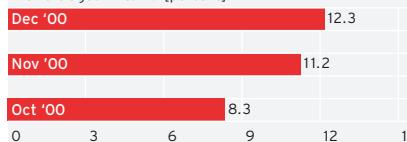
#### **ProSieben: The quality brand for young television**

In a highly competitive market, ProSieben was able to cement its excellent position in the financial year 2000. ProSieben recorded by far the smallest losses among major TV stations, all of which had to accept a drop in market shares during 2000. In the commercially decisive target group of viewers aged 14 to 49, the station's market share remained relatively stable at 13.3 percent compared to 13.5 percent in 1999. With all



**SAT.1: Market share access prime time after launch of 'Quiz Show' at 6.00 PM**

Viewers aged 14 to 49 [percent]



Basis: All television households in Germany; 5.00 PM - 8.15 PM  
Source: AGF/GfK Fernsehforschung [PC#TV]/SevenOne Media

19:00



20:00



viewers, ProSieben achieved a market share of 8.2 percent, after 8.4 percent in the previous year.

This performance was also reflected in the station's excellent business performance. Revenues rose by three percent to Euro 866 million. Pre-tax profit increased by 15 percent to Euro 257 million, compared to the previous year's figures for the program area of the former ProSieben Media AG. The pre-tax profit margin rose from 27 percent to 30 percent. This makes the ProSieben TV station by far the most profitable television company in Germany. At year-end, ProSieben employed 264 staff, eight percent less compared to the pro forma figures published for 1999.

The TV station's economic efficiency is based on its clear positioning in the market. In every important socio-demographic category, like income and education, ProSieben's audience structure greatly exceeds the industry average. In addition, ProSieben also boasts by far the youngest audiences of all major full service channels. In the financial year 2000, the TV station took the lead in the market with viewers aged 14 to 29, recording a market share of 18.0 percent ahead of RTL [17.8 percent].

Company	ProSieben
Legal form	GmbH
Founded	1988
Shareholding	100 %
Company category	Television station
Main activities	Organization of a commercial full service program
General Manager	Nicolas Paalzow
Address	Medienallee 7, 85774 Unterföhring, Germany Tel. +49-89-95 07-10 Fax +49-89-95 07-1122 <a href="http://www.Prosieben.de">www.Prosieben.de</a>

ProSieben is the quality brand for young television. Since the set up of the TV channel network, this positioning has been further augmented still. With feature film highlights and premium series ProSieben is able to hit just the right mark with its demanding young target audience. Instrumental to the TV channel's profile are also its high quality inhouse and commissioned productions. Last year, these programs accounted for almost 38 percent of the entire program offering which adds up to around 3,300 hours. Innovative and often award-winning marketing campaigns also help support the station's young image. In addition to its programs, the TV channel's image is further shaped by its new design, which went on air in April 2001.

ProSieben is the leading TV brand for young entertainment and infotainment. In the financial year 2000, the station reinforced its successful entertainment section with the introduction of the new program category 'Abenteuershow' [Adventure show]. Program formats like 'Der Maulwurf' [The Mole] and 'Fort Boyard' were successfully established in the 6.00 PM weekend slot. The program schedule will be further enhanced with a new run of episodes of these shows and through the introduction of the new format 'Desert Forges' as well as the first ever entertainment show during prime time. In the infotainment area, the stylish business magazine 'Bizz' was able to successfully establish itself in its new program slot at 11.15 PM following a somewhat difficult start. In the financial year 2000, the magazine program achieved market shares of up to 18.3 percent with viewers aged 14 to 49. The young boulevard magazines 's.a.m' and 'taff.' also recorded above average performances. In the important target group for advertisers - viewers aged 14 to 49 - 's.a.m.' achieved an average market share of 20.2 percent in 2000, with 'taff.' recording 18.6 percent. This year, the successful format 'taff.' will be given additional broadcasting time and will be extended to a full hour.



Key contributors to ProSieben's strong performance in 2000 were once again the TV station's comedy formats and in particular 'TV total'. Presented by Stefan Raab, the program is the most successful comedy format on German television. The strategic decision to broadcast the show four times a week at 10.15 PM from February 2001 has proved a wise move. With a market share of up to 28.9 percent and an average market share of 22.1 percent in the important target group for the advertising industry, the program has proved a great success. With viewers aged 14 to 49 'TV total' is able to achieve a market share of 40.1 percent, which is well above the industry average. The performance of the program 'bullyparade' has also proved very positive, with market shares reaching up to 24.9 percent with viewers aged 14 to 49. Other program formats like the British show 'Trigger Happy TV', shown in an additional slot late on Thursday evening, complete ProSieben's comedy offering.

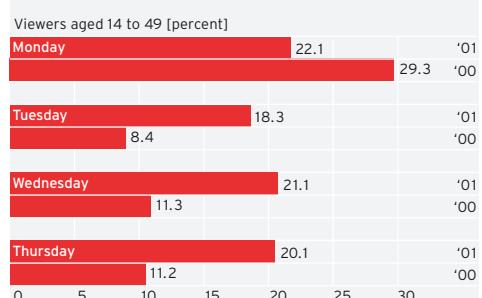
ProSieben's core competence continues to lie in attractive feature films. No other TV station shows more free TV premières on German television. In the year 2000, the TV channel's program schedule included an astonishing 264 premières. During prime time at 8.15 PM, ProSieben's feature film highlights achieved market shares of up to 43.5 percent with viewers aged 14 to 49. The most successful feature film last year was 'Independence Day', which captured 7.16 million viewers [aged 3+] and 'The Fifth Element', which attracted an audience of 7.09 million. This enabled ProSieben to place seven of its feature film highlights among the top 20 films in 2000. A recent survey by the opinion research institute forsa also confirms that ProSieben is the top station for feature films with German TV viewers. In addition to feature films from Hollywood, ProSieben also stands for television films 'made in Germany'. At 8.15 PM each Thursday, the station reaches high audience shares with its German films.

Premium series in the ProSieben program have also proved successful. ProSieben has hit the taste of its young target audience spot on with its new prime time slot for animated cartoons. Both 'The Simpsons' and 'Futurama' have successfully established themselves on Monday evenings between 9.15 PM and 10.15 PM respectively. One additional program innovation singles out ProSieben's series. On January 3, 2001 the TV station introduced the young mystery production 'Buffy - The vampire slayer' and 'Angel' to its prime time schedule on Wednesday evenings. Both series were able to instantly attract a regular audience in the target group of viewers aged 14 to 49 and are recording market shares of up to 16.1 percent. Further target group related series productions are to be added to this broadcast slot in the course of 2001, including 'Charmed'. After 'The X-Files' and 'ER', ProSieben is the only TV station to have successfully established international series during prime time in Germany - three evenings a week.

#### Kabel 1: Timeless quality on TV

Kabel 1 was able to continue on its growth path even during the extremely competitive television year 2000. The TV station yet again exceeded its record performance of the previous year. Revenues rose to Euro 220 million from Euro 191 million in 1999. This represents an increase of 15 percent. Pre-tax profit increased by 113 percent to Euro 51 million. Based on these results, the TV station was able to raise its pre-tax

**ProSieben: Market shares 'TV Total'**



Basis: All television households in Germany;  
Mo-Thu 10.15 PM - 11.15 PM; Period 02.05-03.11  
Source: AGF/GfK Fernsehforschung [PC#TV]/SevenOne Media



profit margin to 23 percent from 13 percent in the previous year. On December 31, 2000, Kabel 1 employed a total of 42 staff. In 1999, this figure stood at 39.

Kabel 1 was one of the few commercial TV stations able to increase its market share in 2000. The TV channel achieved a market share of 5.5 percent with all viewers. As a result, Kabel 1 is still by far the most successful company in the league of second generation commercial TV stations - ahead of RTL II [4.8 percent] and Vox [2.8 percent]. In the target group of viewers aged 14 to 49, Kabel 1 recorded a market share of 5.4 percent - also a small rise compared to the 5.3 percent achieved in the previous year.

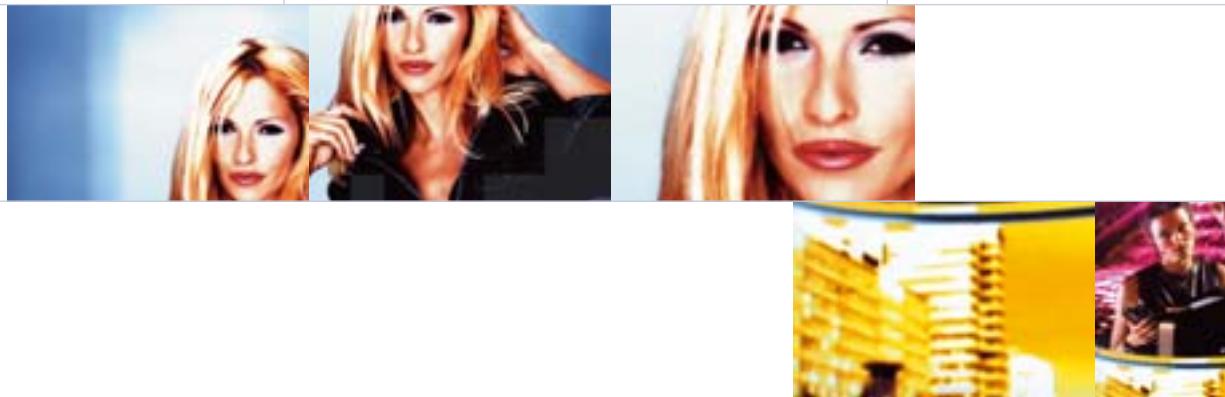
Company	Kabel 1
Legal form	GmbH
Founded	1992
Shareholding	100 %
Company category	Television station
Main activities	Organization of a commercial full service program
General Manager	Andreas Bartl
Address	Gutenbergstr.1, 85774 Unterföhring, Germany Tel. +49-89-95 07-2100 Fax +49-89-95 07-2158 <a href="http://www.Kabel1.de">www.Kabel1.de</a>

Kabel 1's success can be explained in particular by its clear positioning in the market. Kabel 1 presents the 'Best of TV' from the last four decades within the setting of a modern full service station. The channel provides timeless quality in television for the media generation above the age of 30. This focus has given Kabel 1 a clear and unique position in the German television market.

One of the outstanding program innovations of the year proved to be the re-launch of a TV classic. Since the start of 'Was bin ich? [What's my line?] in October 2000, the program has found an average audience of 2.5 million viewers each Thursday during prime time. After 'Geh aufs Ganze!' [Let's make a deal] and 'Wheel of fortune', this is the third entertainment classic which has been established in the channel's program schedule with great success. Kabel 1 will continue to maintain this strategy in the entertainment sector in 2001.

The label 'Die besten Filme aller Zeiten' [The best movies of all times] is still a guarantee for success during the main evening program. The program campaign, which was launched in autumn 1998, yet again helped Kabel 1 achieve market shares during 2000 which at times well exceeded the ten percent mark. The program offering of movie classics is supported through effective marketing strategies. 'Die besten Filme aller Zeiten' is the best-known claim made by a commercial TV station. According to a survey conducted by the opinion research institute forsa at the end of 2000, 75 percent of all respondents were aware of this slogan. For its 2001 program schedule, Kabel 1 was again able to secure such excellent titles as 'Cleopatra', 'The Prizzi's honor', 'The name of the rose', 'The godfather', 'Harry and Sally' and the 'Dirty Harry' movies.

Kabel 1 is also the clear number one of all second generation TV stations during the afternoon. With a market share of 6.5 percent with viewers aged 14 to 49, the channel positioned itself well ahead of its competitors RTL II [5.0 percent] and Vox [5.1 percent]. One key reason for this success in the audience market are Kabel 1's superlative cult series. US series like 'Hart to Hart' and 'Little house on the prairie' have found a permanent place in the viewing habits of the audience. The same also applies to the modern series classics during prime time, such as 'Diagnosis murder' and 'Renegade'.



In the financial year 2000, Kabel 1 was able to further sharpen its profile with the consistent expansion of its information programs. In January, the station complemented its successful 'K 1' information programs with the 'Abenteuer' [Adventure] programs during access prime time on Saturdays. The programs 'Abenteuer Auto' [Adventure Car] and 'Abenteuer Leben' [Adventure Life] have been especially successful with male viewers aged 14 to 49, recording market shares of 7.7 percent and 7.0 percent respectively. In the autumn of 2001, the 'Adventure' program family will be expanded with a travel and adventure magazine format 'Abenteuer Ferne' [Adventure in far-off parts].

The 'K 1' information formats also continue to achieve good ratings. 'K 1 Die Reportage' [K 1 The Report] reaches an average market share of 6.6 percent with viewers aged 14 to 49, 'K 1 Extra' records 6.5 percent and 'K 1 Das Magazin' [K 1 The Magazine] 7.2 percent. As a result of moving the main program 'K 1 Nachrichten' [K 1 News] from its 6.15 PM slot to the earlier time of 5.20 PM, market shares have been significantly increased. 'K 1 The Magazine' has been brought forward to 9.15 PM from 11.00 PM as well has being extended to 60 minutes and offering a broader content. Within the framework of the 'K 1 Family', the station has also scheduled a further documentary series which is due to go on air in the summer of 2001.

#### N24: News in real time

N24 stands for the ProSiebenSat.1 Group's 24 hours news program. In its first year of operation, the youngest member of the TV channel family met all its targets. With revenues in the amount of Euro 38 million, the news channel reached the expected budget level following its launch on January 24. The TV station recorded a result of minus Euro 34 million. N24 is expected to achieve an operating profit in 2004. On December 31, 2000, N24 employed a total of 127 staff. One year earlier, still at its set up phase, the TV station employed just 102 staff.

An important prerequisite for the success of a new TV channel like N24 lies in the development of the technical reach. At the time N24 went on air in January 2000, around 30 percent of all German television households were able to receive the program. Within its first year of broadcasting, N24 was able to extend its technical reach to 48 percent. Today, almost every second TV viewer in Germany has the opportunity of watching the news channel. This coverage exceeds the TV station's targets by a large margin. N24 is transmitted nationwide via satellite and has also been included in numerous regional cable networks across Germany. Positive decisions in respect of priority cable feeds by the regional media authorities in North Rhine-Westphalia and Lower Saxony will further extend the technical reach of N24 in 2001.

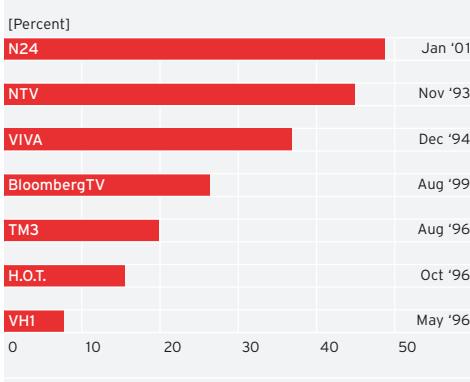
As an information service provider, N24 holds a key strategic position within the TV channel network. The TV station strengthens the news and information capabilities of the entire ProSiebenSat.1 Group. The editorial team at N24 handles the research and production of news around the clock from the world of business and current events. All of the company's TV stations benefit from the know-how and infrastructure of N24 in the area of news reporting. The TV channel N24 is aiming to be the first to report on

Company	N24
Legal form	GmbH
Founded	1999
Shareholding	100 %
Company category	Television station
Main activities	Organization of a commercial niche program for information
General Manager	Ulrich Ende, Jörg Howe
Address	Gutenbergstr.1, 85774 Unterföhring, Germany
	Tel. +49-89-95 07-24 24
	Fax +49-89-95 07-24 00
	<a href="http://www.N24.de">www.N24.de</a>



the major events of the day - ahead of any competitor. N24 Gesellschaft für Nachrichten und Zeitgeschehen mbH acts as central information service provider and, in addition to its own programs, also produces the news formats for the ProSiebenSat.1 Group's other TV channels. This enables the company to fully realize existing synergy potential, reduce costs and to make the best possible use of its resources. The editorial teams keep a close eye on maintaining the recognition factor of the formats and the target group specific preparation of the different programs in respect of individual channel brands.

#### Technical reach one year after launch

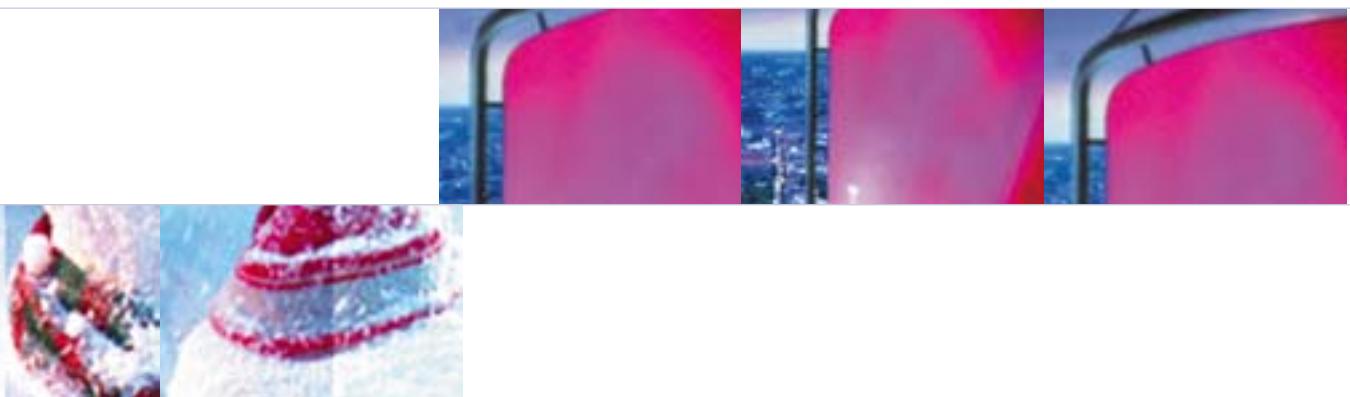


Basis: All television households in Germany  
Source: AGF/GfK Fernsehforschung/SevenOne Media

N24 has entered a market which is growing at a very rapid pace. The demand for up-to-date information on share prices, business data and political decisions of the day is on the increase. N24 serves a target group that is highly important to the advertising industry. Viewers in the 20 to 55 age category with an above average education and income are particularly interested in news and business information. N24 has organized its program to specifically address this target group. Audience polls show that N24 is judged very positively by its target group. Around 90 percent of all N24 viewers have indicated their intention to continue to switch on to the news channel. N24 went on air at a relatively high level in January 2000, supported by advertising and PR campaigns. According to a survey by the opinion research institute forsa, the news channel was able to stabilize its audience reach during the course of the year at around one million viewers per day. National audience figures, which are determined by the German television research panel [GfK] for all TV stations in Germany, can not be published until valid market share data also becomes available for N24 as the channel's technical reach increases.

N24's program strategies have attracted great interest from the advertising industry right from the start. Major advertising clients like Deutsche Telekom, Siemens, Allianz, HypoVereinsbank, Consors, Lufthansa and Porsche quickly recognized that N24 allows them to reach a premium target group. These companies already placed significant advertising budgets with N24 in its first year of operation. The stock market flotations of the national postal service, Deutsche Post AG and the company Infineon AG were covered by N24 and supported through special IPO promotion packages.

The program profile of the news channel N24 is shaped by its business reporting, which accounts for around 50 percent of the daily program. This includes regular live reports directly from the stock markets in Frankfurt, London and New York during 'N24 Börsenreport' [N24 stock market report]. Program formats like the 'N24 Wall Street Report' and 'N24 Neuer Markt' focus on specific markets and analyze the share price performance. Business talks like 'Chefsache' [Management matters] and 'Börsengeflüster' [Stock market whispers] quiz the decision makers, conduct interviews at board level and show the faces behind the companies. The TV channel also enhances its profile through strategic partnerships. The financial channel BloombergTV and the investors magazine 'Börse Online' are just two strong brands represented on N24. The business magazine 'Capital' has its own talk format on N24 entitled 'Capitalk' and the editorial sports section is showing the TV version of the prestigious golf magazine from the Atlas publishing house, 'N24 Golf Journal TV'.



Within the framework of the merger between SAT.1 and ProSieben Media AG, certain divisions of N24 are scheduled for relocation from Munich to Berlin in the summer of 2001. Reports on national political and business issues will in future be produced in the German capital. This will provide N24 additional journalistic impetus as well as reinforcing Berlin as the ProSiebenSat.1 Group's second location. In Berlin, N24 will merge its own team with the editorial news section of SAT.1. At that time, around 50 journalists will be producing the news for four TV stations and maintain a 24 hours operation. With a global network of correspondents and the proven regional structure of SAT.1 within Germany, N24 fulfils all requirements to ensure comprehensive news coverage from all key strategic sites in Germany, Europe and around the world.

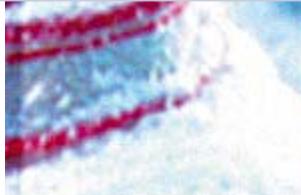
### **SevenOne Media: The ProSiebenSat.1 Group's new marketing company**

In connection with the merger between SAT.1 and ProSieben Media AG, the companies MediaGruppe München and Media 1 were also amalgamated in the financial year 2000. This has created the largest marketing company for electronic media in Germany. SevenOne Media is responsible for marketing all of the ProSiebenSat.1 Group's traditional media. However, the company's portfolio also includes third party offerings like the BloombergTV channel, documentary and fiction channels of Premiere World and BallungsraumFernsehen. In addition, the ProSiebenSat.1 Group is also represented in Austria and Switzerland through the advertising windows of SAT.1, ProSieben and Kabel 1. Programs in Austria are marketed by SevenOne Media Austria, a wholly-owned subsidiary of SevenOne Media. In Switzerland, the ProSiebenSat.1 Group is represented by SevenOne Media [Switzerland] AG.

Company	SevenOne Media
Legal form	GmbH
Founded	2000 through merger MediaGruppe München: 1992 Media 1: 1999
Shareholding	100 %
Company category	Advertising time marketing company
Main activities	Advertising marketing of electronic media; research services
General Manager	Peter Christmann
Address	Medienallee 9, 85774 Unterföhring, Germany Tel. +49-89-950 04-0 Fax +49-89-950 04-399 <a href="http://www.sevenonemedia.de">www.sevenonemedia.de</a>

The modern organizational structures of the new marketing company are designed to meet the increasing demands and requirements of customers and agencies in a dynamic market. In all its activities, SevenOne Media draws on the experience and expertise of the two former sales companies MediaGruppe München and Media 1. For example, the new marketing model allows for both centralized and decentralized sales structures. Corporate advertising clients are supported by the company's headquarters in Unterföhring. Support for media agencies on the other hand falls under the responsibility of the company's regional offices in Hamburg, Düsseldorf, Frankfurt and Munich. All clients have access to complementary teams of industry and agency specialists.

SevenOne Media sees itself as an effective partner to advertising clients and agencies. The new TV channel network leads to solid program performances, integrated communication campaigns and simplified handling processes - all from a single source. As a result of the complementary positioning of SAT.1, ProSieben, Kabel 1 and N24, the company is able to offer a wide range of different advertising time slots and media in diverse program environments. Furthermore, a portfolio of proven and innovative advertising formats provides the necessary basis for a successful communications mix. The advertising industry benefits from all these elements in the strategic planning and execution of their campaigns.

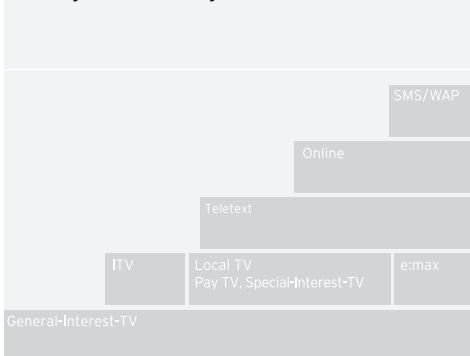


### The television advertising market continues to grow

The development of the television advertising market in the financial year 2000 was very encouraging. At the time this report went to press, however, no detailed statements could be provided. The German advertising association does not publish the net advertising revenues of all German television stations until May 2001.

The research company Prognos AG predicts a 7.5 percent growth rate for the television advertising market in 2000, with revenues totaling Euro 4.6 billion. The largest contribution to the television station's revenues came from companies in the telecoms sector, with gross investments in TV advertising amounting to around Euro 685 million. Ranked in second place were the confectionery and chocolate manufacturers, with gross advertising investments of around Euro 600 million, followed by car manufacturers, which spent around Euro 575 million gross on television advertising.

### Convergence marketing of screen media



### Convergence marketers with cross media expertise

As a result of the growing digitalization in the media arena, every company in the market is facing new challenges. Customers and agencies are increasingly looking for multimedia communication solutions. SevenOne Media has therefore taken the step to turn itself into a modern convergence marketer. The company offers a comprehensive portfolio of different advertising vehicles, including both modern and traditional screen media. The marketing services provided by SevenOne Media and its associated company SevenOne Interactive cover the entire spectrum of audiovisual media – from free TV and pay TV to BallungsraumFernsehen, the Internet, teletext and outdoor TV, right through to mobile WAP services. Advertising clients already have the opportunity today to spread their campaigns over a variety of different media and to source the appropriate cross media package through a single supplier. In 2001, the service portfolio will be enhanced with additional innovative advertising formats. For instance, SevenOne Interactive is the first marketer to offer interactive advertising within the framework of the pilot project N24 Broadband. Clients of SevenOne Media can reach their target audiences any time and any place – be it at work, at play, on the road or at home.

### Research for customers

SevenOne Media also offers a wide range of research services in the advertising, program and online sectors. With its Emnid study 'Semiometrie' and the integration of the sinus environments in the AGF/GfK television research data, the company is able to offer its clients modern instruments for qualitative target group planning. Studies to assess the effectiveness of individual advertising campaigns, such as 'Adtrend', enable assertions on the effect of TV campaigns. The concept for the most comprehensive and technically demanding Internet study '@facts' was devised by SevenOne Interactive. As part of an ongoing telephone survey, 30,000 people are regularly questioned on the subject of Internet use.

**Our activities in television related  
markets are investments in the future  
of our company.**



# TV-related Areas

## Multimedia

### Business continues on its growth path

In the financial year 2000, the ProSiebenSat.1 Group once again continued on its growth path in the multimedia area. The company was able to increase external revenues in this segment by 25 percent to Euro 20 million. Total revenues rose by 24 percent to Euro 21 million. As a result of the company's investments in the expansion of the business area, the operating result fell from minus Euro three million in 1999 to minus Euro ten million as planned. As a result of the introduction of new activities, the number of employees increased by 39 percent to 163. The business model in the multimedia area is based on several revenue sources, namely revenues generated through advertising, the sale of content and through e-commerce. Here, the ProSiebenSat.1 Group either benefits from a share in the e-commerce revenues generated through its Internet services or the company takes on the role of strategic investor and acquires a stake in a particular e-commerce business. Advertising sales relating to web pages, teletext and other digital services are handled by SevenOne Interactive, a wholly-owned subsidiary of the ProSiebenSat.1 Group.

### Bundling of all digital platforms

In the multimedia sector, the ProSiebenSat.1 Group has bundled all its activities under the umbrella of ProSieben Digital Media. The wholly-owned subsidiary of ProSieben-Sat.1 Media AG provides support for a wide range of digital platforms. News and reports are fed into numerous teletext, Internet and mobile services as well as being made available on info screens situated at subway stations. In addition to the ProSiebenSat.1 Group's own digital media, however, the company also extends its support to external customers. For instance, ProSieben Digital Media handles the production of teletext services for the German sports channel DSF and the MTV music channel.

The only exception is the video on demand system e:max, transmitted via satellite, which is produced by CM Community Media in Cologne, a subsidiary of the ProSieben-Sat.1 Group. Each month, the company generates over ten million viewer contacts.

Company	ProSieben Digital Media
Legal form	GmbH
Founded	1996
Shareholding	100 %
Company category	Multimedia service provider
Main activities	Production of digital services [teletext, Internet, mobile]; production of multimedia platforms and content for external customers
General Managers	Dr. Stefan Groß-Selbeck Joachim Magin
Address	Medienallee 7, 85774 Unterföhring, Germany Tel. +49-89-95 07-8100 Fax +49-89-95 07-8110 <a href="http://www.ProSiebenSat1.com">www.ProSiebenSat1.com</a>

Company	CM Community Media
Legal form	GmbH & Co. KG
Founded	1994
Shareholding	76 % [since 1998]
Company category	Community TV provider
Main activities	Sale of the e:max community platform to fitness centers, movie foyers, discotheques, shops, restaurant chains; provision of software, hardware, transmission technology and program content
General Manager	Reinhold Geiling
Address	Im Medienpark 6, 50670 Cologne, Germany Tel. +49-221-57 95-0 Fax +49-221-57 95-101 <a href="http://www.e-max.de">www.e-max.de</a>





Today, CM Community Media already collaborates with more than 1,100 business outlets, including discotheques, fitness studios and fashion boutiques.

The ProSiebenSat.1 Group's web site portfolio comprises the ProSieben community 'redseven.de', 'oktoberfest.de', 'wetter.com', the corporate web site 'ProSiebenSat1.com' as well as the Internet pages of the company's four TV channels. SAT.1 Online, ProSieben Online, Kabel 1 Online and N24 Online are all focused on converting successful TV programs into Internet-ready services. This strategy has proved successful.

#### **The Internet is a lucrative platform for TV stations**

Television stations rank among the companies benefiting from the Internet. Not only do the TV stations have access to the leading brands of mass communications but can also fall back on very reliable capabilities in the area of information and entertainment. In addition, TV companies have the necessary experience and expertise in dealing with moving images which are gaining increasing importance in the Internet arena. According to a survey conducted by Jupiter MMXI Europe, the number of visits to TV web sites between October 1999 and October 2000 increased by 400 percent. Based on Jupiter's findings, the 'ProSieben.de' web site ranked fourth among the most popular TV web sites in Europe - after 'BBC.co.uk', 'Channel 4.com' and 'RTL.de'. The results are also confirmed by the IVW figures, which are still the most meaningful currency in calculating traffic on the German Internet. In January 2001, the ProSiebenSat.1 Group's Internet sites were able to record more than 80 million page impressions. This places the ProSiebenSat.1 Online Network among the top five of all German online networks. Web sites focused in and around the subject of television also dominate the separate listing of general interest sites in Germany. In January 2001, 'RTL.de', 'TVSpielfilm.de' and 'Sat1.de' were right at the top of the list.

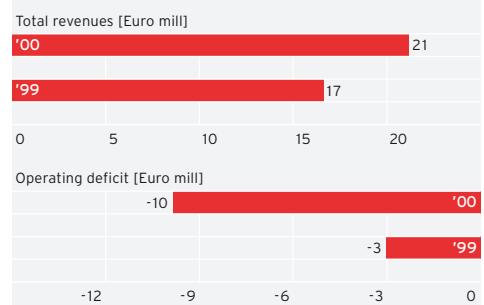
The Internet services offered on ProSieben Online, SAT.1 Online and Kabel 1 Online were all redesigned during the financial year 2000. Each relaunch was focused on the implementation of TV formats on the Internet. Among the successful examples of this strategy are the attractive Internet adaptations of the 'Quiz Show' and 'Girls' Camp' at 'Sat1.de', 'Was bin ich?' [What's my line"] at 'Kabel 1.de' and 'Dinosaurier' [Dinosaurs] at 'ProSieben.de'.

#### **Joint finance community of N24 Online and comdirect**

The development of the Internet site of the N24 television channel also proved very positive in the financial year 2000. 'N24.de' offers detailed business and stock market information. In addition, N24 content is also provided to a finance community, a joint operation between N24 Online and comdirect bank AG. Each day, users are offered background information on the latest key topics. Internet users are able to exchange information through a forum and communicate directly with the relevant journalists. A comprehensive finance TV service, offering downloadable content from the TV programs of the N24 news channel, rounds up the web site of the finance community.



**Multimedia: Revenue and profit performance**





#### **N24 Broadband links television to the Internet**

The ProSiebenSat.1 Group's strategy in the Internet era is aimed at forging links between the traditional television business and the new multimedia markets. Against this background, the company has developed a broadband service for N24. The pilot project will go online in the first half year of 2001 at the Internet address 'www.N24Broadband.de'. N24 Broadband provides a link between television programs and text-based content on the Internet. The site will be used by television viewers and Internet surfers alike. The launch of the service will also open up new advertising opportunities. N24 Broadband allows synchronous, interactive advertisements to be added, whereby product information, order submissions or participation in prize games are all available with a click of the mouse.

#### **Internet content over wireless devices**

The ProSiebenSat.1 Group is already making its content available on wireless devices today. Users can either opt to receive N24 news via SMS [Short Message Service] or access the information via their WAP [Wireless Access Protocol] enabled mobile phone at a time when most convenient. The ProSiebenSat.1 Group made an early commitment to this new distribution channel which will become increasingly more important. Following early trials with the WAP standard, new and more powerful mobile phones based on the GPRS and UMTS standards will become available on the market over the next two years. This will allow Internet pages and moving images to be displayed on mobile devices at a much higher quality.

#### **Teletext - a classic among the new media formats**

In spite of the growing importance of the Internet, the teletext medium continues to maintain its leading position in the multimedia market. Today, 25 million households are able to receive teletext services. This represents around 75 percent of all German TV households. Up to ten million viewers use the teletext services every day, which distinguish themselves by providing topical information at the press of a button as well cost-free access. Users incur neither usage nor connection fees.

The ProSiebenSat.1 Group has consistently aligned the teletext offerings of its TV stations with the respective target groups and their particular interests. All teletext services - whether SAT.1, ProSieben, Kabel 1 or N24, distinguish themselves through their clear structure and ease of use. In the commercially decisive target group of viewers aged 14 to 49, the SAT.1 teletext service leads the market by a wide margin. With this target group, the ProSiebenSat.1 Group's teletext offerings were able to record a combined market share of 28.4 percent. This places the company's teletext services well ahead of both the RTL Group [15.4 percent] and those offered by the public broadcasting stations ARD and ZDF [21.8 percent].



## 22 million online in Germany

The Internet records the highest growth rates in the German media world. No other medium can match this pace of growth. Between December 2000 and January 2001 alone, the number of Internet users aged 14+ rose by 2.3 million to 22.2 million. This means that around 35 percent of the entire German population are online, and there's no end in sight to this development. It is expected that a further four million people in Germany will go online over the next six months. These figures are based on '@facts' - the most comprehensive European Internet survey conducted on behalf of SevenOne Interactive in collaboration with the market research institute fors. Similarly optimistic are the predictions in respect of developments in online advertising in Germany. According to Jupiter MMXI Europe, revenues generated through online advertising will reach around Euro 359 million in 2001 - an increase of 76 percent compared to last year.

## Merger between ProSieben Digital Media and Kirch New Media

Next to speed, one of the most important aspects on the Internet is size. The ProSiebenSat.1 Group has therefore set itself the goal to consistently and steadily further extend its market position in the multimedia sector. To realize this objective, the company took a major step forward at the beginning of 2001. The Executive Board together with the Supervisory Board of ProSiebenSat.1 Media AG took a policy decision to merge the subsidiary ProSieben Digital Media with Kirch New Media AG, the Kirch Group's multimedia company. Negotiations in respect of the merger are expected to be concluded as early as the first quarter of 2001.

The proposed merger will create one of the largest and most powerful new media companies in Germany under which all multimedia activities of the Kirch Group and ProSiebenSat.1 Group will be bundled. ProSiebenSat.1 Media AG, currently the sole shareholder of ProSieben Digital Media GmbH, plans to acquire a stake in the new company of up to 50 percent. The remaining shares are held by the current shareholders of Kirch New Media AG, KirchMedia GmbH & Co. KGaA and KirchPayTV GmbH & Co. KGaA.

The new company will focus its activities on the expansion and management of the online brand network brought into the joint venture by the respective shareholders. All content currently developed by Kirch New Media will be integrated in the existing online brand network. At the same time, the joint venture will be expanded to take on the role of central technical IP service provider of KirchMedia, KirchPayTV and the ProSiebenSat.1 Group. All other affiliated companies and/or joint ventures of the shareholders operating in the IP area will also be under the management and control of the new company. Furthermore, the merger will create significant synergies in the area of technology, editorial and distribution.

ProSiebenSat.1 Media AG, as the largest individual shareholder, is also in an excellent starting position to take advantage of future developments in the multimedia market. In addition to offering significant cost benefits, the bundling of all resources in the online area will also greatly expand the product portfolio, as well as speeding up the process of integrating the ProSiebenSat.1 Group's traditional television business with the new online world.



## Merchandising

### Licensing business is booming

The ProSiebenSat.1 Group does more than just market its own media brands like logos and program formats of SAT.1, ProSieben, Kabel 1 and N24. In the merchandising sector, the company also acts as an independent licensing and service agency and uses classic cartoon characters, personalities and works of art to create successful merchandising products. This differentiates the ProSiebenSat.1 Group from all other television companies in Germany, which solely concentrate on marketing their own rights.

**Merchandising: Revenue and profit performance**



The merchandising business segment embraces the activities of the licensing agency MM Merchandising München GmbH, the newly formed company ArtMerchandising & Media AG together with its associated companies as well as SevenOne Club & Shop GmbH. In the financial year 2000, the ProSiebenSat.1 Group was able to grow external revenues in this segment by 50 percent to Euro 30 million. Compared to the previous year, total revenues increased from Euro 23 million to Euro 35 million. The number of employees in the merchandising segment rose from 59 to 86.

The merchandising market has been recording double digit growth rates for many years. This can be explained by the fact that an increasing number of companies use classic animated cartoons and works of art from well-known artists as brands which are instantly recognizable for the consumer. Industry experts estimate the revenue potential of merchandising products traded in Germany to amount to around Euro 3.2 billion. It is expected that the licensing market will grow at an annual rate of around ten percent over the next few years.

Company	MM Merchandising München
Legal form	GmbH
Founded	1971
Shareholding	100 % [since 1996]
Company category	Licensing rights agency
Main activities	Brokering and marketing of licensing themes
General Managers	Dirk Fabarius Gregor Peitz
Address	Münchner Straße 20 85774 Unterföhring, Germany Tel. +49-89-95 07-86 00 Fax +49-89-95 07-87 01 <a href="http://www.merchandising.de">www.merchandising.de</a>

As a 'full service agency', MM Merchandising München is involved in brokering suitable licensing themes, the development of product designs through its own inhouse creative team, the realization of advertising concepts for licensees as well as looking after the ongoing development of licensing characters in close consultation with the respective licensors. The Munich based agency specializes in rights from the movie, television and publishing arena. Among others, the portfolio of cartoon classics includes 'Pumuckl', 'The Smurfs', 'Watership Down' and 'Marsupilami'. Overall, MM Merchandising München markets 80 different licensing rights. As a result, more than 3,000 licensing products were introduced on the market during 2000. Today, the company's customer base comprises around 11,000 companies.

Within the framework of the merger between SAT.1 and ProSieben Media AG, the former merchandising division [New Business Development] of SAT.1 has been integrated with the specialist media cooperation division of MM Merchandising München. As a result of establishing links between licensing products like books, CDs and other merchandising articles and the ProSiebenSat.1 Group's media, the expanding business segment has developed into a significant marketing tool for the company.



### Global marketing of ancillary art rights

As one of the best-known European licensing agencies, MM Merchandising München GmbH is expanding its portfolio of merchandising rights on a global scale. At the end of 1999, for example, the Munich based company set up the company ArtMerchandising & Media AG. The objective of the new stock corporation is the worldwide sale of ancillary art rights. Together with its subsidiaries MMI Museum Masters International Inc. and ArtMedia Group Inc., the company represents rights to the works of popular artists like Andy Warhol, Keith Haring, Salvador Dali and Edward Hopper. With the newly established company, the ProSiebenSat.1 Group has positioned itself among the top international players in the art rights merchandising market. MM Merchandising München holds a 55 percent stake in ArtMerchandising & Media AG. Marilyn Goldberg, General Manager of MMI holds 30 percent of the shares, while Hendrik te Neues, Managing Partner at the te Neues publishing group and Sebastian te Neues have a combined shareholding of 15 percent.

In the financial year 2001, the merchandising segment will be substantially expanded through the continual acquisition of rights in the area of cartoon classics and trend setting brands. As part of this strategy, MM Merchandising München aims to direct its investments to carefully chosen high quality products in order to further improve its market position. ArtMerchandising & Media AG will put in place a global network of representatives to ensure the sale of art merchandising rights is tailored to the requirements of each local market as well as aligning its marketing activities to the needs of specific target groups.



Company	ArtMerchandising & Media
Legal form	AG
Founded	1999
Shareholding	55 %
Company category	Agency for ancillary copyrights
Main activities	International sale of ancillary art rights
Management	Dirk Fabarius [Chairman] Gregor Peitz Marilyn Goldberg Hendrik te Neues Sebastian te Neues
Address	Münchner Straße 20 85774 Unterföhring, Germany Tel. +49-89-95 07-86 60 Fax +49-89-95 07-87 60 <a href="http://www.artmm-ag.com">www.artmm-ag.com</a>



### Television you can touch

The ProSieben Club, originally established by SevenOne Club & Shop GmbH [formerly: ProSieben Club & Shop GmbH], offers the company an additional distribution channel for merchandising products and television related services. In addition, the Club also serves as an important vehicle to foster audience loyalty with the ProSieben TV station. Since its formation in 1995, the ProSieben Club has established itself as one of the most successful viewer clubs in Europe. According to a survey conducted by Carlton Loyalty Monitor, the ProSieben Club - which boasts a membership base of more than 250,000 - is the third best-known club in Germany, after ADAC and Bertelsmann Club. Under the slogan 'Television you can touch', the Club provides its members an opportunity to look behind the scenes of television. In addition, by way of a bimonthly magazine members are also offered a selection of exclusive holidays, tickets for concerts, movie previews and events as well as high quality merchandising products and a lot more besides.

Over the last few years, the ProSieben Club has grown at a steady pace. Compared to the previous year, new memberships increased by more than 24 percent. The encouraging performance confirms the success of the Club concept in fostering audience loyalty and promoting the ProSieben brand beyond the TV screen.

Company	SevenOne Club & Shop
Legal form	GmbH
Founded	1995
Shareholding	100 %
Company category	Viewer club and direct marketing specialist
Main activities	Operation of viewer clubs and audience loyalty measures; direct sales of products and services
General Manager	Marcus Hintzen
Address	Steinheilstraße 10, D-85737 Ismaning Germany Tel. +49-89-95 07-19 71 Fax +49-89-95 07-18 82 <a href="http://www.ProSieben-Club.de">www.ProSieben-Club.de</a>

The merger between SAT.1 and ProSieben Media AG has also opened up interesting synergy effects and opportunities to optimize the business performance of SevenOne Club & Shop GmbH. In the current financial year, the company will put in place audience loyalty measures that will embrace the entire TV channel network. In the spring of 2001, SAT.1 will pick up on the successful ProSieben Club concept with the launch of its own magazine. The services offered by SAT.1 will be tailored to its specific target audiences and aligned to the TV channel from an editorial perspective. Kabel 1 is already addressing its viewers through attractive audience loyalty measures, such as the Kabel 1 Newsletter and the Kabel 1 Shop as well as a number of prize competitions. The conceptual and creative alignment as well as the execution of each channel specific offering falls under the responsibility of SevenOne Club & Shop GmbH.

Today, SevenOne Club & Shop GmbH collaborates with more than 40 prestigious partner companies operating in the area of tourism, banking, telecoms and concert organization. This year, the company will again step up its collaboration activities with advertising clients. To this end, SevenOne Club & Shop GmbH offers its partners integrated cross marketing concepts. The company provides services in the area of concept and design, communications, implementation, distribution and logistics - all under one roof.

In the financial year 2001, SevenOne Club & Shop GmbH focused its attention on enhancing its online services, the development of attractive services for its members as well as integrating the new audience loyalty concepts for SAT.1 and Kabel 1. The company aims to grow the membership base of the ProSieben Club to 300,000. The target for SAT.1 is 70,000 members, while Kabel 1 expects to attract 35,000 subscribers.



## Services

### SZM Studios: Experts in production and transmission techniques

SZM Studios are among the most modern production companies for audiovisual media in Europe. Almost 800 staff located in Munich and Berlin take care of the IT infrastructure and ensure the faultless transmission of programs for SAT.1, ProSieben, Kabel 1 and N24. At the same time, technical experts in production, postproduction and graphics are working hand in hand with technicians, directors and the respective editorial sections within the TV channel network. In addition to the 16 hours a day live program of the news channel N24, SZM Studios also regularly produce a further 15 TV formats, primarily inhouse productions like the talk shows 'Arabella' and 'Nicole', entertainment shows like 'SAT.1 Frühstücksfernsehen' [SAT.1 Breakfast TV] and 'Quiz Show', as well as information programs such as 'Galileo', 'Abenteuer Auto' [Adventure Car], 'Abenteuer Leben' [Adventure Life] and 's.a.m.'. The company's virtual studio, which rates as one of the most modern in Europe, is used to record programs like 'Focus TV' in a virtual setting. In 2000 alone, SZM specialists produced a total of 22,000 trailers for ProSieben and Kabel 1 postproductions. Each day, these experts develop new concepts to present data in attractive graphic formats for the news channel N24.

A combination of advanced hi-tech equipment and highly qualified creative staff ensure the best possible quality when it comes to the production of image and industry films, trailers and advertising spots, visual effects and animation - including projects for around 200 external clients like advertising agencies and providers of branded goods. As part of the merger, the production companies SZM Studios and SAT.1 Berlin Produktion have been amalgamated. Following the restructuring process, SZM Studios will be able to utilize the advantages arising from its two-center operation in Berlin and Munich even more efficiently as well as optimizing the deployment of available resources.

Company	SZM Studios
Legal form	GmbH
Founded	1993
Shareholding	100 %
Company category	Film, TV and multimedia production company and IT service provider
Main activities	Specialist for studio productions, broadcasting, IT, postproductions, animation and visual effects
Management	Dr. Kurt Bellmann, Peter Grab, Michael Hagemeyer
Address	Medienallee 7, 85774 Unterföhring, Germany Tel. +49-89-95 07-60 Fax +49-89-95 07-61 00 <a href="http://www.szm-studios.de">www.szm-studios.de</a> <a href="http://www.animation-vfx.com">www.animation-vfx.com</a>



### **ProSieben Information Service: Information management for the media sector**

Professional information management gives the ProSiebenSat.1 Group a significant competitive edge in today's media market. The subsidiary company ProSieben Information Service develops software systems which are tailored to the specific needs of this industry sector - from editorial requirements right through to administration. With a user base of more than 3,000, ProSieben Information Service already leads the market of media software providers in Germany.

Company	ProSieben Information Service
Legal form	GmbH
Founded	1996
Shareholding	100 %
Company category	IT service provider
Main activities	Development and sale of software for the media industry
General Managers	Uwe Fritz, Michael Hagemeyer
Address	Gutenberstr.3, 85774 Unterföhring, Germany Tel. +49-89-95 07-50, Fax +49-89-95 07-51 90, <a href="http://www.ProSieben-Software.de">www.ProSieben-Software.de</a> , <a href="http://www.it4tv.de">www.it4tv.de</a>

In the editorial area, programs are used to optimize the allocation of available resources. Designed by journalists for journalists, the multimedia newsroom system ProNews is successfully deployed in the editorial division of the news channel N24. The system's data pool allows all of the group's editorial offices simultaneous access to visual, sound and text-based material. A video server provides journalists with 48 hours worth of transmittable material, while a robot system offers a choice of around 6,500 hours of material in broadcast quality. The administration and archive allocation of all generated materials is handled by the ProArchiv System, while the ProCast software module organizes the allocation of staff and technical resources for each production.

By bringing together the software development specialists from SAT.1 and those from the ProSieben Information Service subsidiary, combined with the ensuing restructuring of the company, the product portfolio has been expanded with the following communication systems: 'ProAdress' integrates data from media analysis and event organization in a single address database; 'ProWeb' serves as an editorial system for the intranet of all companies within the group.

All software products developed by ProSieben Information Service are marketed worldwide by the subsidiary IT4TV GmbH, which was established in April 2000. By opening up external markets, the company is able to reduce development costs which in turn provides additional flexibility in funding research and ongoing product development. The customization of the software solutions takes into account the latest market impulses to ensure the company's solutions at all times meet the requirements of the dynamic media market.



### Investments in the expansion of the ddp news agency

In the financial year 2000, the ProSiebenSat.1 Group made considerable investments in the expansion of the ddp news agency into a modern and efficient service provider. Today, the company supports more than 180 customers in the newspaper, radio, TV and Internet sector as well as public institutions. The agency employs around 190 permanent staff and around 200 freelance staff. In Berlin alone, ddp employs a total of 40 journalists. In addition to the agency's headquarters in Munich, ddp maintains 30 state and regional offices across Germany. On top of that, ddp is supported by a network of independent correspondents operating from a further 70 locations.

Investments in the company over the last two years have substantially enhanced the agency's competitive strength. Each day, around 650 ddp news items are carried over the ticker. The distinct market leader in Germany and ddp's main competitor is the news agency dpa. In order to hold its ground in this difficult environment, ddp focused its activities on developing new business segments in the financial year 2000. For example, the agency further enhanced its business reporting capabilities through a joint venture with the financial news agency vwd. Early in 2001, ddp/vwd Wirtschaftsnachrichten GmbH introduced a new service to its customers, offering around 100 news items per day related to consumer oriented business information as well as company and stock market reports.

In collaboration with ProSieben Digital Media, ddp has developed a new service aimed specifically at online customers, which the agency has been marketing since October 2000. This involves the preparation of traditional agency reports in multimedia formats which are subsequently converted into standard Internet formats. The most important news items from the basic service and the special interest services are continuously selected for this service. Users therefore automatically receive the latest news on their web site tailored to their particular requirements. Today, the agency is also providing services to special interest portals as well as special subject-related services.

In April 2000, ddp launched a picture service which was further enhanced in the course of the business year. For the administration and constant update of the comprehensive ddp image database the company deploys the most advanced digital technology. The picture service, which daily offers around 100 topical images from the entire German region, enables ddp to cover all important criteria. By combining the forces of its text and picture offices in terms of subject matter and location, ddp is able to offer its customers tailor-made picture services. Customers have the option of receiving the complete picture service via satellite or to retrieve specific images directly from the database.

In April 2000, ddp enhanced its basic and regional services, which cover the more traditional agency subjects, with the introduction of a range of new subject related services. The new services cover topics like 'Entertainment', 'Multimedia', 'Lifestyle and Women', 'Science', 'Real Estate', 'Travel' and 'Family'. In addition to key topics, the service offers a range of news, special advice sections, interviews, info boxes, graphics and picture materials.



Company	ddp
Legal form	GmbH
Founded	ADN: 1946 ddp: 1971
Shareholding	100 % [since 1998]
Company category	News agency
Main activities	The production and sale of editorial content [text, pictures, graphics]
General Manager	Lutz Schumacher
Address	Medienallee 7, 85774 Unterföhring, Germany Tel. +49-89-95 07-83 00 Fax +49-89-95 07-81 44 <a href="http://www.ddp.de">www.ddp.de</a>

17:00

18:00



### SevenSenses: Outstanding TV design

The SevenSenses agency was set up in April 1999. Initially, the ProSieben TV station's creative divisions for on-air design, promotion and advertising were all brought together under the umbrella of the agency. The former SAT.1 design division was added at the beginning of 2001. Today, SevenSenses is a two-center operation with offices in Berlin and Munich. The creative agency is a wholly-owned subsidiary of ProSiebenSat.1 Media AG and supports both internal and external clients. SevenSenses is the largest agency for TV design in Germany.

Following its formation, SevenSenses very quickly made a name for itself in the industry sector. In its first year of operation, the company already won numerous internationally renowned creative awards. In 2000, SevenSenses was able to further build on its success. At the European 'BDA/Promax' Awards in Berlin, SevenSenses won five awards and at the international 'BDA/Promax' award ceremony the agency walked away with a total of eight awards for TV design and promotion. At the international 'New York Festival', SevenSenses received a further two trophies as well as being presented with three Gold Awards at the 'Eyes & Ears of Europe' event. This has enabled the company to join the ranks of the most successful European agencies for TV design and TV promotion.

Company	SevenSenses
Legal form	GmbH
Founded	1999
Shareholding	100 %
Company category	Agency for media design and marketing
Main activities	On-air design, on-air promotion, advertising & print design, audio design
General Managers	Markus Schmidt [Munich] Christof Kaul [Berlin]
Address	Steinheilstraße 10, 85737 Ismaning, Germany Tel. +49-89-95 07-18 00 Fax +49-89-95 07-18 18  Oberwallstraße 6, 10117 Berlin, Germany Tel. +49-30-20 90-42 12 Fax +49-30-20 90-42 09 www.SevenSenses.de

In addition to its customer consultancy department, the agency has divided its operations into four creative units - on-air design, on-air promotion, advertising and audio design. This allows SevenSenses to offer its customers integrated communication and creative solutions in all areas of advertising relevant to the entertainment industry. SevenSenses was able to generate an operating profit as early as 1999 - the year of its formation. The agency also recorded a positive performance in its second business year as well as attracting an additional 13 clients. Among others, SevenSenses' customer list includes companies like KirchMedia, Deutscher Wetterdienst [DWD] and Yamaha. As a result of securing the creative budget of the German sports channel DSF, the agency was able to prove its creative capabilities with a much admired campaign. The agency's performance in the financial year 2001 continuous on a positive note. At the start of the year, SevenSenses designed and produced a number of image and direct response commercials for the H.O.T. shopping channel.



## Working within the ProSiebenSat.1 Group

### Employees - the company's greatest asset

The key factor for the ProSiebenSat.1 Group's commercial success are its employees. They represent the company's greatest asset. The group's staff have earned particular recognition for the financial year 2000. Due to their exceptional determination and tremendous commitment the preparation and successful conclusion of the merger between SAT.1 and ProSieben Media AG could be performed in the shortest possible time. The tremendous enthusiasm for the new ProSiebenSat.1 Group highlights the entrepreneurial mindset of the group's staff in Berlin and Unterföhring, which sets the company's employees apart from the rest. It is their know-how and creativity that ensure the ProSiebenSat.1 Group's acceptance and success in the media market.

The ProSiebenSat.1 Group regards its employees as co-entrepreneurs. The company not only looks for entrepreneurial judgment and action at all levels but also active engagement in shaping the professional environment. Flat management hierarchies combined with lean and efficient organizational structures ensure that, in spite of its size, the ProSiebenSat.1 Group has the flexibility required in competition as well as being able to retain its pace of innovation. Those looking to break new ground are actively encouraged. Instead of lengthy decision making processes, the company welcomes fast and pragmatic support for new ideas and business models which reflect the strategic focus and return-on-investment objective of the management team.

### 256 new jobs

In the financial year 2000, the ProSiebenSat.1 Group created a large number of new jobs. For the expansion of the editorial sections at the N24 news channel, which went on air in January, and the augmentation of the business activities in the multimedia, merchandising and services segments, the company took on 256 new employees. On December 31, 2000, the companies within the group employed a total of 3,187 staff. The average age of employees within the group stands at 34 years.



### The ProSiebenSat.1 Group as employer

As the largest German television company, the ProSiebenSat.1 Group rates as one of the most important employers in the media market. In addition to the TV stations SAT.1, ProSieben, Kabel 1 and N24, the company's subsidiaries also offer attractive positions in the area of multimedia, merchandising and services - from journalists to producers, camera people, graphics and software developers right through to marketing and PR experts, customer consultants and legal advisers. Continuous new challenges and dynamic market conditions shape the work throughout the ProSiebenSat.1 Group. The company offers its employees excellent working conditions - from performance related pay to employee development opportunities right through to modern office facilities.

Following the merger between SAT.1 and ProSieben Media AG, working conditions and the legal basis of employment are to be standardized throughout the organization before the end of this year. In future, target agreements between management and staff are to encourage motivation, staff initiatives and entrepreneurial thinking anywhere within the ProSiebenSat.1 Group, while exceptional performance is to be rewarded financially.



### New minds for a dynamic industry

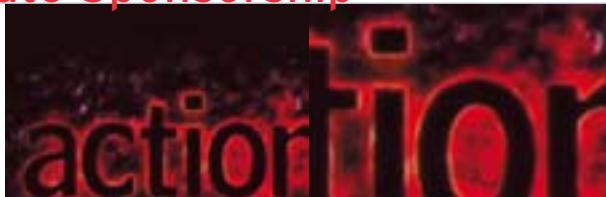
In the financial year 2000, the ProSiebenSat.1 Group invested more than Euro five million in job training and ongoing professional education in order to attract skilled and committed employees and to retain staff long-term. Under the company's 'News Journalist' trainee program, up and coming journalists are gaining practical experience which will enable them to not only recognize the correlation between social, cultural and economic events but to also assess and convey the information in a style appropriate for the media. One of the key aspects of the ProSiebenSat.1 Group's training programs is to teach staff to take responsibility for their own work within a close-knit crew. Students on placement and those taking part in the training program who want to look beyond the end of their own noses are given the opportunity to learn about the work in other editorial offices and gather experience at one of the affiliated studios.

In 2000, around 130 trainees underwent training at different editorial offices within the group, with more than 100 students subsequently being offered permanent positions. 750 students on release for practical training and those sitting in on the training classes had the opportunity to gain practical experience at different departments within the company. In addition, SZM Studios offer special training schemes for media designers and specialist computer technicians to also secure up and coming executives for the highly specialized area of production and broadcasting techniques .

The ongoing commitment to training of young media people forms part of the ProSiebenSat.1 Group's fundamental corporate policy. Consequently, the company also supports higher educational institutions. Among others, the company sponsors career orientated study courses for media MBAs in collaboration with the Steinbeis College in Berlin and provides financial support for the creative production seminars at the Film Academy in Ludwigsburg. The ProSiebenSat.1 Group also provides substantial financial assistance for job related training programs. In the financial year 2000, funding was granted to the Bavarian Academy for Television [BAF], the Bavarian Academy for Advertising and Marketing [BAW], the GZM Center for New Media Entrepreneurs in Unterföhring, the Academy for Media Design in Cologne, the AFK Training and Education Center for Electronic Media in Munich, the German College for Journalists in Munich [DJS], the Academy for Journalism in Hamburg and the Television Academy for Central Germany in Halle, and to many others. The ProSiebenSat.1 Group also supports the German SOS children's villages. Under a cooperative educational program, up to eleven young people receive training in media design [sound and image] every year.

The ProSiebenSat.1 Group is considered one of the most sought after employers in the media world. This is partly also attributable to the ProSiebenSat.1 Group's collaboration with media colleges and its presence at recruitment fairs, trade conventions and public presentations. In 2000, the ProSiebenSat.1 Group received around 7,900 unsolicited job applications on top of around 8,100 applications in response to recruitment advertising.

# Corporate Sponsorship



## Act don't Protract

The ProSiebenSat.1 Group combines its corporate sponsorship activities under the motto 'Act don't Protract', whereby the promotion of media skills is given top priority. In addition, the company also gives support to organizations that offer help to those in need. The common denominator of all activities is that projects are carried out on the basis of cooperation and not simply through financial contributions. The motto 'Act don't Protract' is also meant to animate the sponsorship recipient to develop own initiatives and to take advantage of the knowledge transfer through media specialists. In the financial year 2000, the ProSiebenSat.1 Group expended a total of more than Euro five million in donations and media services for corporate sponsorships.

## Sponsorship of media skills

The ProSiebenSat.1 Group feels it has a corporate responsibility to acquaint media users with how to deal responsibly with today's range of new media. The main focus of this educational process centers on the active deployment of screen media, a subject which, up to now, has not been given sufficient attention at schools and colleges.

Over the last few years, the ProSiebenSat.1 Group introduced a number of programs in connection with the sponsorship of media skills, the latest one under the title 'Bildschirmwerkstatt 2000' [Screen workshop 2000], a competition inviting participants to put forward their ideas about the 'Media of the future'. The company called in particular on universities throughout Germany to encourage students to submit new media concepts. Prizes for the best submissions were awarded at the final workshop held in Berlin in the spring of 2000.

For viewers, the company together with the Bavarian Authority for New Media [BLM], designed a joint advertising campaign on media education, which aims to assist parents in particular in teaching their children how to use the medium in a responsible manner. The commercials address problem areas like late night television, program selection and educational opportunities, without adopting a high moral tone.

In addition to the company's commitment to media consumers, priority is given to the sponsorship of training projects and initiatives for young people working in the media. For example, ProSiebenSat.1 Media AG is a founder member of the GZM Center for New Media Entrepreneurs in Unterföhring. This private public partnership offers founders of new businesses and fledgling companies access to office space and integration into a modern media infrastructure.

The SAT.1 TV station demonstrates its commitment to the sponsorship of young talent through its sponsorship program 'Talents' - an innovative mentor concept for television prodigies. The highlight in 2000 was the presentation of the 'First Steps' award for up and coming directors.

For the last ten years, the marketing company SevenOne Media, which arose from the merger between MediaGruppe München and Media 1, has been awarding the 'Hennessy Prize' for creative advertising. Under the rules of the competition, students from all major German colleges for film produce innovative commercials for select brands. The



annual competition, which is considered the equivalent of the 'Oscars' of the German advertising scene for new talent once again proved a great success in 2000.

#### **Social Sponsoring: Selected projects**

For the ProSiebenSat.1 Group, one of the most important social projects in 2000 was the introduction of teletext subtitles for the deaf and hard of hearing on ProSieben TV. Around ten million people in Germany are unable to follow programs without the aid of subtitles. Up to now, these viewers have been serviced only by the public broadcasting stations. As a first step, the company has been broadcasting its major feature films during the Saturday main evening program with subtitles since Easter 2000. It is planned to gradually involve the advertising industry in this project, similar to the existing arrangements in other European countries and the USA. The addition of subtitles during commercial breaks is expected to go ahead in 2001. The subject is receiving increasing attention in political circles and from the regional media authorities. The Independent Regional Authority for Broadcasting [ULR] in Kiel, for instance, produced a study in collaboration with the University of Hamburg, that deals with the subject of 'The deaf and TV', which corroborates the fact that the services currently offered in Germany fall way behind the expectations and possibilities.

In the financial year 2000, the ProSiebenSat.1 Group once again gave its active support to one of the biggest European sponsorship projects. Together with DaimlerChrysler AG and Rewe, the company has supported the Federal Association 'Deutsche Tafeln' for the past four years. Under the name 'Die Tafeln in Deutschland' [The Tables in Germany], the organization collects surplus, provisions from producers and suppliers and channels these supplies through welfare institutions to those in need. In support of this cause, the ProSiebenSat.1 Group has made available air time valued in the upper region of single digit millions [Euro]. As a result of the intensive media campaign, the number of 'Tables in Germany' has almost trebled since the start of the project and now stands at more than 300.

The SAT.1 TV station further developed its ongoing support for the SOS children's villages through the program 'Hoffnung bauen' [Building hope] with the opening of a new children's village in St. Petersburg.

#### **Perspective 2001: 'startsocial - Help needs Helpers'**

In order to add new impetus to the social commitment of both individuals and companies, ProSiebenSat.1 Media AG, together with the management consultancy McKinsey & Co. and other industry partners, set up a joint project entitled 'startsocial - Help needs Helpers'. The patron of the project is the German Chancellor Gerhard Schröder.

Similar to successful start-up and business plan competitions, the project is looking for good ideas from the social sector that can be developed into market-ready programs with the backing of professional coaching through industry experts. This is an excellent opportunity for industry to make an effective and creditable contribution to the further development of the social fabric in Germany. The project is to be launched in April 2001.

**Our entrepreneurial success is based on lean  
and efficient structures.**



## 2000 Financial Statements





# Consolidated Balance Sheet for ProSiebenSat.1 Media AG



## Assets

		Dec. 31, 2000 Euro	Dec. 31, 1999 [Pro forma] Euro
<b>A. Fixed assets</b>	[1]		
I. Intangible assets		62,839,344.86	83,409,908.14
II. Tangible assets		165,536,112.70	165,810,358.39
III. Financial assets		11,571,683.12	15,426,535.66
		239,947,140.68	264,646,802.19
<b>B. Current assets</b>			
I. Programming assets	[2]	1,146,741,044.02	1,238,820,548.56
II. Inventories	[3]	3,099,912.46	2,200,081.95
III. Receivables and other current assets	[4]	236,120,904.43	228,511,879.94
IV. Securities		26,699.63	80,900.34
V. Cash, deposits with banks		26,753,486.96	31,281,331.21
		1,412,742,047.50	1,500,894,742.00
<b>C. Prepaid and deferred items</b>	[5]	7,500,489.81	3,821,787.78
<b>D. Deferred taxes</b>	[6]	8,831,230.39	8,452,127.66
<b>Total assets</b>		<b>1,669,020,908.38</b>	<b>1,777,815,459.63</b>

## Liabilities and shareholders' equity

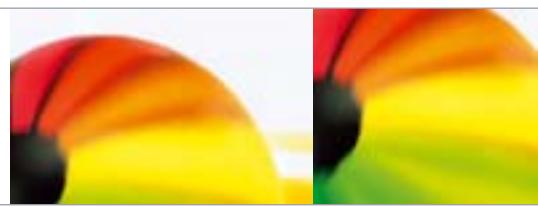
		Dec. 31, 2000 Euro	Dec. 31, 1999 [Pro forma] Euro
<b>A. Shareholders' equity</b>	[7]		
I. Subscribed capital		194,486,400.00	192,234,455.45
II. Capital reserves		322,318,623.91	247,925,433.20
III. Revenue reserves		282,351.95	40,343,847.60
IV. Retained earnings		38,216,717.22	32,181,821.97
V. Consolidated net income for the year		92,618,277.67	81,053,339.13
VI. Minority interests		-686,293.01	339,972.17
		647,236,077.74	594,078,869.52
<b>B. Accrued liabilities</b>	[8]	154,980,210.40	183,145,543.30
<b>C. Liabilities</b>	[9]	865,498,351.86	998,604,177.85
<b>D. Deferred liabilities</b>		1,306,268.38	1,986,868.96
<b>Total liabilities and equity</b>		<b>1,669,020,908.38</b>	<b>1,777,815,459.63</b>

# Consolidated Statement of Income for ProSiebenSat.1 Media AG

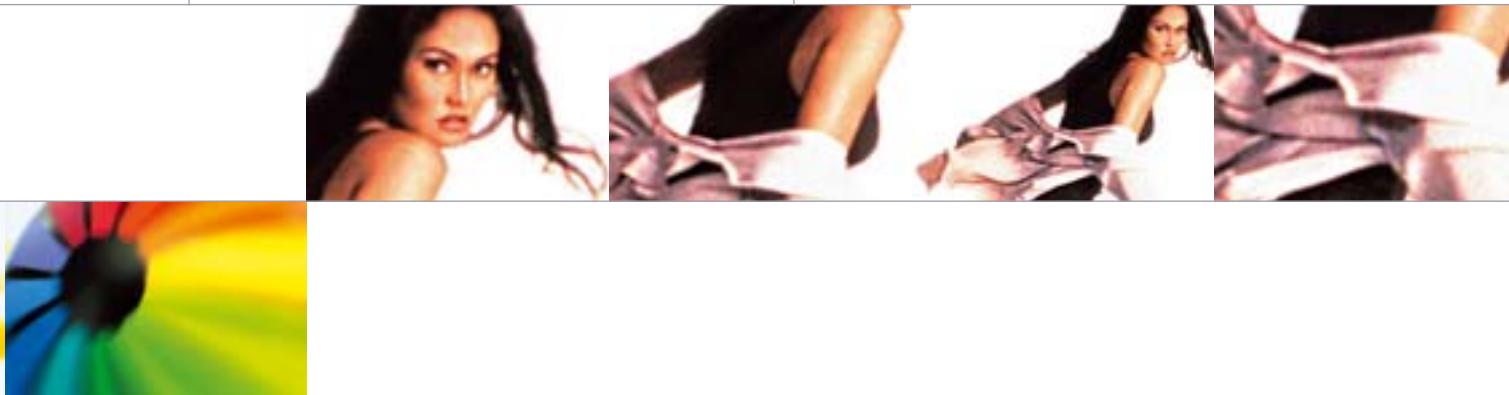


		2000 Euro	1999 [Pro forma] Euro
1. Revenues	[12]	2,155,217,587.30	2,018,208,262.89
2. Inventory increase/ decrease on work in progress		44,570.66	-78,663.05
3. Other operating income	[13]	66,927,213.16	89,273,828.82
<b>4. Total</b>		<b>2,222,189,371.12</b>	<b>2,107,403,428.66</b>
5. Programming and material costs	[14]	-1,380,049,686.56	-1,385,967,388.69
6. Personnel expenses	[15]	-219,569,459.52	-185,943,515.90
7. Amortization and depreciation	[16]	-63,013,922.06	-52,493,632.69
8. Other operating expenses	[17]	-263,282,020.37	-239,170,625.73
<b>9. Operating result</b>		<b>296,274,282.61</b>	<b>243,828,265.65</b>
10. Capital investment income	[18]	-1,015,274.83	-216,378.35
11. Income from interest	[19]	-38,559,207.93	-42,222,101.73
12. Other financial income	[20]	-23,918,442.24	-2,970,646.45
<b>13. Financial result</b>		<b>-63,492,925.00</b>	<b>-45,409,126.53</b>
<b>14. Income from ordinary business activities</b>		<b>232,781,357.61</b>	<b>198,419,139.12</b>
15. Extraordinary result	[21]	-27,383,747.20	- / -
<b>16. Pre-tax income</b>		<b>205,397,610.41</b>	<b>198,419,139.12</b>
17. Taxes on income		-113,957,514.53	-94,277,202.25
18. Other taxes		-543,049.86	-5,778,204.57
19. Costs relating to transfer of profits to silent partnership		- / -	-18,216,152.61
<b>20. Net income for the year</b>		<b>90,897,046.02</b>	<b>80,147,579.69</b>
21. Minority interests		1,721,231.65	905,759.44
<b>22. Consolidated net income for the year</b>		<b>92,618,277.67</b>	<b>81,053,339.13</b>

# Statement of Movements on Fixed Assets for the ProSiebenSat.1 Group



	Additions as a result of the merger as at Jan. 1, 2000 Euro	Acquisition or production costs			
		Additions Euro	Reclassifications Euro	Disposals Euro	Dec. 31, 2000 Euro
<b>I. Intangible assets</b>					
1. Licenses, trademarks and patents, as well as licenses to such rights and assets	18,558,565.62	6,110,090.73	2,157,207.90	4,394,984.01	22,430,880.24
2. Goodwill	171,192,602.64	711,652.44	- / -	235,859.34	171,668,395.74
3. Advances paid on intangible assets	2,434,460.80	804,494.00	-1,617,858.86	310,800.02	1,310,295.92
Total	192,185,629.06	7,626,237.17	539,349.04	4,941,643.37	195,409,571.90
<b>II. Tangible assets</b>					
1. Buildings on property owned by others	133,198,510.20	11,317,159.34	19,111,003.65	9,464,075.22	154,162,597.97
2. Technical equipment and machinery	81,116,090.35	24,647,824.85	1,979,042.28	25,978,375.05	81,764,582.43
3. Other equipment, office furniture and equipment	77,382,435.72	6,478,597.61	327,461.02	3,972,967.33	80,215,527.02
4. Advances paid on fixed assets, and assets under construction	26,178,287.92	5,032,601.64	-21,956,855.99	6,598,221.91	2,655,811.66
Total	317,875,324.19	47,476,183.44	-539,349.04	46,013,639.51	318,798,519.08
<b>III. Financial assets</b>					
1. Shares in affiliated companies	114,914.90	- / -	18,000.00	- / -	132,914.90
2. Shares in associated companies	6,896,524.93	2,983,227.20	- / -	2,145,763.87	7,733,988.26
3. Participating interests	9,192,503.06	14,353,050.57	-18,000.00	62,170.06	23,465,383.57
4. Loans to entities with which the enterprise is linked by virtue of participating interests	1,663,657.57	5,359,879.97	- / -	- / -	7,023,537.54
5. Investment securities	29,545.59	862,676.58	- / -	892,222.17	- / -
6. Other loans	1,961,952.00	67,194.26	- / -	1,687,680.67	341,465.59
Total	19,859,098.05	23,626,028.58	- / -	4,787,836.77	38,697,289.86
<b>Total fixed assets</b>	<b>529,920,051.30</b>	<b>78,728,449.19</b>	<b>- / -</b>	<b>55,743,119.65</b>	<b>552,905,380.84</b>



	<b>Depreciation</b>		<b>Book value</b>		
	for the year Euro	accumulated Euro	Dec. 31, 2000 Euro	Dec. 31, 1999 [Pro forma] Euro	
4,453,112.78	14,801,014.25		7,629,865.99	4,907,249.36	
22,644,808.13	117,769,212.79		53,899,182.95	76,068,197.98	
- / -	- / -		1,310,295.92	2,434,460.80	
27,097,920.91	132,570,227.04		62,839,344.86	83,409,908.14	
10,731,818.09	47,976,839.47		106,185,758.50	90,735,947.57	
15,240,521.30	49,536,073.12		32,228,509.31	23,696,768.81	
9,943,661.76	55,749,493.79		24,466,033.23	25,199,355.21	
- / -	- / -		2,655,811.66	26,178,286.80	
35,916,001.15	153,262,406.38		165,536,112.70	165,810,358.39	
- / -	114,913.87		18,001.03	1.03	
2,819,749.47	5,381,883.70		2,352,104.56	4,334,390.70	
14,879,805.20	14,959,305.21		8,506,078.36	9,113,003.05	
6,669,503.96	6,669,503.96		354,033.58	1,663,657.57	
- / -	- / -		- / -	29,545.59	
- / -	- / -		341,465.59	285,937.72	
24,369,058.63	27,125,606.74		11,571,683.12	15,426,535.66	
<b>87,382,980.69</b>	<b>312,958,240.16</b>	<b>239,947,140.68</b>	<b>264,646,802.19</b>		

# Balance Sheet for ProSiebenSat.1 Media AG



<b>Assets</b>		Dec. 31, 2000 Euro	Dec. 31, 1999 Euro
<b>A. Fixed assets</b>	[1]		
I. Intangible assets		3,840,515.00	- / -
II. Tangible assets		39,145,279.56	- / -
III. Financial assets		583,608,324.82	- / -
		626,594,119.38	- / -
<b>B. Current assets</b>			
I. Inventories	[3]	36,365.42	- / -
II. Receivables and other current assets	[4]	478,315,523.23	883.71
III. Securities		1.00	- / -
IV. Cash, deposits with banks		4,594,079.20	47,669.15
		482,945,968.85	48,552.86
<b>C. Prepaid and deferred items</b>	[5]	222,480.67	- / -
<b>Total assets</b>		<b>1,109,762,568.90</b>	<b>48,552.86</b>



<b>Liabilities and shareholders' equity</b>		Dec. 31, 2000 Euro	Dec. 31, 1999 Euro
<b>A. Shareholders' equity</b>	[7]		
I. Subscribed capital		194,486,400.00	51,129.19
II. Capital reserves		322,318,623.91	- / -
III. Accrued deficit		-4,621.50	-1,659.91
IV. Net income/deficit for the year		127,055,550.33	-2,961.59
		643,855,952.74	46,507.69
<b>B. Accrued liabilities</b>	[8]	33,840,639.08	2,045.17
<b>C. Liabilities</b>	[9]	431,112,977.08	- / -
<b>D. Deferred liabilities</b>		953,000.00	- / -
<b>Total liabilities and equity</b>		<b>1,109,762,568.90</b>	<b>48,552.86</b>



## Statement of Income for ProSiebenSat.1 Media AG



		2000 Euro	1999 Euro
1. Other operating income	[13]	45,872,137.07	93.04
2. Personnel expenses	[15]	-25,245,670.83	- / -
3. Amortization and depreciation	[16]	-8,017,543.66	- / -
4. Other operating expenses	[17]	-63,663,487.69	-4,294.85
<b>5. Operating result</b>		<b>-51,054,565.11</b>	<b>-4,201.81</b>
6. Capital investment income	[18]	320,466,821.44	- / -
7. Income from interest	[19]	-4,471,398.63	1,240.22
8. Other financial income	[20]	-21,788,512.88	- / -
<b>9. Financial result</b>		<b>294,206,909.93</b>	<b>1,240.22</b>
<b>10. Income from ordinary business activities</b>		<b>243,152,344.82</b>	<b>-2,961.59</b>
11. Extraordinary result	[21]	-16,982,257.92	- / -
<b>12. Pre-tax income</b>		<b>226,170,086.90</b>	<b>-2,961.59</b>
13. Taxes on income		-99,081,278.12	- / -
14. Other taxes		-33,258.45	- / -
<b>15. Net income/deficit for the year</b>		<b>127,055,550.33</b>	<b>-2,961.59</b>

# Statement of Movements on Fixed Assets for ProSiebenSat.1 Media AG

						<b>Acquisition or production costs</b>
	Additions as a result of the merger as at Jan. 1, 2000 Euro	Additions Euro	Reclassifications Euro	Disposals Euro	Dec. 31, 2000 Euro	
<b>I. Intangible assets</b>						
1. Licenses, trademarks and patents, as well as licenses to such rights and assets	7,266,028.37	2,973,751.62	188,697.38	- / -	10,428,477.37	
2. Advances paid on intangible assets	188,697.38	102,900.00	-188,697.38	- / -	102,900.00	
Total	7,454,725.75	3,076,651.62	- / -	- / -	10,531,377.37	
<b>II. Tangible assets</b>						
1. Buildings on property owned by others	51,252,639.82	2,530,604.64	3,524,625.75	570,133.74	56,737,736.47	
2. Technical equipment and machinery	1,644,973.49	4,634.07	- / -	8,559.71	1,641,047.85	
3. Other equipment, office furniture and equipment	8,060,202.58	1,403,980.51	- / -	135,739.64	9,328,443.45	
4. Advances paid on fixed assets, and assets under construction	3,524,625.75	1,735,993.56	-3,524,625.75	- / -	1,735,993.56	
Total	64,482,441.64	5,675,212.78	- / -	714,433.09	69,443,221.33	
<b>III. Financial assets</b>						
1. Shares in affiliated companies	44,208,108.18	536,436,689.18	- / -	- / -	580,644,797.36	
2. Shares in other equity holdings	11,309,587.14	13,551,498.00	- / -	5,726.47	24,855,358.67	
3. Loans to entities with which the enterprise is linked by virtue of participating interests	1,663,657.57	4,411,835.77	- / -	4,342,301.96	1,733,191.38	
4. Other loans	248,023.73	59,190.46	- / -	8,137.94	299,076.25	
Total	57,429,376.62	554,459,213.41	- / -	4,356,166.37	607,532,423.66	
<b>Total fixed assets</b>	<b>129,366,544.01</b>	<b>563,211,077.81</b>	<b>- / -</b>	<b>5,070,599.46</b>	<b>687,507,022.36</b>	



	<b>Depreciation</b>		<b>Book value</b>
	for the year Euro	accumulated Euro	Dec. 31, 2000 Euro
			Dec. 31, 1999 Euro
1,210,241.18	6,690,862.37	3,737,615.00	- / -
- / -	- / -	102,900.00	- / -
1,210,241.18	6,690,862.37	3,840,515.00	- / -
5,377,002.75	23,690,174.47	33,047,562.00	- / -
255,198.18	804,747.85	836,300.00	- / -
1,175,101.55	5,803,019.45	3,525,424.00	- / -
- / -	- / -	1,735,993.56	- / -
6,807,302.48	30,297,941.77	39,145,279.56	- / -
991,159.59	4,644,186.84	576,000,610.52	- / -
15,036,819.64	17,676,732.10	7,178,626.57	- / -
5,945,481.86	1,603,179.90	130,011.48	- / -
- / -	- / -	299,076.25	- / -
21,973,461.09	23,924,098.84	583,608,324.82	- / -
<b>29,991,004.75</b>	<b>60,912,902.98</b>	<b>626,594,119.38</b>	- / -

**We fulfil all requirements to continue  
on our growth path in the future.**



# Notes to the Financial Statements

## **ProSiebenSat.1 Group and ProSiebenSat.1 Media AG**

The notes to the consolidated financial statements and the financial statements for ProSiebenSat.1 Media AG have been combined and, unless specifically stated, these notes apply to both financial statements. To allow for easier comparisons, the company has prepared consolidated pro forma statements retroactively for the financial year 1999. These statements are based on the audited consolidated financial statements for the financial year 1999 in respect of the ProSieben Group, SAT.1 Group and the individual financial statements for Media 1 Medienvemarktung GmbH. Business relations between the two companies and Media 1 Medienvemarktung GmbH have been consolidated accordingly. The consolidated figures for the previous financial year used in the text and tables presented here are based solely on the 1999 consolidated pro forma statements for ProSiebenSat.1 Media AG.

## **Basis and methodology**

The financial statements for ProSiebenSat.1 Media AG and the ProSiebenSat.1 Group have been prepared in accordance with the requirements set out in the German Commercial Code and German Stock Corporation Law. The annual financial statements for the companies included in the ProSiebenSat.1 consolidated financial statements have been prepared using uniform accounting and valuation principles as a matter of principle. The individual financial statements of the companies included in consolidation have all been prepared for the financial year which ended on December 31, 2000.

In order to improve the clarity of the accounts, individual items in the balance sheet and the statement of income have been combined and are explained in the notes.

## **Conversion to Euro**

The consolidated financial statements and the financial statements for ProSiebenSat.1 Media AG have been prepared and reported in Euro. The companies of the former ProSieben Group changed over to the Euro on January 1, 2000, using the conversion rate from Euro to DM [1:1.95583] predetermined by the Council of the European Union in accordance with section 109 I § 4 sentence 1 of the EC agreement. The individual financial statements for the SAT.1 Group have been prepared in DM and have been converted in the consolidated financial statements based on a conversion rate of Euro



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to DM of 1:1.95583. The changeover to Euro at the SAT.1 companies will come into force on January 1, 2002.

#### **Entities included in consolidation**

In addition to ProSiebenSat.1 Media AG, 42 domestic affiliated companies [42 in the previous year] and four foreign affiliates [three in the previous year] have been included in the consolidated financial statements in which ProSiebenSat.1 Media AG directly or indirectly holds a majority of the voting rights or which are under its common control. Four subsidiaries [three in the previous year] have not been included, as they are of secondary importance in providing a fair representation of the ProSiebenSat.1 Group's asset, finance and earnings position.

Eight [eight in the previous year] associated companies have been recorded in accordance with the equity method.

The companies ArtMedia Group, Inc., New York/USA, IT4TV GmbH and N24 Geschäftsführungs-GmbH have all been fully consolidated for the first time in the year under review.

The affiliated companies, together with details of their capital interest as a percentage, can be found on pages 120 to 122. Furthermore, a list of stockholdings of the ProSiebenSat.1 Group and ProSiebenSat.1 Media AG, which includes those details required by law, has been filed with the Companies Registration Office of the district court of Munich, under registration number HRB 124169.

#### **Consolidation policies**

Capital consolidation follows the book value method, by which the acquisition costs are offset against the proportionate equity capital of the Group companies, at the time of their acquisition or their initial consolidation. Any resulting difference is allocated to the assets or liabilities of the subsidiary company to the extent that the current value differs from the book value. In so far as the difference in the amounts represents goodwill, this is capitalized under intangible assets and each item is amortized at 25 percent per year or for its appropriate useful life.

In 2000, goodwill of Euro 76.1 million was capitalized and amortization amounted to Euro 22.6 million.

Amortization of shares in Group companies from individual financial statements have been recaptured in the consolidated financial statements.

Investments in companies, whose business policy is considerably influenced by the Group [associated companies], are valued at equity in the consolidated financial statements, in accordance with the book value method, provided that they are of primary importance to the Group. The estimated investment in associated companies is based on the amount which corresponds to the proportionate equity capital of the associa-



ted company. With regard to the amortization of goodwill the same principles apply as for capital consolidation.

Receivables, provisions, liabilities, expenses and income between companies included in the consolidation, as well as interim results in current assets and fixed assets, have been eliminated as far as these are significant. Adjustments made to individual financial statements and amortization of intra-group receivables have been withdrawn in favor of the consolidated net income for the year.

#### **Valuation and auditing of annual financial statements which have been included in the consolidation**

The financial statements of the companies included in the consolidation have been prepared uniformly in accordance with accounting and valuation principles adopted by ProSiebenSat.1 Media AG. In so far as different accounting and valuation principles are used by foreign companies, in accordance with their national legal requirements, appropriate adjustments have been made to the consolidated financial statements. Valuation of the asset and debt positions have been based on the principles of conservatism.

The domestic annual financial statements included in the consolidated financial statements have been audited without exception by the Group's auditor for the consolidated financial statements, KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Essen/Berlin. The financial statements for SevenOne Media [Switzerland] AG have been audited by KPMG Fides Peat, Zurich/Switzerland, the financial statements for MGA MediaGruppe Werbeforschung und -vermarktung GmbH by KPMG Alpen-Treuhand Gesellschaft mbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna/Austria, and the financial statements for MUSEUM MASTERS INTERNATIONAL, LTD., New York/USA as well as the financial statements for Art Media Group, Inc., New York/USA have been audited by KPMG Deutsche Treuhand-Gesellschaft German Practice, New York/USA. The annual financial statements, pursuant to commercial law for all the companies included in the consolidated financial statements carry unqualified auditor's certificates.

#### **Foreign currency conversion**

The conversion of foreign currency accounts appertaining to SevenOne Media [Switzerland] AG, MUSEUM MASTERS INTERNATIONAL, LTD., New York/USA and ArtMedia Group, Inc., New York/USA is based on the modified periodic exchange rate method. Accordingly, the equity capital is converted at historic rates and the remaining asset and debt positions at the periodic exchange rate applicable at the annual accounts date. Any resulting differences in calculation are offset against other revenue reserves without any effect on profit/loss.

The company MGA MediaGruppe Werbeforschung und -vermarktung GmbH, Austria, implemented the conversion to Euro effective January 1, 2000.



In the calculation of the statement of income, expenses and income are converted at the average annual rate of exchange and the appropriation of net income at the periodic exchange rate. The difference is shown under other operating expenses or other operating income.

Receivables in foreign currency are converted at the buying rate on the booking date or at the lower exchange rate applicable on the balance sheet date. Foreign currency liabilities are converted at the selling rate on the booking date or at the higher selling rate applicable on the balance sheet date.

#### Notes to the Balance Sheet and Statement of Income

##### [1] Fixed assets

Details of movements on fixed assets of the Group as well as ProSiebenSat.1 Media AG are set out in the statements of movement on fixed assets, on pages 90 and 91 and on pages 94 and 95.

Acquired intangible assets are capitalized at acquisition cost, less scheduled amortization, and, where appropriate, unscheduled amortization. Intangible assets include software, commercial trademarks and down-payments made on intangible assets. In addition, goodwill has been capitalized in the consolidated financial statements. This relates primarily to goodwill amounting to Euro 122.4 million, resulting from the initial consolidation of Kabel 1 K1 Fernsehen GmbH. Software acquisitions are fully amortized over a period of three years, while licenses and other trademarks are amortized over a period of ten years or in accordance with the duration of the individual license agreements. Goodwill is depreciated by 25 percent each year. The goodwill resulting from the initial consolidation of Kabel 1 K1 Fernsehen GmbH in the 1995 financial year is amortized over a nine year and two months period, following the straight-line method. The amortization was first carried out in the year of capitalization. For Kabel 1 K1 Fernsehen GmbH, the period of depreciation is based on the term of the broadcasting license, which runs until February 29, 2004. In the year under review, unscheduled amortization of intangible fixed assets amounted to Euro 2,302,668.86.

Tangible fixed assets are valued at purchase or production cost, less scheduled depreciation and, where applicable, necessary unscheduled depreciation. For additions to tangible capital assets in the first six months of the year, depreciation is offset to the full amount, whereas additions made in the second half of the year, depreciation is offset at 50 percent. Buildings and land not owned by the Group, as well as fittings and alterations are depreciated in accordance with their appropriate average life or the shorter term of the lease. Technical installations at studios are depreciated over a five year period and hardware equipment over three years. In contrast to the method described above, technical installations at studios at the SAT.1 Group are depreciated on a diminishing balance over a period of five years. This rule applies only to the financial year 2000; starting with the financial year 2001, uniform rules based on the straight-line method of depreciation will be applied across the Group. Operating and business



equipment is depreciated over a three to a maximum 20 year period, depending on the type of asset. Low value fixed assets are fully depreciated during the year under review and are shown as deductions.

Unscheduled depreciation of tangible assets is applied in so far as an expected permanent depreciation can be assumed. In the last financial year, no unscheduled depreciation of tangible assets was carried out for the Group.

Shares in affiliated companies are balanced at purchase cost or at lower applicable values. The offsetting of acquisition values against the proportionate equity capital is strictly applied at the time of the initial consolidation. Shares in affiliated companies shown in the consolidated balance sheet refer to Berliner Pool TV Produktionsgesellschaft mbH, VG Satellit Gesellschaft zur Verwertung der Leistungsschutzrechte von Sendeunternehmen mbH and Merchandising Prag spol. s.r.o.

Other financial assets are valued at purchase cost or at the lower value applicable on the balance sheet date.

## [2] Programming assets

	ProSiebenSat.1 Group		ProSiebenSat.1 Media AG	
	Dec. 31, 2000 Euro	Dec. 31, 1999 [Pro forma] Euro	Dec. 31, 2000 Euro	Dec. 31, 1999 Euro
Licenses	793,536,801.66	877,028,842.43	- / -	- / -
Commissioned productions	353,204,242.36	361,791,706.13	- / -	- / -
<b>Total</b>	<b>1,146,741,044.02</b>	<b>1,238,820,548.56</b>	<b>- / -</b>	<b>- / -</b>

Programming assets include feature films, series and commissioned productions as well as down payments. Feature films and series are capitalized at the beginning of the contractual license period, while commissioned productions are capitalized as transmittable programming assets after completion, which coincides with the date of acceptance. Depreciation on licenses and commissioned productions scheduled for multiple broadcasts starts at the time of the first transmission. Commissioned productions scheduled for one-time only broadcasts are fully depreciated at the time of their transmission. Unscheduled depreciation relates to feature films, series and commissioned productions which, due to increased competition or a change in viewers' tastes, are not suitable for transmission at an economically appropriate time in the foreseeable future, or which have been removed from the program schedule after the first transmission, due to inadequate audience reach or to productions which have been discontinued, although productions have been commissioned.



Unscheduled depreciation on programming assets for the Group amounted to Euro 99,061,955.85 in the year under review [Euro 122,651,989.71 in the previous year]. These amounts are offset by the appreciation of programming assets for the Group in the amount of Euro 11,398,388.61 [Euro 23,789,199.51 in the previous year].

### [3] Inventories

	ProSiebenSat.1 Group		ProSiebenSat.1 Media AG	
	Dec. 31, 2000 Euro	Dec. 31, 1999 [Pro forma] Euro	Dec. 31, 2000 Euro	Dec. 31, 1999 Euro
Raw materials and manufacturing supplies	291,316.78	486,940.84	36,365.42	- / -
Work in progress	133,010.16	88,439.50	- / -	- / -
Finished products and goods	2,675,585.52	1,624,701.61	- / -	- / -
<b>Total</b>	<b>3,099,912.46</b>	<b>2,200,081.95</b>	<b>36,365.42</b>	<b>- / -</b>

Inventories are valued at acquisition or at the statutory minimum production cost.



#### [4] Receivables and other assets

	ProSiebenSat.1 Group		ProSiebenSat.1 Media AG	
	Dec. 31, 2000 Euro	Dec. 31, 1999 [Pro forma] Euro	Dec. 31, 2000 Euro	Dec. 31, 1999 Euro
Trade accounts receivable	128,381,113.86	120,689,039.66	52,849.05	-/-
[amounts due after more than one year]	- / -	- / -	- / -	-/-
Amounts due from group companies	1,502,544.09	21,507,444.12	382,509,607.81	-/-
[amounts due after more than one year]	- / -	- / -	- / -	-/-
Receivables from entities with which the enterprise is linked by virtue of participating interests	9,697,169.98	8,356,377.03	38,155.08	-/-
[amounts due after more than one year]	- / -	- / -	- / -	-/-
Other current assets	96,540,076.50	77,959,019.13	95,714,911.29	883.71
[amounts due after more than one year]	- / -	- / -	- / -	-/-
<b>Total</b>	<b>236,120,904.43</b>	<b>228,511,879.94</b>	<b>478,315,523.23</b>	<b>883.71</b>
[amounts due after more than one year]	- / -	- / -	- / -	-/-

For the valuation of receivables and other assets, adequate allowances have been made to cover known risks through individual valuation adjustments and lump-sum allowances. Receivables from affiliated companies shown in the consolidated financial statements of ProSiebenSat.1 Media AG primarily consist of receivables due from Sat.1 Fernsehen GmbH, Kabel 1 K1 Fernsehen GmbH, SZM Studios Film-, TV- und Multimedia-Produktions GmbH and N24 Gesellschaft für Nachrichten und Zeitgeschehen mbH.

Other assets consist mainly of receivables due from the revenue office, relating to the already established partial results of the tax audit of the accounts for the years 1993 to 1996, and to corporation tax credits and withholding tax credits relating to investment income in the financial year 2000.

The receivables from entities with which the enterprise is linked by virtue of participating interests of 25 percent or more primarily relate to SAT.1 Schweiz AG, Switzerland, and SAT.1 Privatrundfunk und -programmgesellschaft m.b.H., Austria.

#### [5] Deferred income

Deferred income mainly includes satellite rental costs, advertising expenses, licensing rights, rental payments and cost of insurance, which will only become expenditure items in the financial year 2001.



At ProSiebenSat.1 Media AG, this relates almost entirely to rental payments which have already been settled.

#### [6] Deferred taxes

As a result of consolidation measures affecting net income, deferred taxes have been charged to capital. Calculations have been based on the estimated average profit tax charges for the Group. Tax accruals and deferrals are created only if the difference is expected to average out in the coming years. Deferred tax liabilities are set off against this item.



#### [7] Shareholders' equity

ProSiebenSat.1 Media AG was acquired for the purpose of bringing together the ProSieben Group and the SAT.1 Group. The company was formed on November 16, 1998, under the name Oppenheim Aktiengesellschaft, based in Düsseldorf. The share capital in the amount of DM 100,000.00, divided into 20,000 bearer shares of no par value with a pro rata capital stock contribution in the amount of DM 5.00 per share was acquired in full by Christopher Freiherr von Oppenheim, Cologne, in exchange for a contribution in cash in the same amount. The cash contribution has been fully paid. Pursuant to an agreement of December 2, 1998, Christopher Freiherr von Oppenheim sold the entire stock in the company to Bankhaus Sal. Oppenheim jr. & Cie. KGaA, Cologne. At the company's extraordinary general meeting on January 21, 1999, a resolution was passed to amend the company's articles of incorporation and to relocate the company's seat to Munich. On February 10, 1999, the company was entered in the company register of the district court in Munich under registration number HRB 124169.

Pursuant to an agreement of July 4, 2000, ProSieben Media AG, Unterföhring, acquired 14,400 shares of no par value in the company and SAT.1 Holding GmbH, Ismaning, acquired 5,600 shares of no par value. The extraordinary general meeting on July 10, 2000, adopted a resolution to increase the company's registered share capital in exchange for a cash contribution by DM 877,915.00 from DM 100,000.00 to DM 977,915.00 through the issue of 175,583 new bearer shares of no par value with a pro rata capital stock contribution of DM 5.00 per share in exchange for cash contributions and to amend the articles of incorporation accordingly. Of the new shares, ProSieben Media AG subscribed to and took up 126,420 shares of no par value and SAT.1 Holding GmbH 49,163 shares of no par value. Furthermore, the extraordinary general meeting on July 10, 2000 passed a resolution to set the company's share capital in the amount of DM 977,915.00 at Euro 500,000.00, using the predetermined Euro to DM exchange rate [1:1.95583] and to amend the articles of incorporation accordingly. It was also agreed to newly divide the share capital into 500,000 shares of no par value, with ProSieben Media AG's entitlement amounting to 360,000 shares and that of SAT.1 Holding GmbH to 140,000 shares.

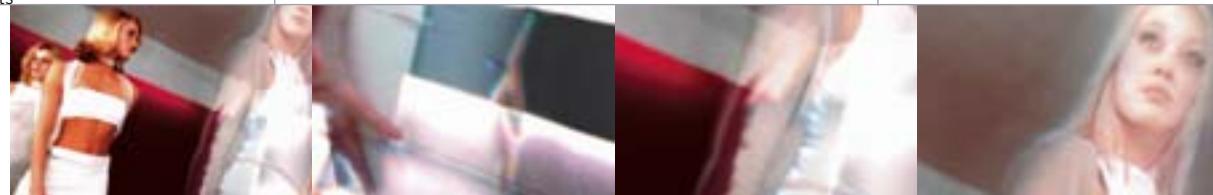
Prior to the merger between ProSieben and SAT.1, extensive restructuring measures were put into place, especially on the part of SAT.1. The following steps set out the individual corporate restructuring measures. At SAT.1 Satelliten Fernsehen GmbH [transferring company], the entire business operation including all assets, liabilities and



shareholders' equity together with all rights and obligations as well as all commitments were transferred as a whole to the resulting newly formed company SAT.1 Satelliten Fernsehen GmbH [hereafter: SAT.1 new GmbH], Berlin [spin-off for the purpose of a new business start-up]. In addition to the participating interest in SAT.1 Holding GmbH, also excepted from the transfer were all rights and obligations of the transferring company arising from silent partnerships with shareholders, namely PKS Programmgesellschaft für Kabel- und Satellitenrundfunk mbH, Axel Springer Verlag AG and AKTUELL Presse-Fernsehen GmbH & Co. KG, in particular the respective positions of the shareholders and the resulting liabilities of the transferring company. The former SAT.1 Satelliten Fernsehen GmbH was renamed SAT.1 Beteiligungs GmbH. In respect of Media 1 Medienvermarktung GmbH [transferring company], the entire business operation, including all assets, liabilities and shareholders' equity together with all rights and obligations as well as all commitments were transferred in their entirety to the resulting newly formed company Media 1 Medienvermarktung GmbH [hereafter: Media 1 new GmbH], Berlin [spin-off for the purpose of a new business start-up]. In addition to the participating interest in SAT.1 Holding GmbH only individual liabilities of the transferring company were exempted from the transfer totaling around DM 3.5 million. Media 1 Medienvermarktung GmbH was renamed Media 1 Beteiligungs GmbH. Subsequently, all shares in SAT.1 new GmbH and in Media 1 new GmbH were contributed to SAT.1 Holding GmbH in exchange for interests in SAT.1 Holding GmbH. The extraordinary shareholders' meeting of SAT.1 Holding GmbH on August 18, 2000, passed a resolution in this respect to increase the nominal capital of SAT.1 Holding GmbH by Euro 54,461,400.00 from Euro 25,000.00 to Euro 54,486,400.00. Through this action, the share capital of SAT.1 Holding GmbH was already fixed at this stage to allow the company to grant each of the shareholders a total of 50 registered ordinary shares of no par value per nominal Euro 100.00 of their respective shareholdings as well as 50 bearer preference shares of no par value in ProSiebenSat.1 Media AG, with a view to simplifying the exchange ratio within the framework of the merger. The capital increase at SAT.1 Holding GmbH was registered with the commercial register of the lower court of Munich on September 21, 2000.

At ProSieben Media AG, a capital increase out of the company's retained earnings was adopted on May 31, 2000. In accordance with § 207 item 2 sentence 2 of the German Stock Corporation Act, the company's share capital is increased by Euro 15,523,920.79 from Euro 89,476,079.21 to Euro 105,000,000.00 out of the company's retained earnings without the issuance of new shares by converting a partial amount of Euro 2,598,487.60 of the total revenue reserves shown in the balance sheet in the amount of Euro 40,392,058.61 and by converting a partial amount of Euro 12,925,433.19 of the capital reserves shown in the balance sheet in the total amount of Euro 247,925,433.19 into registered share capital.

Prior to bringing together the ProSieben Group and SAT.1 Group, the assets and legal relationships of the business division 'Fernsehsender ProSieben' [Television station ProSieben] at ProSieben Media AG were spun off into a newly established subsidiary - ProSieben Television GmbH [spin-off for the purpose of a new business start-up]. The



relevant spin-off plan was prepared by the Executive Board of ProSieben Media AG on June 30, 2000, and was notarized on July 10, 2000.

On July 10, 2000, ProSiebenSat.1 Media AG entered into a merger agreement with ProSieben Media AG and SAT.1 Holding GmbH. The merger agreement provides for ProSieben Media AG and SAT.1 Holding GmbH to transfer their assets including all rights and obligations in their entirety to ProSiebenSat.1 Media AG. Both transferring companies have ceased to exist and the shareholders of ProSieben Media AG as well as the shareholders of SAT.1 Holding GmbH have become shareholders of ProSiebenSat.1 Media AG. In order to be able to grant the shareholders of ProSieben Media AG and the partners of SAT.1 Holding GmbH shares in ProSiebenSat.1 Media AG, the extraordinary general meeting on August 22, 2000, passed a resolution to convert the bearer shares issued by the company into registered ordinary shares with restricted transferability and to increase the company's share capital by Euro 193,986,400.00 from Euro 500,000.00 to Euro 194,486,400.00 through the issue of 96,743,200 new registered ordinary shares of no par value and 97,243,200 new bearer preference shares of no par value with a pro rata capital stock contribution of Euro 1.00 per share and with full entitlement to profits from January 1, 2000. Within the framework of the merger, each share in ProSieben Media AG with a pro rata capital stock contribution of Euro 3.00 has been exchanged for four shares with a pro rata capital stock contribution of Euro 1.00. This has resulted in the capital reserves of ProSieben Media AG in the amount of a partial sum of Euro 35,000,000.00 being absorbed in the subscribed capital of ProSiebenSat.1 Media AG.



On August 22, 2000, the extraordinary general meeting of ProSiebenSat.1 approved the merger agreement. The approval was also extended to the post-formation agreement. The merger and the post-formation were entered in the commercial register of the lower court of Munich on October 2, 2000. In addition, the merger was also approved by the extraordinary general meeting of ProSieben Media AG, the special meeting of the preference shareholders' of ProSieben Media AG and the extraordinary shareholders' meeting of SAT.1 Holding GmbH on August 22, 2000. The merger was entered in the commercial register of ProSieben Media AG and in the commercial register of SAT.1 Holding GmbH on September 28, 2000, as well as in the commercial register of ProSiebenSat.1 Media AG on October 2, 2000, in each case at the lower court of Munich.

As at December 31, 2000, the subscribed capital of ProSiebenSat.1 Media AG amounted to Euro 194,486,400.00. The subscribed capital is divided into 97,243,000 ordinary registered shares of no par value and 97,243,000 non voting bearer preference shares of no par value, each with a pro rata capital stock contribution in the amount of Euro 1.00 per share.

Following the merger, the capital reserves amount to Euro 322,318,623.91. The group revenue reserves for ProSiebenSat.1 Media AG in the amount of Euro 282,351.95 consist entirely of other revenue reserves.



In the financial year 2000, retained earnings for ProSiebenSat.1 Media AG amounted to Euro 127,050,928.83, of which Euro 63,000,000.00 are to be allocated to other revenue reserves.

According to German commercial law, the parent company ProSiebenSat.1 Media AG, can pay dividends to shareholders out of the company's net earnings for the year but not out of the group profit. At the annual general meeting on May 31, 2001, the Executive Board and the Supervisory Board will propose a dividend of Euro 0.30 for each non-par value preference share, and Euro 0.28 for each non-par value ordinary share. The amount is based on the 2000 annual net profit, after deduction of revenue reserves, and corresponds to Euro 56,401,056.00. Euro 7,649,872.83 will be carried forward to the new accounting period.

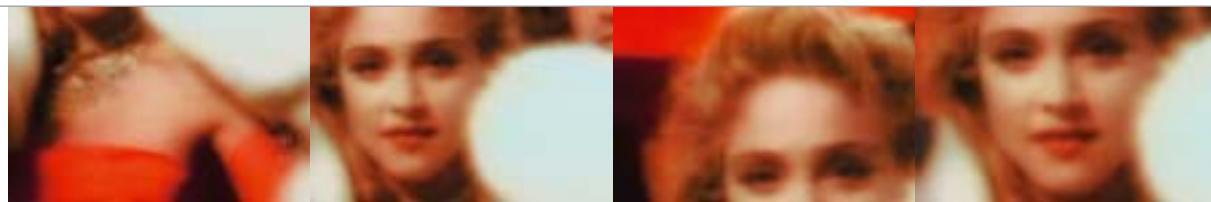
#### [8] Accruals

	ProSiebenSat.1 Group		ProSiebenSat.1 Media AG	
	Dec. 31, 2000 Euro	Dec. 31, 1999 [Pro forma] Euro	Dec. 31, 2000 Euro	Dec. 31, 1999 Euro
Accrued taxes	57,853,989.28	65,373,064.83	19,195,639.08	- / -
Provisions for anticipated losses	2,617,900.00	9,491,622.47	- / -	- / -
Provisions for outstanding purchase invoices	50,940,135.74	45,962,187.17	3,603,000.00	- / -
Other provisions	43,568,185.38	62,318,668.83	11,042,000.00	2,045.17
<b>Total</b>	<b>154,980,210.40</b>	<b>183,145,543.30</b>	<b>33,840,639.08</b>	<b>2,045.17</b>

The tax accruals consist primarily of trade tax on income and corporation tax.

The remaining other accruals at the ProSiebenSat.1 Group include in particular provisions for unclaimed holiday leave, GEMA payments, redundancy schemes and compensation, litigation costs as well as provisions for claims for damages and punitive damages.

Major single items at ProSiebenSat.1 Media AG include provisions for interest on additional tax payments relating to the already established partial results of the tax audit of the accounts for the years 1993 to 1996, provisions in respect of claims for damages and punitive damages as well as provisions for bonus payments and compensation.



## [9] Liabilities

**ProSiebenSat.1 Group as at Dec. 31, 2000**

	Up to 1 year Euro	Remaining term of 1 to 5 years Euro	More than 5 years Euro	Total Dec. 31, 2000 Euro	Total Dec. 31, 1999 [Pro forma] Euro
Bonds	- / -	127,822,970.30	- / -	127,822,970.30	127,822,970.30
Liabilities to banks	369,178,693.79	5,112,918.81	73,921,188.43	448,212,801.03	416,643,862.80
<b>Total financial liabilities</b>	<b>369,178,693.79</b>	<b>132,935,889.11</b>	<b>73,921,188.43</b>	<b>576,035,771.33</b>	<b>544,466,833.10</b>
Deposits received	482,443.53	- / -	- / -	482,443.53	2,458,041.77
Trade accounts payable	161,173,753.72	196,180.02	- / -	161,369,933.74	244,176,117.82
Liabilities to affiliates	60,208,690.79	- / -	- / -	60,208,690.79	102,741,258.91
Liabilities to companies in which there is a participating interest	129,206.13	- / -	- / -	129,206.13	36,472,757.49
Other liabilities	66,925,857.68	346,448.66	- / -	67,272,306.34	68,289,168.76
[of which for taxes]	[27,801,000.93]	- / -	- / -	[27,801,000.93]	
[of which for social security]	[4,697,835.83]	- / -	- / -	[4,697,835.83]	
<b>Total</b>	<b>658,098,645.64</b>	<b>133,478,517.79</b>	<b>73,921,188.43</b>	<b>865,498,351.86</b>	<b>998,604,177.85</b>
[of which secured by real estate charges]				79,034,107.27	61,355,025.74


**ProSiebenSat.1 Media AG as at Dec. 31, 2000**

	Up to 1 year Euro	Remaining term of 1 to 5 years Euro	More than 5 years Euro	Total Dec. 31, 2000 Euro	Total Dec. 31, 1999 Euro
Bonds	- / -	127,822,970.30	- / -	127,822,970.30	- / -
Liabilities to banks	223,031,205.11	- / -	- / -	223,031,205.11	- / -
Total financial liabilities	223,031,205.11	127,822,970.30	- / -	350,854,175.41	- / -
Trade accounts payable	4,338,342.00	- / -	- / -	4,338,342.00	- / -
Liabilities to affiliates	55,659,814.20	- / -	- / -	55,659,814.20	- / -
Other liabilities	20,260,645.47	- / -	- / -	20,260,645.47	- / -
[of which for taxes]	[12,359,671.74]	- / -	- / -	[12,359,671.74]	
[of which for social security]	[587,737.25]	- / -	- / -	[587,737.25]	
<b>Total</b>	<b>303,290,006.78</b>	<b>127,822,970.30</b>	<b>- / -</b>	<b>431,112,977.08</b>	<b>- / -</b>
[of which secured by real estate charges or other rights]				- / -	- / -

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

The real estate charges relate entirely to liabilities to banks.

Liabilities to affiliated companies relate mainly to Kirch Media GmbH & Co. Kommanditgesellschaft auf Aktien and DSF Deutsches Sportfernsehen GmbH.

Liabilities to affiliated companies shown in the financial statements for ProSiebenSat.1 Media AG are mainly related to N24 Gesellschaft für Nachrichten und Zeitgeschehen mbH, ProSieben Television GmbH, ProSieben Club & Shop Gesellschaft für Marketing und Handelsservices mbH, ProSieben Information Service GmbH as well as to Seven-One Media GmbH.

Other liabilities include, for the most part, tax liabilities and liabilities arising from the deferral and accrual of interest.



## [10] Contingent liabilities

	ProSiebenSat.1 Group		ProSiebenSat.1 Media AG	
	Dec. 31, 2000 Euro	Dec. 31, 1999 [Pro forma] Euro	Dec. 31, 2000 Euro	Dec. 31, 1999 Euro
Contingent liabilities from guarantees	28,590,687.63	32,248,111.12	113,892,314.40	-/-
[amounts due to group companies]	-/-	-/-	85,685,095.68	-/-

Contingent liabilities arising from guarantees in the group are mainly related to initial rental liabilities for MAGIC MEDIA COMPANY TV-Produktionsgesellschaft mbH, Hürth.

## [11] Other financial liabilities

ProSiebenSat.1 Group	Due within one year Euro	Due within 2 to 5 years Euro	Due after 5 years Euro	Total Euro
Programming assets	719,580,666.15	300,244,867.32	16,196,576.39	1,036,022,109.86
Royalties	62,701,089.84	201,064,327.73	69,637,155.78	333,402,573.34
Leasing and long-term rental commitments	46,170,977.63	118,982,050.20	139,662,157.57	304,815,185.40
Other liabilities	47,564,833.38	49,896,563.76	4,453,353.21	101,914,750.35
<b>Total</b>	<b>876,017,566.99</b>	<b>670,187,809.01</b>	<b>229,949,242.95</b>	<b>1,776,154,618.95</b>

ProSiebenSat.1 Media AG	Due within one year Euro	Due within 2 to 5 years Euro	Due after 5 years Euro	Total Euro
Leasing and long-term rental commitments	11,985,554.14	46,752,544.99	129,523,907.11	188,262,006.24
<b>Total</b>	<b>11,985,554.14</b>	<b>46,752,544.99</b>	<b>129,523,907.11</b>	<b>188,262,006.24</b>

In addition to the accruals, liabilities and contingent liabilities, other financial liabilities exist. These arise mainly from contractual agreements entered into before December 31, 2000, and relate to programming assets with licensing dates beginning after January 1, 2001, as well as royalties, leasing and long-term rental contracts.



## [12] Revenues

	ProSiebenSat.1 Group		ProSiebenSat.1 Media AG	
	2000 Euro	1999 [Pro forma] Euro	2000 Euro	1999 Euro
Advertising revenues	2,083,676,047.71	1,945,588,633.59	- / -	- / -
Other revenues	71,541,539.59	72,619,629.30	- / -	- / -
<b>Total</b>	<b>2,155,217,587.30</b>	<b>2,018,208,262.89</b>	- / -	- / -

The ProSiebenSat.1 Group's revenues, which amounted to Euro 2,155.2 million, relate mainly to advertising revenues, which are almost entirely achieved in the Federal Republic of Germany. Consequently, no breakdown of revenues by areas of activity or specific geographic location of markets has been provided.

## [13] Other operating income

The decrease in other operating income is mainly attributable to the reduced appreciation of programming assets. Appreciation arising from a revaluation of the programming assets was carried out for the first time in the financial year 1999, as a result of changes to the German tax law. The new legislation 1999/2000/2002 governing the lowering of the tax burden also requires a valuation update of the programming assets, with effect from the 1999 financial year, if the reasons for earlier unscheduled depreciation no longer apply.

Other major single items under other operating income relate to income from cost transfers to third parties, income from the release of provisions, income from the sale of programs and income from exchange rate differences. The financial statements of ProSiebenSat.1 Media AG include under other operating income additional income from services charged to companies within the Group.



#### [14] Programming and material costs

	ProSiebenSat.1 Group		ProSiebenSat.1 Media AG	
	2000 Euro	1999 [Pro forma] Euro	2000 Euro	1999 Euro
Amortization of programming assets	1,090,807,022.47	1,106,860,406.07	- / -	- / -
Licenses, transmission fees and materials	118,669,103.02	113,361,385.16	- / -	- / -
Purchased services and purchased goods	170,573,561.07	165,745,597.46	- / -	- / -
<b>Total</b>	<b>1,380,049,686.56</b>	<b>1,385,967,388.69</b>	<b>- / -</b>	<b>- / -</b>

The depreciation of programming assets includes the depreciation resulting from program transmissions and the unscheduled depreciation of programming assets.

Expenditure for licenses, transmission fees and materials relate in particular to transmission and production costs as well as satellite rental costs. Expenses for purchased services and goods are mainly related to production costs, licensing rights and professional fees.

#### [15] Personnel expenses

	ProSiebenSat.1 Group		ProSiebenSat.1 Media AG	
	2000 Euro	1999 [Pro forma] Euro	2000 Euro	1999 Euro
Wages and salaries	191,723,003.27	162,689,746.28	22,857,534.59	- / -
Social security and pension costs and welfare expenses	27,846,456.25	23,253,769.62	2,388,136.24	- / -
<b>Total</b>	<b>219,569,459.52</b>	<b>185,943,515.90</b>	<b>25,245,670.83</b>	<b>- / -</b>

The increase in personnel expenses for the ProSiebenSat.1 Group is due to the rise in the number of employees. The staff increase is a result of the set up of the news channel N24 Gesellschaft für Nachrichten und Zeitgeschehen mbH, the expansion of the ddp Nachrichtenagentur GmbH and the expansion of the multimedia business segment.



### [16] Amortization and depreciation of intangible and tangible assets

	ProSiebenSat.1 Group		ProSiebenSat.1 Media AG	
	2000 Euro	1999 [Pro forma] Euro	2000 Euro	1999 Euro
Scheduled amortization and special provisions of intangible assets	24,795,252.05	23,572,942.08	1,210,241.18	- / -
Scheduled depreciation and special provisions of tangible assets	35,916,001.15	28,920,690.61	6,807,302.48	- / -
Unscheduled depreciation and special provisions on intangible assets	2,302,668.86	- / -	- / -	- / -
<b>Total</b>	<b>63,013,922.06</b>	<b>52,493,632.69</b>	<b>8,017,543.66</b>	<b>- / -</b>

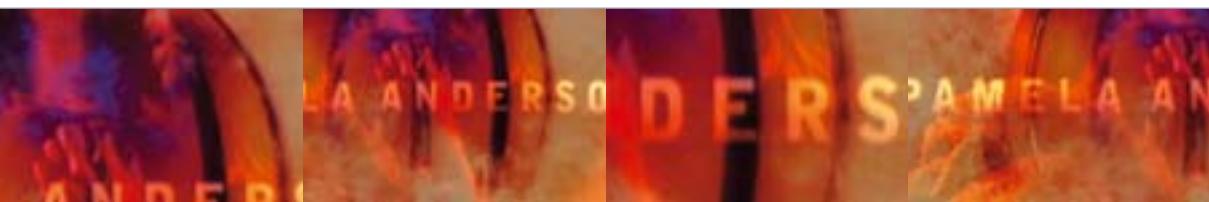
The amortization and depreciation of intangible assets in the Group include allowances for goodwill, which amount to Euro 22.6 million [Euro 19.9 million in the previous year]. The amortization of goodwill arising from the equity valuation is shown under capital investment income.

### [17] Other operating expenses

	ProSiebenSat.1 Group		ProSiebenSat.1 Media AG	
	2000 Euro	1999 [Pro forma] Euro	2000 Euro	1999 Euro
Expenses relating to other periods	6,033,792.55	4,633,397.21	444,659.47	- / -
Maintenance expenses	9,076,134.28	6,944,607.46	4,398,082.86	- / -
Administrative expenses	58,035,442.25	40,386,901.78	14,314,153.83	- / -
Selling expenses	126,837,267.74	112,982,720.48	15,887,392.81	- / -
Other operating expenses	63,299,383.55	74,222,998.80	28,619,198.72	4,294.85
<b>Total</b>	<b>263,282,020.37</b>	<b>239,170,625.73</b>	<b>63,663,487.69</b>	<b>4,294.85</b>

The largest single items in administrative expenses relate to EDP expenditure, cost of office furniture and equipment as well as technical consumables and legal and consultancy fees.

Marketing costs mainly include advertising expenditure, market research expenditure and travel expenses. Business services provided through affiliated companies are also included under marketing costs in the 2000 financial statements of ProSiebenSat.1 Media AG.



Significant single items under other operating expenses include rental expenditure, leasing costs for technical installations and expenses for film subsidies.

#### [18] Income from participating interests

	ProSiebenSat.1 Group		ProSiebenSat.1 Media AG	
	2000 Euro	1999 [Pro forma] Euro	2000 Euro	1999 Euro
Income from participating interests	26,342.02	10,956.25	97,147,344.16	- / -
Result of participating interests in associated companies	-1,041,616.85	-227,334.60	- / -	- / -
Income from transfer of earnings	- / -	- / -	260,377,378.85	- / -
Expenses from loss absorption	- / -	- / -	-37,057,901.57	- / -
<b>Total</b>	<b>-1,015,274.83</b>	<b>-216,378.35</b>	<b>320,466,821.44</b>	<b>- / -</b>

#### [19] Net interest expenses

	ProSiebenSat.1 Group		ProSiebenSat.1 Media AG	
	2000 Euro	1999 [Pro forma] Euro	2000 Euro	1999 Euro
Other interest and similar income	4,928,220.53	3,652,856.72	9,425,396.91	1,240.22
Interest and similar expenses	-43,487,428.46	-45,874,958.45	-13,896,795.54	- / -
<b>Total</b>	<b>-38,559,207.93</b>	<b>-42,222,101.73</b>	<b>-4,471,398.63</b>	<b>1,240.22</b>

Significant items under interest expenses for ProSiebenSat.1 Media AG include interest paid for loans and interest paid for the bond issued in 1998.

Interest earned by ProSiebenSat.1 Media AG mainly relates to interest income from affiliated companies.



## [20] Other financial profit/loss

	ProSiebenSat.1 Group		ProSiebenSat.1 Media AG	
	2000 Euro	1999 [Pro forma] Euro	2000 Euro	1999 Euro
Income from loans of financial fixed assets	384,551.83	39,890.25	237,285.50	- / -
Amortization of financial assets	-24,302,994.07	-3,010,536.70	-22,025,798.38	- / -
<b>Total</b>	<b>-23,918,442.24</b>	<b>-2,970,646.45</b>	<b>-21,788,512.88</b>	- / -

The amortization of financial assets includes in particular write-downs on trade investments in LetsBuyIt.com N.V., Netherlands, and on trade investments in RTL/ProSieben Schweiz Fernseh AG, Switzerland.

## [21] Extraordinary profit/loss

Extraordinary expenses for the Group in the financial year 2000, in the amount of Euro 27.4 million, are entirely related to the costs arising within the framework of the merger. Extraordinary expenses for ProSiebenSat.1 Media AG amount to Euro 17.0 million.



## [22] Consolidated cash flow statement

	2000 Euro mill	1999 [Pro forma] Euro mill
<b>Income before extraordinary items for the period under review</b>	120	81
Net depreciation of fixed assets	87	55
Depreciation of programming assets including additions	1,078	1,077
Change in accruals for contingent losses on programming assets	-7	-19
<b>Cash flow in accordance with DVFA / SG</b>	1,279	1,195
Profit from disposals of fixed assets	-2	- / -
Profit from disposals of programming assets	-7	-6
Losses from disposals of fixed assets	2	1
Losses from disposals of programming assets	1	1
Other non-cash reduction of programming assets	5	15
Changes in other accrued liabilities	-21	98
Increase/decrease in inventories, accounts receivable, as well as other assets not attributable to investment and/or financing activities	-13	-118
Increase/decrease in inventories, trade payable, as well as other liabilities and shareholders' equity not attributable to investment and/or financing activities	-96	31
Effects from changes in scope of consolidation	-1	-13
Disbursements under extraordinary items	-27	- / -
<b>Cash flow from operating activities</b>	1,120	1,204
Proceeds from disposals of intangible assets	1	1
Proceeds from disposals of tangible fixed assets	12	2
Proceeds from disposals of Finanzanlagevermögens	6	- / -
Proceeds from disposals of programming assets	14	33
Investments in intangible assets	-8	-6
Investments in tangible fixed asset	-47	-60
Investments in programming assets	-999	-1,038
Purchases of shares	-26	-16
<b>Cash flow from investment activities</b>	-1,047	-1,084
Proceeds from the raising of loans and repayments of bank debt [net]	-37	-77
Dividend for 1999	-40	-34
<b>Cash flow from financing activities</b>	-77	-111
<b>Net increase [decrease] in financial resources</b>	<b>-4</b>	<b>9</b>
Financial resources at the beginning of the year	31	22
<b>Financial resources at the end of the year</b>	<b>27</b>	<b>31</b>



### [23] Segment reporting

Because the television business segment accounts for around 95 percent of total revenues of all significant positions for the report by segment, the preparation of a report by segment has been dispensed with. Detailed information on the ProSiebenSat.1 Group's different markets has been provided in the management report.

### [24] Average number of employees during the year

	ProSiebenSat.1 Group		ProSiebenSat.1 Media AG	
	2000	1999 [Pro forma]	2000	1999
Employees	3,183	2,696	425	- / -
Volunteers and trainees	242	168	29	- / -
<b>Total</b>	<b>3,425</b>	<b>2,864</b>	<b>454</b>	<b>- / -</b>

Part-time positions have been taken into account as an equivalent number of full-time positions.

### [25] Executive Board and Supervisory Board

Members of the Executive Board and the Supervisory Board of ProSiebenSat.1 Media AG are listed on page 125 of this report.

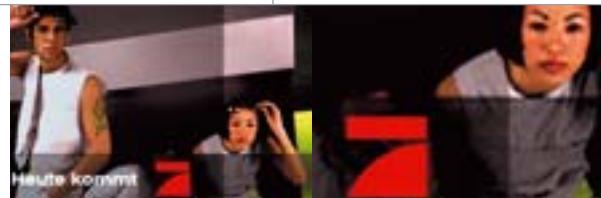
In the year under review, expenses for remuneration paid to current members of the Executive Board at ProSiebenSat.1 Media AG totaled Euro 3,299,126.58.

Expenses for the Supervisory Board at ProSiebenSat.1 Media AG amounted to Euro 275,174.46 in the year under review.

### [26] Group affiliation

The main shareholder of ProSiebenSat.1 Media AG has notified the company in accordance with § 21 item 1, 1a of the German Securities Trading Act, that KirchMedia & Co. KGaA in accordance with the German Stock Corporation Act and within the meaning of the German Securities Trading Act, indirectly and directly holds 100 percent [calculated through the company owns 88.52 percent] of the ordinary voting stock in ProSiebenSat.1 Media AG, whose shares were first admitted for official trading on the Frankfurt stock exchange on October 4, 2000.

The consolidated financial statements of ProSiebenSat.1 Media AG will be included in the consolidated financial statements of Kirch Media GmbH & Co. Kommanditgesellschaft auf Aktien, based in Unterföhring, and in the overall consolidated financial statements of Kirch Holding GmbH & Co. KG, based in Ismaning. The consolidated financial statements of Kirch Media GmbH & Co. Kommanditgesellschaft auf Aktien will be made public following their preparation and audit and can be examined at the Companies Registration Office at the district court of Munich under registration number HRB 126210.



## Major Subsidiaries and Associated Companies of the ProSiebenSat.1 Group

<b>Consec. Company no.</b>	<b>Affiliated companies</b>	<b>Location</b>	<b>Country</b>	<b>Interest</b>	<b>Held via no.</b>
1	ProSiebenSat.1 Media Aktiengesellschaft	Unterföhring	Germany		
2	ArtMedia Group, Inc.	New York	USA	100 %	19
3	ArtMerchandising & Media AG	Unterföhring	Germany	55 %	17
4	Buchagentur Intermediens-GmbH	Unterföhring	Germany	100 %	17
5	Buchagentur Intermediens-GmbH & Co. Marketing KG	Unterföhring	Germany	100 %	17
6	CM Community Media GmbH & Co. KG	Cologne	Germany	76 %	26
7	CM Community Media Verwaltungs GmbH	Cologne	Germany	100 %	26
8	ddp Nachrichtenagentur GmbH	Unterföhring	Germany	100 %	26
9	ddp/vwd Wirtschaftsnachrichten GmbH	Unterföhring	Germany	50.2 %	8
10	GBV Gesellschaft für Beschaffung und Verwertung von Fernsehrechten mbH	Berlin	Germany	100 %	34
11	GBV Gesellschaft für Beschaffung und Verwertung von Fernsehrechten mbH & Co. Vertriebs KG	Berlin	Germany	100 %	34
12	IT4TV GmbH	Unterföhring	Germany	60 %	27
13	KABEL 1 K1 Fernsehen GmbH	Unterföhring	Germany	100 %	1
14	MediaGruppe München Werbeforschung und -vermarktung Verwaltungsgesellschaft mbH	Unterföhring	Germany	100 %	1
15	MGA MediaGruppe Werbeforschung und -vermarktung GmbH	Vienna	Austria	100 %	39
16	MGD MediaGruppe Digital GmbH	Unterföhring	Germany	100 %	26
17	MM Merchandising München GmbH	Unterföhring	Germany	100 %	1
18	MRG Moosfeld Redaktions- und Dienstleistungsgesellschaft mbH	Munich	Germany	100 %	47
19	MUSEUM MASTERS INTERNATIONAL, LTD.	New York	USA	100 %	3
20	N24 Gesellschaft für Nachrichten und Zeitgeschehen mbH	Unterföhring	Germany	100 %	1
21	N24 Geschäftsführungs-GmbH	Unterföhring	Germany	100 %	1
22	Privatfernsehen in Bayern GmbH & Co. KG	Munich	Germany	87.6 %	47
23	Privatfernsehen in Bayern Verwaltungs GmbH	Munich	Germany	53.7 %	47
24	PRO SIEBEN Home Entertainment GmbH Bild- und Tonträgervertrieb	Unterföhring	Germany	100 %	1
25	ProSieben Club & Shop Gesellschaft für Marketing- und Handelsservices mbH	Unterföhring	Germany	100 %	1
26	ProSieben Digital Media GmbH	Unterföhring	Germany	100 %	1
27	ProSieben Information Service GmbH	Unterföhring	Germany	100 %	1



<b>Consec. Company no.</b>		<b>Location</b>	<b>Country</b>	<b>Interest</b>	<b>Held via no.</b>
<b>Affiliated companies</b>					
28	ProSieben Television GmbH	Unterföhring	Germany	100 %	1
29	SAT.1 Berlin Produktion GmbH	Berlin	Germany	100 %	34
30	SAT.1 Boulevard TV GmbH	Berlin	Germany	100 %	34
31	SAT.1 Norddeutschland GmbH	Hanover	Germany	100 %	34
32	SAT.1 Privatfernsehen Baden-Württemberg GmbH	Stuttgart	Germany	100 %	34
33	SAT.1 Privatfernsehen Baden-Württemberg GmbH & Co. KG	Stuttgart	Germany	100 %	34
34	SAT.1 SatellitenFernsehen GmbH	Mainz/Berlin	Germany	100 %	1
35	SAT.1 und Radio HUNDERT,6 Medien Beteiligungs GmbH	Berlin	Germany	74.9 %	34
36	SAT.1 und Radio HUNDERT,6 Medien Beteiligungs GmbH Berlin & Co. Betriebs KG	Berlin	Germany	100 %	34
37	SELCO Service-Gesellschaft für elektronische Kommunikation mbH	Unterföhring	Germany	100 %	46 <sup>[1]</sup>
38	Seven Scores Musikverlag GmbH	Unterföhring	Germany	100 %	1
39	SevenOne Media GmbH	Unterföhring	Germany	100 %	1
40	SevenOne Media [Schweiz] AG	Zurich	Switzerland	98 %	26
41	SevenPictures Film GmbH	Unterföhring	Germany	100 %	1
42	SevenSenses Agentur für Mediendesign und Marketing GmbH	Unterföhring	Germany	100 %	1
43	STARWATCH Navigation Gesellschaft für interaktive Kommunikation Geschäftsführungs-GmbH	Unterföhring	Germany	100 %	1
44	STARWATCH Navigation Gesellschaft für interaktive Kommunikation GmbH & Co. Produktions KG	Unterföhring	Germany	100 %	1
45	SZM Studios Film-,TV- und Multimedia-Produktions GmbH	Unterföhring	Germany	100 %	1
46	TELEDIREKT Vermarktungsgesellschaft für Fernsehempfang mbH	Unterföhring	Germany	100 %	1
47	tv-weiß-blau Rundfunkprogrammabnehmer GmbH	Munich	Germany	100 %	34 <sup>[2]</sup>
<b>Affiliated companies, not consolidated</b>					
48	Berliner Pool TV Produktionsgesellschaft mbH	Berlin	Germany	33.3 %	20
49	Berliner Pool TV Produktionsgesellschaft mbH	Berlin	Germany	33.3 %	34
50	Merchandising Prag spol. s.r.o.	Prague	Czech Republic	100 %	17
51	PM&S-Software GmbH	Minsk	Republic of Belarus	60 %	27
52	VG Satellit Gesellschaft zur Verwertung der Leistungsschutzrechte von Sendeunternehmen mbH	Unterföhring	Germany	100 %	26



<b>Consec. Company no.</b>		<b>Location</b>	<b>Country</b>	<b>Interest</b>	<b>Held via no.</b>
<b>Associated companies - at equity</b>					
53	GI Gesellschaft für Informationstechnologie Aktiengesellschaft	Herford	Germany	50 %	27
54	IP Multimedia [Schweiz] AG	Zurich	Switzerland	23 %	40
55	MAGIC MEDIA COMPANY TV-Produktionsgesellschaft mbH	Hürth	Germany	25.4 %	1
56	RTL/ProSieben Schweiz Fernseh AG	Zurich	Switzerland	25 %	1
57	SAT.1 Privatrundfunk und -programmgesellschaft m.b.H	Vienna	Austria	25 %	34
58	SAT.1 Schweiz AG	Zurich	Switzerland	50 %	34
59	Sport1 GmbH & Co. KG	Hamburg	Germany	25.5 %	34
60	Sport1 Verwaltungsgesellschaft mbH	Ismaning	Germany	25.5 %	34
<b>Other equity holdings</b>					
61	AFK Aus- und Fortbildungs GmbH für elektronische Medien	Munich	Germany	5 %	1
62	AFK Aus- und Fortbildungs GmbH für elektronische Medien	Munich	Germany	5 %	13
63	AFK Aus- und Fortbildungs GmbH für elektronische Medien	Munich	Germany	1 %	34
64	Deutscher Fernsehpreis GmbH	Cologne	Germany	25 %	34
65	EPS Programm Service AG	Zurich	Switzerland	20 %	44
66	LetsBuyIt.com N.V.	Amsterdam	Netherlands	16.85 %	1
67	MECOM Medien-Communications-Gesellschaft mbH	Hamburg	Germany	10 %	8
68	OBIS Gesellschaft für Online-Buchungs- und -Informationssysteme mbH	Unterföhring	Germany	20 %	39
69	OBIS Gesellschaft für Online-Buchungs- und -Informationssysteme mbH	Unterföhring	Germany	20 %	34
70	SevenX Filmverleih GmbH	Unterföhring	Germany	50 %	41
71	wetter.com AG i.Gr.	Singen	Germany	44 %	26
<small>[1] ProSiebenSat.1 Media AG holds a 100 % stake in SELCO GmbH as silent shareholder  [2] SAT.1 SatellitenFernsehen GmbH holds a 100 % stake in tv-weiß-blau Rundfunkprogrammanbieter GmbH as silent shareholder</small>					

Status: December 31, 2000

| 21:00



| 22:00



# Auditor's Opinion



## ProSiebenSat.1 Media AG and ProSiebenSat.1 Group

We have audited the financial statements of ProSiebenSat.1 Media Aktiengesellschaft, Unterföhring, taking into consideration the accounting principles, as well as the consolidated financial statements and the management report and group management report prepared by the Company for the financial year January 1 to December 31, 2000. The preparation of these statements, pursuant to German commercial law, are the responsibility of the Executive Board. It is our responsibility to express an independent opinion, based on our audit, on the financial statements, taking into consideration the accounting principles, as well as on the consolidated financial statements, the management report and group management report and to report our opinion to you.

We conducted our audit of the individual and consolidated financial statements in accordance with § 317 of the German Commercial Code [HGB] and in observance of the principles of generally accepted audit procedures laid down by the Institute of German auditors [IDW]. According to these principles, the audit must be planned and carried out so that inaccuracies and violations which may have a material impact on the presentation of the financial statements and consolidated financial statements in observance of generally accepted accounting principles, and thus on the presentation of the net assets, financial and earnings situation presented by the management report, can be recognized with reasonable certainty. During the performance of the audit procedures, information on the business activities, the Company's economic and legal environment, as well as the expectation of possible errors were considered. Within the scope of the audit, the effectiveness of the internal control system and substantiation of the accounting information in the individual and consolidated financial statements, management report and group management report were primarily assessed on the basis of random sampling. The audit includes an assessment of the accounting and consolidation principles, the legal representatives' material estimates, as well as addressing the overall presentation of the individual and consolidated financial statements, the management report and group management report. We believe that our audit embodies a well-grounded basis for our assessment.

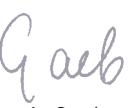
No objections have been raised on account of our audit.

It is our view that the individual and consolidated financial statements, in observance of generally accepted accounting principles, provide a true and fair view of the Company's and Group's net assets, financial and earnings position. The management and group management report provide an accurate overall presentation of the Company's and Group's situation and properly presents any risks relating to future developments.

Essen, March 7, 2001

KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft  
Wirtschaftsprüfungsgesellschaft

  
H.-J. Früh  
Certified Public Accountant

  
A. Gaeb  
Certified Public Accountant



# Supervisory Board and Executive Board



## Supervisory Board

**Dr. Dieter Hahn [Chairman]**  
Deputy Chairman at KirchHolding GmbH & Co. KG, Ismaning  
KirchPayTV GmbH & Co. KGaA, Ismaning  
Premiere Medien Beteiligungsgesellschaft mbH, Unterföhring  
Kirch New Media AG, Ismaning  
DSF Deutsches Sportfernsehen GmbH, Ismaning  
KirchMedia WM AG, Zug/Switzerland  
British Sky Broadcasting Ltd., Isleworth, Middlesex/England  
Gestevisión Telecinco, S.A., Madrid/Spain

**Thomas Kirch [Deputy Chairman]**  
Businessman, Munich  
KirchMedia GmbH & Co. KGaA, Unterföhring

**Dr. h.c. Helmut Guthardt**  
Former Chairman of the Executive Board at DG Bank AG, Frankfurt

**Dr. Ralf Kogeler**  
Member of the Executive Board at Axel Springer Verlag AG, Berlin  
MediaTransfer AG, Hamburg  
feedback AG, Regensburg  
Moser Holding AG, Innsbruck/Austria

**Prof. Dr. Hans-Joachim Mertens**  
Professor at the Johann Wolfgang Goethe Universität, Frankfurt

**Jan Mojto**  
General Manager at KirchHolding GmbH & Co. KG, Ismaning  
Mediaset S.p.A., Mailand/Italy  
KirchPayTV GmbH & Co. KGaA, Ismaning  
Gestevisión Telecinco, S.A., Madrid/Spain

**Silver:**  
Seats on Supervisory Boards and mandates at other control committees within the meaning of § 125 item 1 sentence 3 of the German Stock Corporation Act

**Dr. Klaus Piette**  
General Manager at KirchHolding GmbH & Co. KG, Ismaning  
Premiere GmbH & Co. KG, Unterföhring  
KirchPayTV GmbH & Co. KGaA, Ismaning

**Hans Reischl**  
Chairman of the Executive Board at Rewe-Zentral AG, Cologne  
MAXDATA AG, Marl  
Messe Berlin GmbH, Berlin  
R+V Allgemeine Versicherung AG, Wiesbaden  
RWE Umwelt AG, Essen  
Zürich Versicherungs-AG [Germany], Frankfurt  
BML, Vermögensverwaltungs AG, Wiener Neudorf  
Allgemeine Kreditversicherung Aktiengesellschaft, Mainz  
Commerzbank AG, Frankfurt  
Deichmann Schuhe GmbH & Co. Vertriebs KG, Essen  
KDV AG, Düsseldorf  
WestLB AG, Düsseldorf

**Gisela Schmitt**  
Member of the Management Team at Rewe-Zentral AG, Cologne

## Executive Board

**Urs Rohner [Chairman]**  
Management segment: Multimedia and Sales  
Spaltenstein Holding AG, Zurich/Switzerland  
Spaltenstein Immobilien AG, Zurich/Switzerland

**Dr. Ludwig Bauer**  
Management segment: Television  
Arbeitsgemeinschaft Fernsehforschung, Frankfurt  
Institut für Medienpädagogik in Forschung und Praxis, Munich

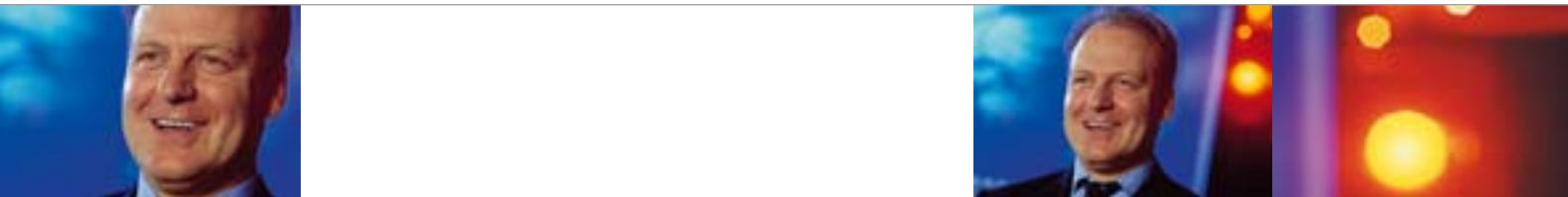
**Jürgen Doetz**  
Management segment: Media Policy and Regulation  
Verband Privater Rundfunk und Telekommunikation e.V., Bonn  
Zentralverband der deutschen Werbewirtschaft, Bonn

**Lothar Lanz**  
Management segment: Finance, Merchandising and Services  
Magic Media Company TV-Produktionsgesellschaft mbh, Hürth  
ArtMerchandising & Media AG, Unterföhring  
LetsBuyIt.com N.V., Amsterdam/Netherlands  
Areté Entertainment, Inc., Sherman Oaks, California/USA

**Claus Larass**  
Since November 2, 2000  
Management segment: Information, News and Political Programs  
Lufthansa CityLine GmbH, Cologne  
Systematics AG, Hamburg

**Dr. Georg Kofler**  
Until January 31, 2000, Chairman of the Executive Board at ProSieben Media AG  
H.O.T. Home Order Television AG, Ismaning  
H.O.T. Italia S.R.L., Rome/Italy  
Bayerische Hypo- und Vereinsbank AG, Munich

# Report of the Supervisory Board



Ladies and Gentlemen,

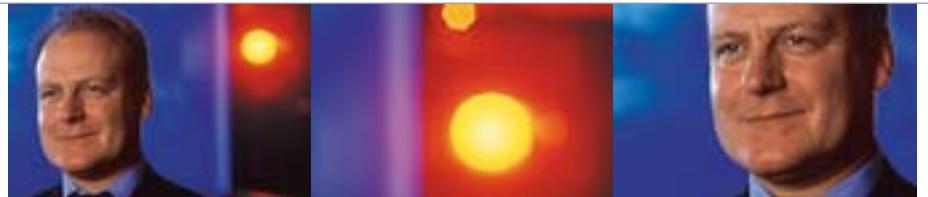
The financial year 2000 was influenced in particular by the consolidation of SAT.1 Holding GmbH and ProSieben Media AG in ProSiebenSat.1 Media AG. ProSiebenSat.1 Media AG was established on November 16, 1998 under the company name Oppenheim Aktiengesellschaft, based in Düsseldorf. The company's share capital amounted to DM 100,000. Initially, Christopher Freiherr von Oppenheim was the sole shareholder of the company and as of December 2, 1998, under a partnership agreement, Bankhaus Sal. Oppenheim jr. & Cie. KGaA. The members of the Executive Board were Johannes Josef Maret and Dr. Thomas Sonnenberg.

Under the agreement of July 4, 2000, ProSieben Media AG and SAT.1 Holding GmbH acquired all of the company's shares. The crucial decisions for the preparation of the merger between the two companies were taken at the extraordinary general meeting on July 10, 2000. The company's share capital of DM 100,000 was increased to DM 977,915 by way of a cash contribution. In addition, the share capital was converted to Euro and set at Euro 500,000, divided into 500,000 shares of no par value. Following the execution of the capital increase, ProSieben Media AG was entitled to 72 percent of the interest and SAT.1 Holding GmbH to 28 percent. Furthermore, the extraordinary general meeting on July 10, 2000, also passed a resolution to rename the company ProSiebenSat.1 Media AG, to relocate the company's registered seat to Unterföhring and to amend the articles of incorporation as well as the object of the company. The resolutions were entered in the commercial register of the lower court of Munich on August 17, 2000.

The company's Supervisory Board was made up of Hans-Detlev Bösel [Chairman], Matthias Graf von Krockow [Deputy Chairman] and Helmut Zahn. At the extraordinary general meeting on August 18, 2000, all members were recalled. At the same time, nine members were newly appointed to the Supervisory Board: Dr. Dieter Hahn, Thomas Kirch, Dr. h.c. Helmut Guthardt, Dr. Ralf Kogeler, Prof. Dr. Hans-Joachim Mertens, Jan Mojto, Dr. Klaus Piette, Hans Reischl and Gisela Schmitt. At its constituent meeting on November 2, 2000, the Supervisory Board elected Dr. Dieter Hahn as its Chairman and Mr. Thomas Kirch as Deputy Chairman.

Through the resolution adopted at the Supervisory Board meeting on 7 July 2000, Johannes Josef Maret and Dr. Thomas Sonnenberg were recalled as members of the Executive Board. Urs Rohner [Chairman], Dr. Ludwig Bauer, Jürgen Doetz and Lothar Lanz were newly appointed as members of the Executive Board. The relevant entry in the commercial register was carried out on August 17, 2000. On November 2, 2000, Claus Larass was newly appointed as a member of the Executive Board.

In the financial year 2000, the Supervisory Board and the Executive Board of the now dissolved ProSieben Media AG discussed the business performance as well as the future strategic direction of the Group in the course of five ordinary meetings. At each meeting, the Supervisory Board kept itself informed on the development of the business on a regular basis and in great detail. The Executive Board has provided the committee



with detailed verbal and written accounts of the economic development. Together, the Executive Board and the Supervisory Board discussed in detail all key strategic decisions affecting the financial year 2000. The proposed merger between SAT.1 Holding GmbH and ProSieben Media AG was discussed in detail for the first time at the meeting of the Supervisory Board on April 5, 2000. At the meeting on July 10, 2000, the Supervisory Board voted unanimously in favor of the merger.

The last meeting of the ProSieben Media AG Supervisory Board was held on September 18, 2000. With the merger coming into force on October 2, 2000, ProSieben Media AG and thus the Supervisory Board mandate were dissolved.

The 2000 financial statements of ProSiebenSat.1 Media AG and the consolidated financial statements, which were prepared in accordance with German legal reporting rules and the combined management report prepared for ProSiebenSat.1 Media AG and the Group, as well as the report by the Executive Board regarding the Company's relationship with affiliated businesses as at Dec. 31, 2000, were audited by KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Essen, and received the auditor's unqualified approval. The Supervisory Board has reviewed these documents and agrees with the result of the audit of the financial statements.

All documents relating to the financial statements as well as the KPMG audit reports were made available to the members of the Supervisory Board in good time. The documents were discussed in detail at the accounting meeting of the Supervisory Board in the presence of the auditor. In addition, the Supervisory Board has looked in detail at the report by the Executive Board regarding the company's relationship with affiliated businesses. The Supervisory Board concurs with the findings of the auditor, which verifies the accuracy of the actual information provided in the report and which determined that the consideration paid by the Company in respect of legal transactions listed on the report was neither disproportionately high nor that disadvantages have been compensated. The Supervisory Board has approved and consequently adopted the annual financial statements and the management report audited by the auditor.

The Supervisory Board would like to thank the Executive Board and all employees for their engagement and remarkable achievements during the last financial year. Their extraordinary commitment has been a significant factor in the successful completion of the merger between SAT.1 Holding GmbH and ProSieben Media AG.

Unterföhring, April 2001

On behalf of the Supervisory Board

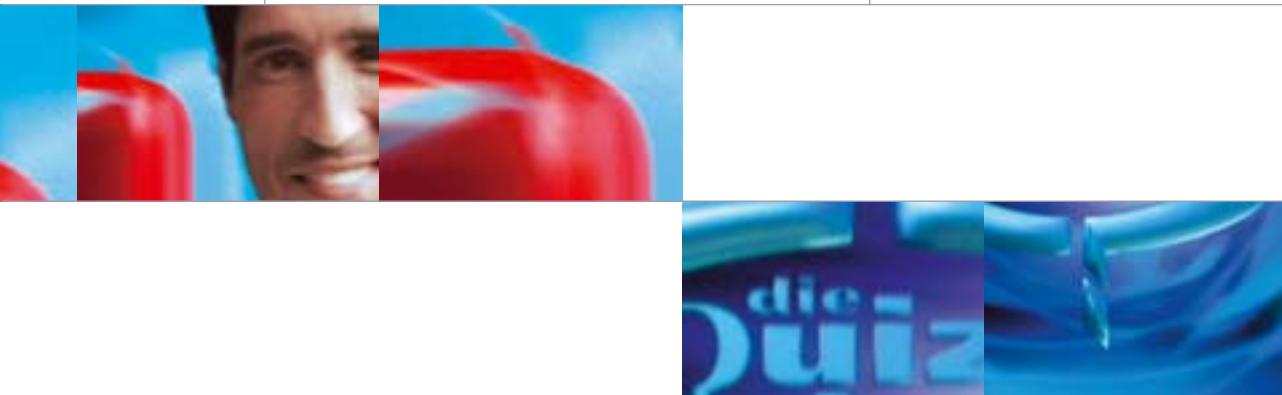
Dr. Dieter Hahn, Chairman



## Five Year Review: Consolidated Balance Sheet for ProSiebenSat.1 Media AG

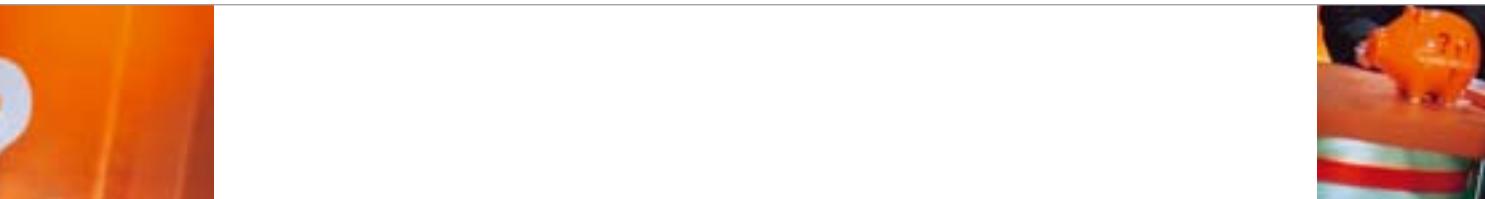


	Dec. 31, 2000 Euro '000	Change from previous year	Dec. 31, 1999 [Pro forma] Euro '000	Change from previous year
<b>Assets</b>				
<b>A. Unpaid portion of capital</b>	- / -	- / -	- / -	- / -
<b>B. Fixed assets</b>				
I. Intangible assets	62,839	-25 %	83,410	4 %
II. Tangible assets	165,536	0 %	165,810	20 %
III. Financial assets	11,572	-25 %	15,427	24 %
	239,947	-9 %	264,647	15 %
<b>C. Current assets</b>				
I. Programming assets	1,146,741	-7 %	1,238,821	-6 %
II. Inventories	3,100	41 %	2,200	-70 %
III. Receivables and other current assets	236,121	3 %	228,512	107 %
IV. Securities	27	-67 %	81	- / -
V. Cash, deposits with banks	26,753	-14 %	31,281	42 %
	1,412,742	-6 %	1,500,895	3 %
<b>D. Prepaid and deferred items</b>	7,501	96 %	3,821	22 %
<b>E. Deferred taxes</b>	8,831	4 %	8,452	-19 %
<b>Total assets</b>	<b>1,669,021</b>	<b>-6%</b>	<b>1,777,815</b>	<b>5%</b>
<b>Liabilities and shareholders' equity</b>				
<b>A. Shareholders' equity</b>				
I. Subscribed capital	194,486	1 %	192,234	0 %
II. Capital reserves	322,319	30 %	247,925	0 %
III. Participation certificates	- / -	- / -	- / -	- / -
IV. Revenue reserves	282	-99 %	40,344	- / -
V. Retained earnings/accrued deficit	38,217	19 %	32,182	20 %
VI. Difference from consolidation of capital	- / -	- / -	- / -	- / -
VII. Consolidated net income for the year	92,618	14 %	81,053	1 %
VIII. Minority interests	-686	-302 %	340	-201 %
	647,236	9 %	594,078	9 %
<b>B. Accrued liabilities</b>	154,980	-15 %	183,146	72 %
<b>C. Liabilities</b>	865,499	-13 %	998,604	-4 %
<b>D. Deferred items</b>	1,306	-34 %	1,987	-8 %
<b>Total liabilities and equity</b>	<b>1,669,021</b>	<b>-6%</b>	<b>1,777,815</b>	<b>5%</b>



	Dec. 31, 1998 [Pro forma] Euro '000	Change from previous year	Dec. 31, 1997 [Pro forma] Euro '000	Change from previous year	Dec. 31, 1996 [Pro forma] Euro '000
- / -	- / -		1,386	0 %	1,386
79,962	-17 %	96,633		-14 %	112,464
137,968	25 %	110,224		12 %	98,070
12,403	511 %	2,029		-57 %	4,758
230,333	10 %	208,886		-3 %	215,292
1,315,380	-3 %	1,353,867		-3 %	1,402,538
7,435	772 %	853		-70 %	2,830
110,238	3 %	107,131		-23 %	138,818
- / -	- / -	- / -		- / -	- / -
21,961	-52 %	45,588		175 %	16,575
1,455,014	-3 %	1,507,439		-3 %	1,560,761
3,143	-61 %	8,159		2 %	7,992
10,420	43 %	7,277		- / -	- / -
<b>1,698,910</b>	<b>-2%</b>	<b>1,733,147</b>		<b>-3%</b>	<b>1,785,431</b>
191,734	0 %	191,734		67 %	115,041
247,925	0 %	247,925		547 %	38,296
- / -	- / -	- / -		- / -	76,694
- / -	- / -	- / -		- / -	- / -
26,765	173 %	9,788		-114 %	-69,732
39	86 %	21		0 %	21
80,322	160 %	30,935		-62 %	80,364
-335	-138 %	891		-21 %	1,126
546,450	14 %	481,294		99 %	241,810
106,211	-46 %	198,093		21 %	163,870
1,044,094	-1 %	1,052,930		-24 %	1,378,564
2,155	160 %	830		-30 %	1,187
<b>1,698,910</b>	<b>-2%</b>	<b>1,733,147</b>		<b>-3%</b>	<b>1,785,431</b>

# Five Year Review: Consolidated Statement of Income for ProSiebenSat.1 Media AG



	2000 Euro '000	Change from previous year	1999 [Pro forma] Euro '000	Change from previous year
1. Revenues	2,155,218	7 %	2,018,208	7 %
2. Inventory increase/decrease	45	-157 %	-79	316 %
3. Other operating income	66,927	-25 %	89,274	75 %
4. Total	2,222,190	5 %	2,107,403	8 %
5. Programming and material costs	-1,380,050	0 %	-1,385,967	8 %
6. Personnel expenses	-219,570	18 %	-185,943	10 %
7. Amortization and depreciation	-63,014	20 %	-52,494	14 %
8. Other operating expenses	-263,282	10 %	-239,171	4 %
<b>Total items 5 to 8</b>	<b>-1,925,916</b>	<b>3%</b>	<b>-1,863,575</b>	<b>8%</b>
9. Operating result	296,274	22 %	243,828	11 %
10. Capital investment income	-1,015	370 %	-216	-53 %
11. Income from interest	-38,559	-9 %	-42,222	-7 %
12. Other financial income	-23,918	705 %	-2,971	133 %
13. Financial result	-63,492	40 %	-45,409	-4 %
14. Income from ordinary business activities	232,782	17 %	198,419	15 %
15. Extraordinary result	-27,384	- / -	- / -	- / -
16. Pre-tax income	205,398	4 %	198,419	15 %
17. Taxes on income	-113,958	21 %	-94,277	10 %
18. Other taxes	-543	-91 %	-5,778	-3078 %
19. Costs incurred under profit transfer agreements with dormant partners	- / -	- / -	-18,216	148 %
20. Net income for the year	90,897	13 %	80,148	0 %
21. Minority interest	1,721	90 %	905	-90600 %
<b>22.Consolidated net income for the year</b>	<b>92,618</b>	<b>15%</b>	<b>81,053</b>	<b>1%</b>



[Pro forma] Euro'000	Change from previous year	1997 [Pro forma] Euro'000	Change from previous year	1996 [Pro forma] Euro'000
1,894,007	5 %	1,804,879	5 %	1,721,081
-19	-84 %	-118	-120 %	583
50,888	36 %	37,395	-38 %	60,430
1,944,876	6 %	1,842,156	3 %	1,782,094
-1,280,607	0 %	-1,276,299	1 %	-1,260,322
-168,418	3 %	-162,970	18 %	-137,857
-46,133	-3 %	-47,361	-10 %	-52,750
-229,451	-10 %	-255,557	24 %	-205,358
<b>-1,724,609</b>	<b>-1%</b>	<b>-1,742,187</b>	<b>5%</b>	<b>-1,656,287</b>
220,267	120 %	99,969	-21 %	125,807
-459	-226 %	364	25 %	292
-45,377	-11 %	-51,272	7 %	-47,933
-1,276	-42633 %	3	-100 %	-1,810
-47,112	-7 %	-50,905	3 %	-49,451
173,155	253 %	49,064	-36 %	76,356
- / -	- / -	- / -	- / -	- / -
173,155	253 %	49,064	-36 %	76,356
-85,669	14 %	-75,479	1506 %	-4,699
194	-105 %	-4,240	75 %	-2,423
-7,357	-112 %	61,355	449 %	11,184
80,323	162 %	30,700	-62 %	80,418
-1	- / -	235	-535 %	-54
<b>80,322</b>	<b>160%</b>	<b>30,935</b>	<b>-62%</b>	<b>80,364</b>



# Glossary and Index



Listed here are the most important terms and designations with reference to selected page numbers, including a short explanation of specific terminology.

**Accruals** 20, 88, 92, 101, 108cont, 112f, 118, 128

**Advertising investments** 33, 65

Gross advertising investments show the cost to the advertiser for a pure advertising placement, excluding production costs. The commission paid to agencies and potential bulk discounts for clients are not taken into account. In Germany, these costs are ascertained by AC Nielsen, an advertising research company, and are calculated on the basis of the number of spots booked, multiplied by the appropriate list price for the placement. Net advertising investments represent the actual billings of the media. Figures are published in May each year by the German advertising association [ZAW] and are based on information provided by the stations voluntarily. In order to establish the net advertising investments, agency commission as well as any bulk discounts are deducted from the gross advertising investments.

**Amortization and depreciation** 18, 89, 91, 93, 95, 100cont., 115, 117f

**Annual general meeting** 33, 40, 51, 106, 108f, 126

**ArtMerchandising & Media** 27, 73f, 120, 129

**Balance sheet total** 1, 20f, 128

**Bavarian Authority for New Media [IBLM]** 82

**Broadband** 65, 70f

High-speed, high-performance transmission technology, which allows simultane-

ous transmission of different types of signals [voice, data, pictures, etc.]. In the first half of 2001, the ProSiebenSat.1 Group will launch its pilot project - N24 Broadband. This will be the first trial of synchronously displaying interactive applications and moving images on the Internet. [→ Live streaming]

**Capital to asset ratio** 1, 20f

**Cash flow, Cash flow per share** 1, 18, 42, 118

Cash flow shows the financial surplus generated in the current financial year. Cash flow is calculated from the net income of the year, plus amortization and depreciation and changes to accruals. To calculate the cash flow per share, the cash flow is divided by the number of shares.

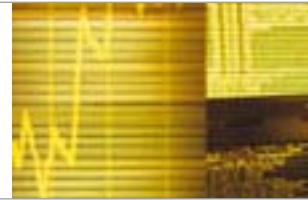
**CM Community Media** 15, 26, 68, 120

**Commission for the assessment of concentration in the media sector [KEK]** 46, 51

Since January 1, 1997, KEK has been responsible for the control of concentration of German television companies. Members of the commission include six experts in broadcasting and business law, who have been appointed by the minister-presidents of the German federal states.

**Community TV** 68

A medium utilized by so-called communities, meaning user groups sharing similar interests. The TV offering of the ProSiebenSat.1 Group → e:max, is a digital point-of-sale medium, which is transmitted via satellite to places such as discotheques, fitness studios and restaurant chains. Because program content can be downloaded from a computer workstation and can be mixed as required, e:max has been clas-





sified as a tele-service rather than a television station in terms of media type.

#### **Consolidated cash flow statement** 118

#### **Corporate Sponsorship** 82

Effective tool for companies to demonstrate social commitment. The ProSiebenSat.1 Group combines its corporate sponsorship activities under the motto 'Act don't protract', whereby sponsorship of media skills is given top priority.

#### **Current assets** 20f, 88, 92, 101, 128

ddp 3, 15, 28, 30, 78, 114, 120

#### **Deferred taxes** 20, 88, 106, 128

#### **Dividend** 1, 14, 22, 42f, 109, 118

The distribution of earnings paid out by a public company for each share. Dividends are recommended by the → Executive Board and the → Supervisory Board and approved by the shareholders at the annual general meeting.

#### **Dividend yield** 1, 42

The dividend yield is calculated by dividing the → dividend by the share price and subsequently multiplying the sum by a factor of 100. It represents the dividend distributed in terms of a percentage of the amount distributed at the current market price.

#### **EBIT** [Earnings before interests and taxes] 1, 18

Ratio commonly used in the United States, which represents the net income for the year before taxes and interest.

#### **EBITDA** [Earnings before interests, taxes, depreciation and amortization] 1, 18

Operating profit before financial income and expenses and before tax expenditure

[→ EBIT], plus depreciation of tangible fixed assets and amortization of intangible assets. Depreciation and amortization together equal the operating cash flow which is also used as a performance measure for a company's earnings power.

#### **E-commerce** 26, 30, 49, 68

Trading over the → Internet. In addition to selecting goods and services → online, customer orders and payments can also be handled electronically. The ProSiebenSat.1 Group is increasingly financing its multimedia activities through e-commerce, in addition to advertising.

#### **Employees** 1, 4, 8cont., 30, 32, 56, 59, 61f, 68, 73cont., 76, 78f, 114, 118, 126

#### **Equity** 1, 20f, 88, 92, 100f, 103, 106, 128

#### **e:max** 26, 68

#### **EU television directive** 14

The EU television directive of October 3, 1989, last amended in June 1997, determines the minimum standard of the regulations governing German commercial television. In particular the advertising rules set out in the → State Broadcasting Treaty, such as the maximum duration of advertising time and the number of commercials that can be shown during programs, are stipulated in the directive. The television directive can only be tightened or made more precise but can not liberalized through German legislation.

#### **Executive Board** 2, 18cont., 32f, 43, 50f, 72, 108f, 119, 124f

#### **Fixed assets** 20, 88, 90, 92, 94, 100, 102f, 115, 117f, 128



**GfK Fernsehforschung** [television research] 24, 25, 29, 56, 58, 63, 65

Subsidiary of 'GfK Gesellschaft für Konsumforschung' [GfK, association of consumer research]. GfK Fernsehforschung has been conducting research on television use in Germany since 1985, with the aid of electronic measuring sets. With 5,200 current panel households - representing around 71.67 million people from the age of three - and usage values tailored to individual viewers, it represents the largest and most accurate television audience research in Europe. As of 2001, the panel will also take into account viewers in the rest of Europe.

#### Group revenues 18

**Internet** 13, 18, 26, 28, 30f, 34, 44f, 49, 54, 64, 68, 70cont., 78

Data network which can be accessed from anywhere in the world. The Internet offers a vast array of information and entertainment. The most important platform is the World Wide Web [www]. [→ Online]

**Kabel 1** 3, 8, 12cont., 20, 22, 24cont., 30, 32cont., 60cont.

**LetsBuyIt.com** 15, 18, 27, 117, 122, 125

#### Live streaming 68cont.

Opportunity for live broadcasts on the Internet. N24 Online shows the television program of N24 in live streaming mode. [→ Broadband]

**Main evening program** → Prime-time 54cont.

#### Market capitalization 42, 43

Market capitalization describes the valuation of a public company on the stock exchange and is calculated by multiplying the current share price by the number of shares.

**Market share, TV** 12, 24f, 27, 29, 33, 37, 54, 56cont., 71

In television, the share of viewing time for a station or a program, based on the total viewing time of all viewers or a particular target group during the viewing time, expressed in percentage terms. In Germany, television market shares are verified by the television research company → GfK Fernsehforschung.

#### MDAX 40cont.

After the DAX, the most important share index in Germany. The MDAX includes the top 70 companies listed on the stock exchange after the 30 companies listed in the DAX. Market capitalization and the turnover of the company's shares on the stock exchange are the key criteria for inclusion in the MDAX. On October 13, 2000, the newly formed ProSiebenSat.1 Media AG took the place of the ProSieben Media AG shares in the MDAX.

#### MediaGruppe Digital 26, 120

#### Merchandising , 8f, 10, 12, 14, 18, 26cont.,

30, 37, 49, 73cont., 80, 120f, 125

Term used in the media sector to describe a marketing concept by which the awareness and image of popular TV personalities and brands are transferred to products. → MM Merchandising München, a subsidiary of ProSiebenSat.1 Media AG, operates in this business segment. The company owns licensing rights in the area of cartoon classics, top brands and the arts.

**Merger** 8, 15, 18, 31, 33, 40, 46f, 50f, 106cont., 126f

Amalgamation of two or more previously independent companies. A merger can be performed through absorption or by way of a new business start-up. In Germany, mergers between larger organizations must be reported to the national anti-trust authority.



**MM Merchandising München** 3, 27, 30, 73f, 120

ders: KirchMedia GmbH & Co. KGaA and Axel Springer Verlag AG.

**Multimedia** 2, 4, 8cont., 12cont., 18, 26, 28, 30f, 37, 68, 70cont., 78, 80, 105, 114, 122, 125

Computer based applications, which combine pictures, data and sound. Applications generally also support interactive dialog between users.

**N24** 3, 8, 10, 13cont., 18, 22f, 25f, 30f, 35f, 45, 47f, 56, 68, 70cont., 80, 100, 105, 111, 114, 120

**Net income for the year** 1, 18, 42, 88f, 92, 101, 128, 130

**Net reach** 54cont.

Users of a particular medium or several different media, expressed in terms of millions or as a percentage, who have been reached at least once. In television, this actual 'hard' value, compared to gross reach, relates to the cumulative number of viewers or teletext users, who have watched television or utilized the teletext services within a particular time interval for an average of at least one minute without interruption, on one particular day during the viewing period [e.g. one month].

**Online** 3, 13, 26, 28, 30f, 65, 70cont., 75, 78, 122

General term used for a permanent two-way connection between the sender and the recipient, using a medium. Nowadays though, the term 'online' is mainly used to describe connections between computers on the → Internet.

**Ordinary shares** 2, 14, 22, 43f, 47, 107cont., 119

Ordinary shares with voting rights [→ preference shares]. ProSiebenSat.1 Media AG currently has two ordinary sharehol-

**PageImpressions** 26, 57cont.  
See → Page accesses.

**Page accesses** 26, 68

Important criteria to analyze the reach of online services. Synonymous with → Page impressions. Measures the number of visible contacts for a particular page of an online service on the Internet.

**Personnel expenses** → Wages and salaries 114, 130

**Preference shares** 2, 14, 22, 42f, 47, 107cont.

Compared to → ordinary shares, preference shares have special preferential rights; for example, they can be vested with a higher → dividend. Voting rights are not normally granted. At ProSiebenSat.1 Media AG, each preference share receives a dividend of Euro 0.02 more than the dividend paid for each equivalent ordinary share.

**Price to cash flow ratio** 42

The share price to cash flow ratio is calculated by dividing the market rice of each share by the → cash flow per share.

**Price to earnings ratio** 42

Share price divided by the profit per share. The ratio shows how often the earnings - following adjustments to the → result in accordance with DVFA/SG - have been included in the share price.

**Prime-time** 54cont.

The main viewing time on television. In Germany, this generally refers to the time between 8.00 PM and 11.00 PM.

<b>Profit to sales ratio</b> 1, 8, 10, 18, 22f, 37, 56, 59, 61	<b>Revenues</b> 1, 89, 113, 130 [→ Group revenues]	<b>Supervisory Board</b> 2, 10, 12, 51, 72, 109, 119, 125cont.
<b>Program investments</b> 21, 54cont.	<b>Share capital</b> 2, 46f, 106cont., 126	<b>SZM Studios</b> 31, 76, 80, 105, 121
<b>Programming assets</b> 1, 20cont., 47, 88, 102, 104, 112cont., 118, 128 Programming assets include feature films, series and commissioned productions as well as deposits paid. Feature films and series are included in the programming assets at the start of the contractual licensing period, commissioned productions are capitalized as programming assets ready for broadcasting after completion, which coincides with the date of acceptance.	<b>Share price</b> 40cont., 63 <b>SAT.1</b> 3, 8cont., 22, 25f, 30cont., 35, 56cont., 75 <b>SevenOne Club &amp; Shop</b> 27f, 30, 73, 75 <b>SevenOne Interactive</b> 65, 68 <b>SevenOne Media</b> 3, 25, 51, 64, 82, 111, 121 <b>SevenOne Media Austria</b> 64 <b>SevenOne Media [Switzerland]</b> 64, 101 <b>SevenSenses</b> 28, 31, 79 121 <b>Small caps</b> 44 <b>SMS</b> [Short Message Service] 71	<b>Target audience</b> 25, 27, 29, 33, 37, 49, 54, 56, 58cont., 64f, 71 Specific segments of the population to whom a program or an advertising campaign is directed. The most commonly used criteria are socio-demographic: gender, age, education and income.
<b>ProSieben</b> 3, 8cont., 21cont., 25, 27, 34f, 59cont.	<b>SevenOne Interactive</b> 65, 68 <b>SevenOne Media</b> 3, 25, 51, 64, 82, 111, 121 <b>SevenOne Media Austria</b> 64 <b>SevenOne Media [Switzerland]</b> 64, 101 <b>SevenSenses</b> 28, 31, 79 121 <b>Small caps</b> 44 <b>SMS</b> [Short Message Service] 71	<b>Tax rate</b> 1
<b>ProSieben Club &amp; Shop</b> → <b>SevenOne Club &amp; Shop</b> 75	<b>SevenOne Media</b> 3, 25, 51, 64, 82, 111, 121 <b>SevenOne Media Austria</b> 64 <b>SevenOne Media [Switzerland]</b> 64, 101 <b>SevenSenses</b> 28, 31, 79 121	<b>Technical coverage</b> Number of households in percentage terms able to receive a specific channel. Television programs can be received via terrestrial services, via cable or satellite. Almost 13 percent of all television households in Germany use terrestrial reception, around 56 are already connected to the cable network and approximately 31 percent receive their television programs via satellite [growing trend].
<b>ProSieben Digital Media</b> 3, 13, 15, 26, 28, 30f, 68, 72, 78, 120	<b>Small caps</b> 44 <b>SMS</b> [Short Message Service] 71	<b>Teletext</b> 26f, 30, 64f, 68, 71, 82 Television stations use free airways to transmit teletext signals, which are displayed as a kind of electronic newspaper on the television screen. Teletext can be used as an information and service medium to support specific programs, as well as an advertising vehicle.
<b>Restricted registered shares</b> 2, 108 Shares registered by name, which can only be transferred with the agreement of the public company. In accordance with German media law, ProSiebenSat.1 Media AG → ordinary shares are all registered.	<b>State Broadcasting Treaty</b> 14 The specific framework in which commercial television operates is laid out in the State Broadcasting Treaty of the states [Länder]. Rules covering advertising, sponsorship, the protection of minors and program content influence the daily appearance of television programs.	<b>WAP</b> [Wireless Application Protocol] 65, 71 Protocol used for the preparation of Internet pages specifically for display on mobile phones. The integrated browser currently does not display any graphics or animated objects.
<b>Result in accordance with DVFA/SG</b> 1, 42 Ratio devised by 'Deutschen Vereinigung für Finanzanalyse und Assetmanagement' [German association of financial analysts and asset managers DVFA] and 'Schmalenbach Gesellschaft - Gesellschaft für Betriebswirtschaft' [German association for business administration, SG], to calculate the profit per share, after adjustment for exceptional income, based on the net income for the year. ProSiebenSat.1 Media AG uses the latest method of calculation laid down by the DVFA/SG methods commission.	<b>Statement of income</b> 89, 93, 98, 101f, 130	<b>Wages and salaries</b> 114