

Group Structure

The ProSieben Group's Business Segments	Activities	Important Subsidiaries
Television	<ul style="list-style-type: none"> ■ Commercial Television ■ Production ■ Film Distribution 	<ul style="list-style-type: none"> ■ ProSieben ■ Kabel 1 [100%] ■ N24 [100%]* ■ SevenPictures [100%] ■ SevenX [50%]
Multimedia	<ul style="list-style-type: none"> ■ Internet ■ Teletext ■ E-Commerce ■ Community-TV ■ News Agency ■ Foreign Advertising Windows 	<ul style="list-style-type: none"> ■ ProSieben Digital Media [100%] ■ LetsBuyIt.com [25,1%] ■ CM Community Media [76%] ■ ddp [100%] ■ MediaGruppe Schweiz [98%] ■ MediaGruppe Austria [100%]
Merchandising	<ul style="list-style-type: none"> ■ Merchandising ■ Viewers' Club 	<ul style="list-style-type: none"> ■ MM Merchandising München [100%] ■ ArtMerchandising & Media [70%] ■ ProSieben Club & Shop [100%]
Services	<ul style="list-style-type: none"> ■ Advertising Sales ■ Studios ■ Logistics ■ Creative Design 	<ul style="list-style-type: none"> ■ MediaGruppe München [100%] ■ MediaGruppe Digital [100%] ■ SZM Studios [100%] ■ ProSieben Information Service [100%] ■ SevenSenses [100%]

* After equity investment by F.A.Z. GmbH: 74.9 percent
Status: March 31, 2000

Key Figures of the Business Segments

			1999	1998	Change
Television	External revenues	[DM millions]	1,984	1,871	6%
	Internal revenues	[DM millions]	9	12	-25%
	Total revenues	[DM millions]	1,993	1,883	6%
	Operating profit	[DM millions]	345	320	8%
	Employees*		683	653	5%
ProSieben	Total revenues	[DM millions]	1,643	1,596	3%
	Pre-tax income	[DM millions]	343	326	5%
Kabel 1	Total revenues	[DM millions]	373	309	21%
	Pre-tax income	[DM millions]	47	19	147%
Multimedia	External revenues	[DM millions]	82	50	64%
	Internal revenues	[DM millions]	3	2	50%
	Total revenues	[DM millions]	85	52	63%
	Operating profit	[DM millions]	4	13	-69%
	Employees*		226	76	197%
Merchandising	External revenues	[DM millions]	39	30	30%
	Internal revenues	[DM millions]	7	9	-22%
	Total revenues	[DM millions]	46	39	18%
	Operating profit	[DM millions]	11	4	175%
	Employees*		59	43	37%
Services	External revenues	[DM millions]	19	17	12%
	Internal revenues	[DM millions]	225	188	20%
	Total revenues	[DM millions]	244	205	19%
	Operating profit	[DM millions]	21	17	24%
	Employees*		806	613	31%

* Full-time equivalent positions as at December 31.

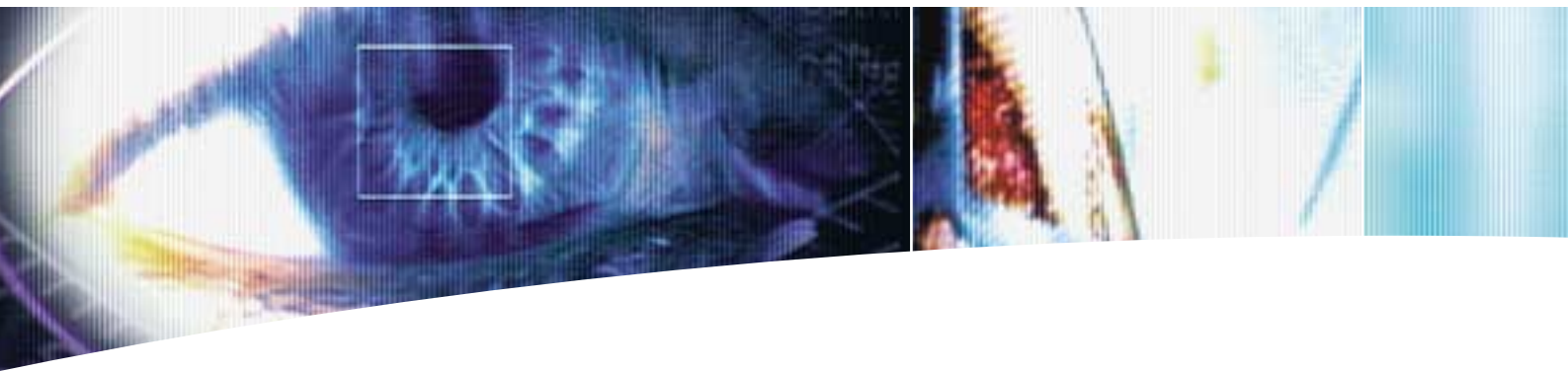
Key Figures of the ProSieben Group

Consolidated Financial Statement	1995	1996	1997	1998	1999	Change from pre- vious year
Revenues [DM millions]	1,466	1,692	1,862	1,968	2,123	8 %
Pre-tax income [DM millions]	111	178	254	317	340	7 %
Net income for the year [DM millions]	96	169	104	153	157	3 %
EBIT [DM millions]	153	228	298	354	378	7 %
Cash flow in accordance with DVFA/SG [DM millions]	831	1,041	950	1,026	1,011	-1 %
Result in accordance with DVFA/SG ¹ [DM millions]	97	170	111	153	157	3 %
Balance sheet total [DM millions]	1,874	1,972	1,992	1,877	1,964	5 %
Equity [DM millions]	164	334	796	922	1,012	10 %
Capital to asset ratio	9 %	17 %	40 %	49 %	52 %	6 %
Pre-tax return on equity	68 %	53 %	32 %	34 %	34 %	0 %
Pre-tax return on revenues	8 %	11 %	14 %	16 %	16 %	0 %
Programming assets [DM millions]	1,253	1,426	1,452	1,428	1,333	-7 %
Programming assets/balance sheet total	67 %	72 %	73 %	76 %	68 %	-11 %
Net financial debts [DM millions]	535	818	454	362	193	-47 %
Dividends ² [DM]	-	-	0.60	2.00	2.30	15 %
Dividend return						
- inclusive of tax credit	-	-	2.0 %	3.7 %	2.9 %	-22 %
- exclusive of tax credit	-	-	1.4 %	2.6 %	2.0 %	-23 %
Tax rate						
- ProSieben Media AG	7.4 %	2.4 %	51.6 %	51.4 %	51.3 %	0 %
- ProSieben Group	13.4 %	4.8 %	58.8 %	51.7 %	54.4 %	5 %
Employees as at Dec. 31 ³	973	1,497	1,367	1,385	1,774	28 %

¹ In accordance with new method of calculation laid down by DVFA/SG; previous years adjusted

² Dividend per preference share; eligible for dividend in 1997: July 1 - Dec. 31

³ Full-time equivalent posts as of 1996



At a Glance

ProSieben Media AG

Subscribed capital: DM 175 million
[35 million denomination shares]

Ordinary shares

[restricted registered shares]

DM 87.5 million
[17.5 million denomination shares]

Ownership Structure:

58.4 % KirchMedia GmbH & Co. KGaA
41.6 % Rewe-Beteiligungs-Holding
National GmbH

Preference shares

[bearer shares]

DM 87.5 million
[17.5 million denomination shares]

Ownership Structure:

100 % free float

Executive Board

Urs Rohner [Chairman]

Born 1959 in Zurich, Switzerland;
Member of the Executive Board
since January 1, 2000; Chairman
of the Executive Board since
February 1, 2000; Management
segment: Multimedia

Dr. Ludwig Bauer

Born 1957 in Freyung; Member of the
Executive Board since July 1, 1999;
Management segment: Television

Lothar Lanz

Born 1948 in Bihlalingen; Member of
the Executive Board since 1996;
Management segment: Finance,
Merchandising and Services

Dr. Georg Kofler

Born 1957 in Bruneck/Italy; General
Manager since 1988; Chairman
of the Executive Board since 1995
[until January 31, 2000]

Michael Wölfle

Born 1950 in Wolkenstein; Member
of the Management Team since 1989;
Member of the Executive Board
since 1995 [until October 31, 1999]

Supervisory Board

Hans Reischl [Chairman]

Member of the Supervisory Board
since 1996; Chairman of the Executive
Board at Rewe-Zentral AG, Cologne

Thomas Kirch [Deputy Chairman]

Member of the Supervisory Board
since 1995; Businessman, Munich

Dr. h.c. Helmut Guthardt

Member of the Supervisory Board since
1995; Former Chairman of the Executive
Board at DG Bank, Frankfurt

Prof. Dr. Hans-Joachim Mertens

Member of the Supervisory Board since
1995; Professor at the Johann Wolfgang
Goethe University, Frankfurt

Alfred Möckel

Member of the Supervisory Board since
July 7, 1999; Member of the Executive
Board at BHF-Bank AG, Frankfurt

Gisela Schmitt

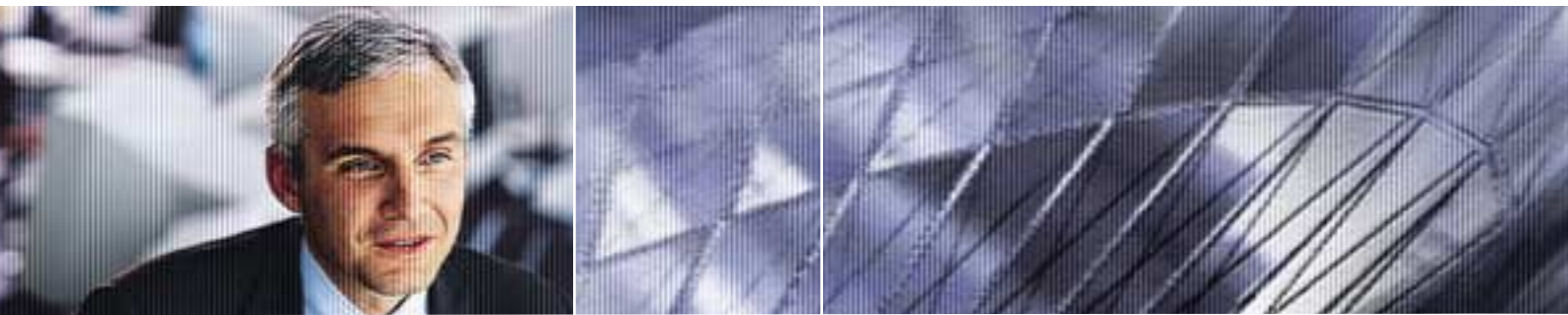
Member of the Supervisory Board
since 1996; Member of the Management
Team at Rewe-Zentral AG, Cologne

Wolfgang Strutz

Member of the Supervisory Board
since 1995; Former Speaker of the
Executive Board at BHF-BANK AG,
Frankfurt [until July 7, 1999]

ProSieben Corporate History

January 1989	ProSieben Television GmbH goes on air
February 1992	Kabel 1 starts broadcasting. ProSieben holds 45 percent of the shares
July 1992	Formation of MediaGruppe München
January 1993	Formation of SZM Studios
July 1994	Launch of ProSieben Text
November 1995	ProSieben acquires the remaining 55 percent of shares in Kabel 1
December 1995	ProSieben Television GmbH is transformed into a stock corporation [Aktiengesellschaft]
February 1996	ProSieben and Kabel 1 are granted new broadcasting licenses
March 1996	ProSieben takes over Merchandising München
April 1996	ProSieben Digital Media is founded and ProSieben Online launches on the Internet
July 1996	ProSieben Television AG is renamed ProSieben Media AG
July 1997	ProSieben is listed on the stock exchange
November 1997	Shareholder and financial information is published on the Internet ['www.ProSieben.com']
July 1998	ProSieben acquires majority interest in the multimedia company CM Community Media
December 1998	ProSieben takes over the news agency ddp
June 1999	The news channel N24 is granted a nation-wide broadcasting licence
July 1999	ProSieben acquires a stake in the European e-commerce company LetsBuyIt.com
January 2000	The news channel N24 starts broadcasting



“As Markets Change, Companies Need to Act”

Dear Shareholders and Business Partners,

As new Chairman of the Executive Board at ProSieben Media AG, I am delighted to present you with the annual report for the 1999 financial year, which yet again shows record results for our media company. In the last financial year, the ProSieben Group's revenues rose by DM 155 million to DM 2.123 billion. This represents an increase of eight percent. The company was able to improve its income before taxes by seven percent to DM 340 million. In a year which saw considerable investments in the set up of the news channel N24 and the expansion of the multimedia business segment, the ProSieben Group's pre-tax return on revenues nevertheless remained unchanged to the previous year at 16 percent. Once again, these record results distinguish the ProSieben Group as a growth company with substance. We are particularly pleased that all of the company's business segments made a positive contribution to the income. ProSieben and Kabel 1 were able to further extend their leading position in the German television market. The ProSieben Group has also made considerable progress in its transition from a media to a multimedia company: the highest level of growth was recorded by the multimedia segment, which achieved a 63 percent increase in revenues.

For the ProSieben Group, 1999 was a year full of good news. The launch of our news channel N24 on January 24, 2000 was the culmination of eleven months of intensive effort in the set up and development of our third channel. The nation-wide expansion of the news agency ddp also went as planned. The first regional services in the western federal states as well as a state-of-the-art picture library and graphics service became operational in the first quarter of 2000. At the same time, we have accelerated our efforts in the multimedia integration of all our media. N24 is a good example. Right from the start, the news channel has positioned itself in the market as a multi-channel platform. The N24 brand stands for news and business information, 24 hours a day – on television, on the Internet and on teletext. In addition, N24 offers digital text-based news, for instance for mobile phones via SMS and the latest WAP technology for the Internet.

The good news of 1999 most certainly also lies in the performance of our share. In 1999, the price of the ProSieben share increased by 40 percent, with a closing price for the year of € 57.70. We are pleased to report that this positive development has continued in the first months of the new year. ProSieben is persisting in its aim to further increase the value of our media company and, in the interest of all shareholders, to position the ProSieben share as an attractive, long-term investment on the capital market. The potential of our shares has not been fully realized yet.

During the course of the last financial year, the Executive Board at ProSieben Media AG underwent several changes. Dr. Ludwig Bauer, previously General Manager at Kabel 1, joined the Executive Board on July 1, 1999. Dr. Bauer is responsible for the business segment Television. After ten years with the ProSieben Group, Michael Wölfle, Member of the Executive Board and responsible for Advertising Sales and Multimedia, left the company on October 31, 1999 to set up his own business. We would like to thank him for his achievements, which, over the last ten years, greatly contributed to the success of our media company and in particular to that of MediaGruppe München.



On January 31, 2000, Dr. Georg Kofler, Chairman of the Executive Board, also left the ProSieben Group to set up his own independent media company. Dr. Kofler founded ProSieben in 1988 and transformed the business from a single television station into a successful group of companies for audio-visual media. We are indebted to Dr. Kofler for his outstanding contribution, which took the company from its origins to the success of the ProSieben Group today.

The start of the year 2000 has opened up a number of interesting new options for the ProSieben Group. On January 1, 2000, Thomas Kirch, who owned 58.4 percent of the ordinary shares of ProSieben Media AG, transferred his shareholding to KirchMedia GmbH & Co. KGaA. For the first time ever, this presents us with an opportunity of working more closely with the television stations of the Kirch Group, SAT.1 and DSF, and to benefit from the synergies created through closer co-operation. Over the next few months, we will carefully review all options available to the ProSieben Group within the framework of this collaboration.

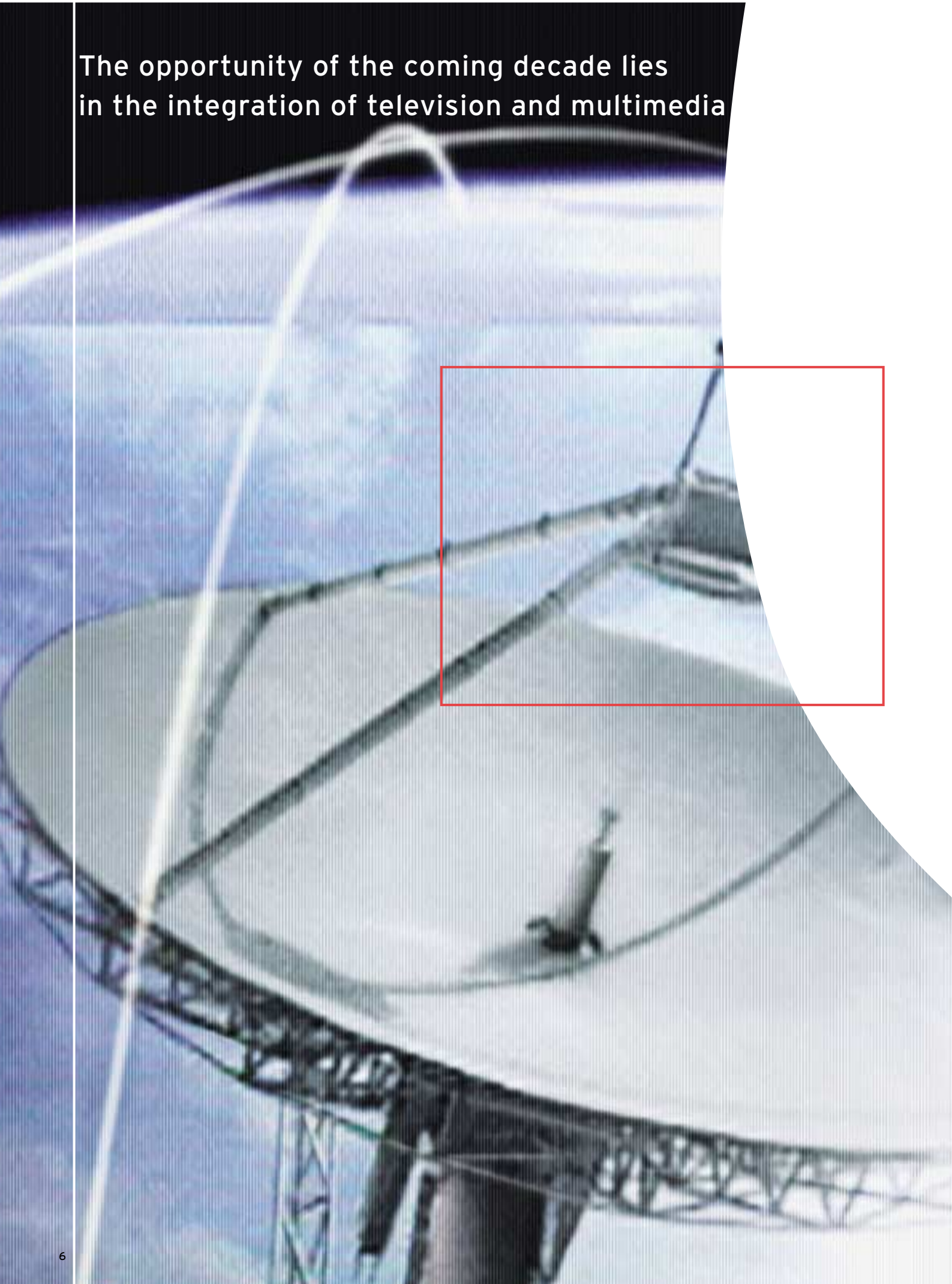
The ProSieben Group fulfils all the necessary requirements to further extend its leading position in the German media market in the future. Already now it is apparent that PCs and the Internet are becoming everyday media. As markets change, companies need to act. The biggest entrepreneurial challenge the ProSieben Group faces in the next few years will be to forge a link between the traditional television business and the new multimedia markets. We will face this challenge and diligently exploit the opportunities presented to us.

Yours sincerely

A handwritten signature in black ink, appearing to read 'U Rohner'.

Urs Rohner
Chairman of the Executive Board

The opportunity of the coming decade lies
in the integration of television and multimedia



“To Increase the Value of the Company Long-term”

What are your objectives as new Chairman of the Executive Board at ProSieben Media AG?

Urs Rohner: The ProSieben Group has built a very solid foundation to ensure continued growth, thanks to my predecessor's company policy of long-term success. The company's market position, capital resources and earning power are all well above the industry average. It is my task to further increase the added value in our television, multimedia and merchandising business segments and to maintain the clear course of expansion of the last few years. In my view, the biggest entrepreneurial opportunity for the ProSieben Group lies in the integration of the traditional television business and the new multimedia markets. Together with my fellow members of the Executive Board, I intend to consistently realize this opportunity. The ProSieben Group's shareholders can be assured that our entire company policy is aimed at increasing the value of their company long-term.

The news channel N24 currently reaches only around 30 percent of all television households in Germany. How do you intend to increase the technical reach?

Dr. Ludwig Bauer: We have submitted applications to all regional media authorities in Germany for the distribution of N24 over cable networks and we are in direct negotiations with the privately owned cable network operators regarding the inclusion of our third channel in their networks. Although the cable networks are fully subscribed all round, we have been shown a great willingness to co-operate. Added to this, information programs like N24 are, to a certain degree, given preferential treatment in terms of distribution as they help shape political opinion in many different ways. In this respect, we are confident that we will be able to increase the technical reach of N24 as planned to around 70 percent of all German television households within the next four years. N24 has also been well received by the viewers. In households currently able to receive N24 the channel is already achieving higher levels of acceptance than for instance CNN International, BBC World or Euronews.



What level of start up losses will be incurred for N24 in the financial year 2000?

Lothar Lanz: The channel has been allocated a total budget of around DM 120 million for the year 2000. As a service provider for the news production of ProSieben and Kabel 1, N24 will achieve revenues in the region of DM 60 million. We expect advertising revenues to reach an amount near to double digit millions [DM]. The advertising market has shown a lot of interest in N24, even in the first two months of broadcasting. For 2000, we have allowed for start up losses for N24 in the mid-region of double digit millions [DM]. On the earnings side, the planned sale of 25.1 percent interest in N24 to Frankfurter Allgemeine Zeitung GmbH – at a price also in the mid-region of double digit millions – will, of course, have a positive effect on the ProSieben Group.

Which strategies does the ProSieben Group pursue in the multimedia business segment?

Urs Rohner: The most important factors on the Internet are speed and size. The pace of innovation at the ProSieben Group has been fast right from the start. We were one of the first media companies in Germany to systematically research and open up the new multimedia markets since the early nineties. In the financial year 2000 we now intend to take a further important strategic decision through a commercial alliance with one of the major German Internet portals which will dominate the market in the future. The ProSieben Group's editorial contents, established brands and know how make the company one of the most attractive partners in the German media market. We are already conducting talks, among others with Kirch New Media, the newly established subsidiary of the Kirch Group. We expect to announce the initial results of these talks as early as in the first half of the year 2000.

How does one actually make money on the Internet?

Lothar Lanz: In the Internet business, the ProSieben Group banks on revenues from advertising and transactions. In 1999, the online advertising market in Germany grew to around DM 150 million and experts expect this figure to at least double in the year 2000. Services with a high brand awareness will present the best opportunities for advertising sales, which quite clearly also includes our own. The ProSieben Online Network already ranks fourth among all German language general interest services today. Transaction proceeds from the e-commerce sector present the second source of revenues and we have earmarked a share of e-commerce revenues generated through our Internet services in our business plan. The Internet company portfolio of the ProSieben Group currently includes equity holdings in the international trading company LetsBuyIt.com, the toy distributor myToys.de and a finance community, which we will set up jointly with comdirect bank AG. Funding for our investments will, in the main, come from media services.



[from left to right]
Urs Rohner
Lothar Lanz
Dr. Ludwig Bauer



Do digital pay TV services present serious competition for the ProSieben Group?

Dr. Ludwig Bauer: No, pay TV will present very little competition to our free TV services over the next three to five years. Germany currently has around 2.2 million pay TV subscribers. Pay TV providers expect this number to increase to four million by the end of 2002. This would amount to just under twelve percent of all television households. For us, this means that even in three years time almost 90 percent of German television households will still solely receive free TV programs. Moreover, we know that the majority of pay TV households also watch free TV programs. In 1999, pay TV had a market share of only 1.1 percent of all viewers. In addition, most pay TV programs do not carry any advertising and are therefore hardly in a position to compete with our channels in the advertising market.

What level of dividend can shareholders expect for 1999?

Lothar Lanz: Because of the excellent earnings position, we are able to further increase the dividend compared to the previous year. The Executive Board and the Supervisory Board will propose a dividend of DM 2.30 for each preference share and DM 2.15 for each ordinary share. In 1998, the dividend paid for listed preference shares amounted to DM 2.00 per share. In principle, we will continue to exercise a profit oriented and shareholder friendly dividend policy, barring any major acquisitions.

How would you assess the performance of the ProSieben shares?

Urs Rohner: We are delighted about the clear increase in the share price over the last few months. Evidently, the capital market has discovered the ProSieben shares' earnings potential and excellent market fundamentals. This means that the visible opportunities for growth in the multimedia and merchandising business segments are recognized more clearly than before. The performance doubtlessly also benefits from the potential synergies arising from a closer collaboration with the Kirch Group's channels, SAT.1 and DSF. However, compared to other European television shares, ProSieben shares are still a good buy.



Did the transfer of the ordinary shares from Thomas Kirch to KirchMedia GmbH & Co. KGaA lead to any changes at ProSieben Media AG?

Urs Rohner: This new shareholder offers us the opportunity to collaborate more closely with the Kirch Group's channels in the future. We are currently discussing this option with the management of SAT.1 and the Kirch Group. It is no secret that a multi-channel family is considered to be a sensible option by all parties involved. In order to realize the full potential of such an option, the channel alliance would have to be based on the same shareholder structure. If this can be achieved is still uncertain at the moment. Neither would such a decision fall under the jurisdiction of the Executive Board at ProSieben Media AG. That is a matter for the shareholders. The fact is that we will only realize a multi-channel family if this is in the interest of all ProSieben shareholders.

How will the television advertising market develop in the future?

Dr. Ludwig Bauer: It is difficult to make precise predictions about the development of the television advertising market whilst most television companies do not publish their annual financial statements. The German advertising association [ZAW] does not publish the net advertising revenues for 1999 generated by the German television stations until May 2000. But even the figures published by ZAW can only act as a guideline for the development of the market, as they are based on information provided voluntarily by the stations. The ProSieben Group currently estimates a net growth of between five and six percent for the television advertising market. Realistically, we can expect similar growth for the year 2000. However, additional impetus for growth could arise from the boom in the Internet industry, which is increasingly relying on television advertising.

Do you have any immediate plans for a listing of ProSieben Group subsidiaries on the stock exchange?

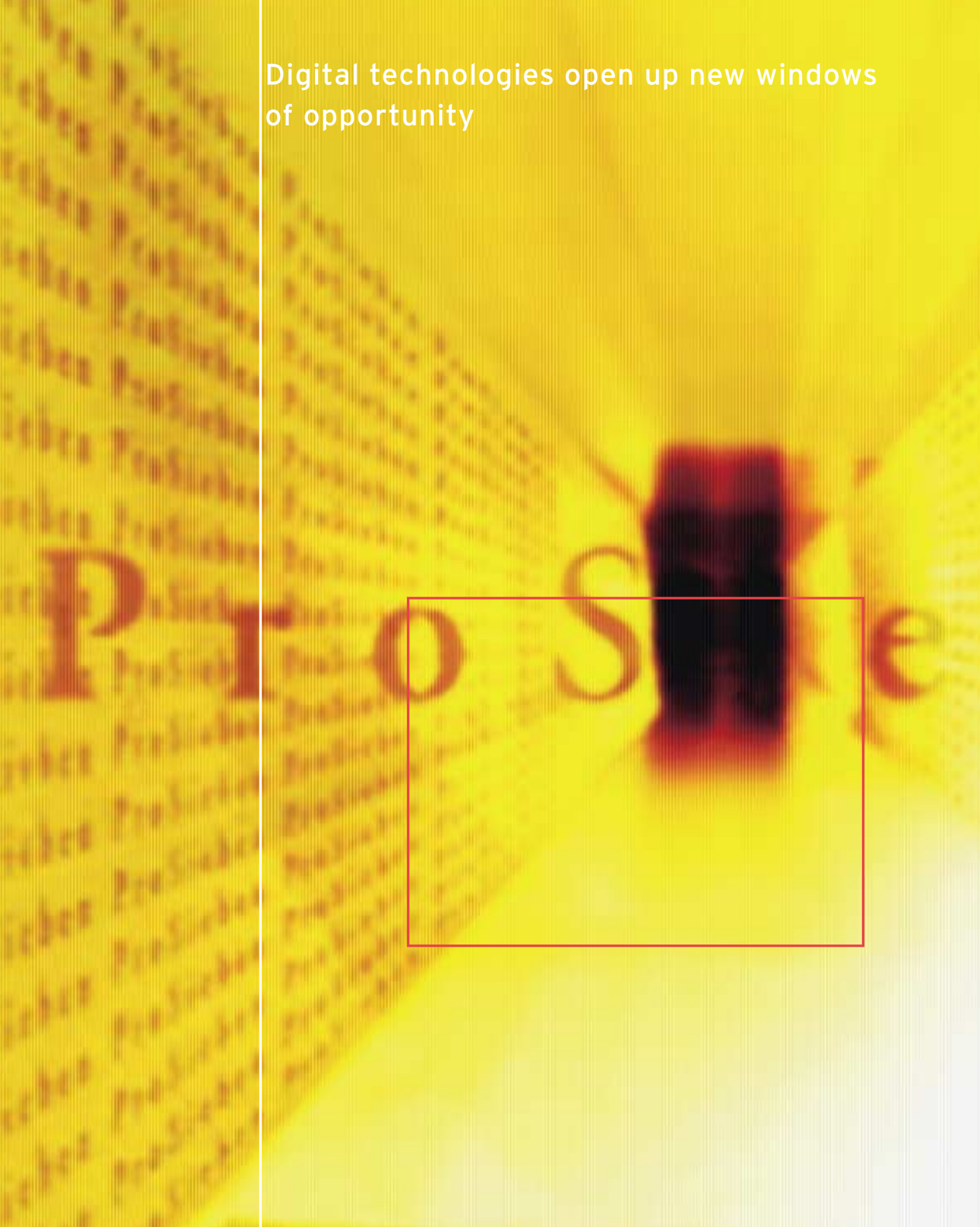
Lothar Lanz: At the moment we do not have any specific plans for a stock market flotation of any of our subsidiaries. On the other hand, I am not ruling out such a move in the future. Companies which operate in particularly high growth oriented markets, like ProSieben Digital Media and MM Merchandising München, are doubtless very interesting for the capital market. Principally, the rule is that a stock market flotation is not a self-serving exercise. For one of our subsidiaries to go public, it would have to be for the right competitive reasons and the guarantee of other major benefits which we would not be able to realize otherwise. The ProSieben Group has at its disposal capital assets which are well above the industry average. We are therefore generally able to finance the necessary investments in the multimedia and merchandising growth segments from our own resources. In 2000, investments and media services allocated to the further strategic development of the multimedia business segment alone amount to a figure in the region of three digit millions [DM].



What is your prediction for the financial year 2000?

Urs Rohner: The start of the financial year 2000 has been very promising. Both the ProSieben channel and Kabel 1 have been able to clearly improve their performance compared to the previous year. The launch of N24 has been successful and the expansion of the multimedia business segment is proceeding as planned. In addition, we have entered the international art rights market through our new subsidiary Art-Merchandising & Media and ddp has been expanded into a nation-wide news agency. Against this background the ProSieben Group will record a single digit percentage increase in consolidated revenues in 2000. The income before taxes will show double digit growth rates. We expect both the television segment and ProSieben station to generate single figure percentage increases in revenues and double digit growth in income. In 2000, Kabel 1 will again record double digit growth rates. Both the multimedia and merchandising segments are expected to generate double digit percentage increases in revenues. The merchandising business segment will record single figure percentage increase in income. As a result of the considerable investments planned for the multimedia segment, we anticipate a negative operating result for this segment.

Digital technologies open up new windows
of opportunity



Management Report and Group Management Report

Economic position

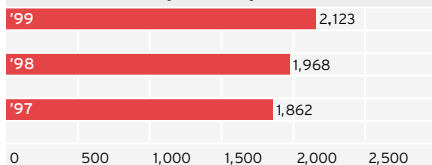
Group revenues exceed the two billion mark

In the financial year 1999, the ProSieben Group achieved its best ever results. The company was able to increase group revenues to DM 2.123 billion. This represents a rise of eight percent compared to the previous year. In 1999, the group income before taxes increased by seven percent to DM 340 million. The group pre-tax return on revenues remained unchanged to the previous year at 16 percent. In a year which saw considerable investments in the set up of the news channel N24, the expansion of the news agency ddp and the further strategic development of the multimedia business segment, the ProSieben Group has yet again substantiated its earnings position.

In 1999, the ProSieben Group's tax rate rose from 52 percent to 54 percent. A tax audit of the accounts for the years 1993 to 1996 led to a demand for additional payments of taxes and interest, which also effected the company's earnings position in 1999. Against this background, the ProSieben Group recorded a net income of DM 157 million in 1999, an increase of three percent compared to that of 1998. 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], also rose by three percent to DM 4.49. In 1999, the ProSieben Group's cash flow in accordance with DVFA/SG remained almost unchanged at DM 1.011 billion. In 1998, the consolidated cash flow amounted to DM 1.026 billion.

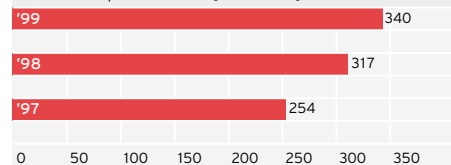
ProSieben Group: Revenues performance

Consolidated revenues [DM millions]



ProSieben Group: Profit performance

Consolidated pre-tax income [DM millions]



In 1999, all of the ProSieben Group's business segments – television, multimedia and merchandising – were able to record clear revenue increases. In the last financial year, the core business television generated 94 percent of the company's total consolidated revenues. The merchandising and multimedia segments once again recorded double digit percentage increases in revenues. The largest growth was achieved in the multimedia business segment, which recorded an increase of 63 percent.

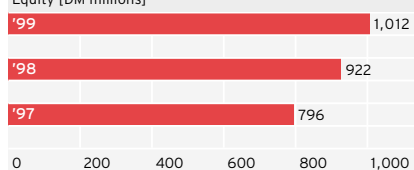
Further improvement in the financial position

As at December 31, 1999, the balance sheet total of the ProSieben Group increased by five percent, from DM 1.877 billion to DM 1.964 billion. Due to the excellent earnings position in the financial year 1999, the ProSieben Group's shareholders' equity increased yet again, rising from DM 922 million to DM 1.012 billion – an increase of ten percent. The capital to asset ratio amounted to 52 percent compared to 49 percent in the previous year. The ProSieben Group therefore has at its disposal capital assets which are well above the average, and which form a solid basis for the continued entrepreneurial development of the media company.



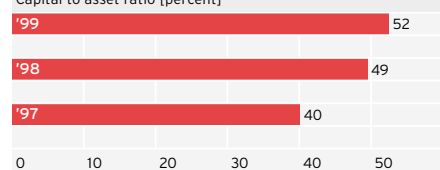
ProSieben Group: Equity

Equity [DM millions]



ProSieben Group: Capital to asset ratio

Capital to asset ratio [percent]



The company was able to reduce its liabilities by DM 140 million to DM 679 million, which represents a decrease of 17 percent. This positive development is primarily due to the repayment of loans in the amount of DM 150 million. At December 31, 1999, the financial liabilities amounted to around DM 250 million, which are almost entirely related to a bond issued in 1998. In the financial year 1999, the company was able to reduce the net financial debt by 47 percent to DM 193 million. Accrued liabilities increased from DM 132 million to DM 270 million. Provisions for tax liabilities alone amounted to DM 117 million – an increase of DM 109 million compared to the previous year. This rise is due to the increased tax expenditure and the results of the tax audit of the accounts for the years 1993 to 1996.

Healthy balance sheet

On the asset side, the increase of the balance sheet total is mainly attributable to a rise in current assets. Current assets rose by DM 160 million to DM 288 million – an increase of 125 percent. Other assets increased by more than DM 100 million to DM 111 million. These relate primarily to amounts due from the revenue office, as a reverse consequence of the tax audit of the accounts. The ProSieben Group's short-term trade

ProSieben Group: Statement of accounting structure

Assets [DM millions]

	1997	1998	1999	Change from previous year	Share 1999
Fixed assets	310	296	322	9 %	16 %
Programming assets	1,452	1,428	1,333	-7 %	68 %
Current assets	207	128	288	125 %	15 %
Prepaid and deferred items*	23	25	21	-16 %	1 %
Total assets	1,992	1,877	1,964	5 %	100 %

Liabilities and shareholders' equity [DM millions]

Shareholders' equity	796	922	1,012	10 %	52 %
Accrued liabilities	291	132	270	105 %	14 %
Liabilities	903	819	678	-17 %	34 %
Deferred items	2	4	4	0 %	0 %
Total liabilities and equity	1,992	1,877	1,964	5 %	100 %

*Prepaid expenses and deferred charges, including deferred taxes



accounts receivable also rose by around DM 42 million to DM 106 million. This increase is mainly attributable to the earlier account closing date compared to the previous year.

The ProSieben Group's fixed assets increased by DM 25 million and amounted to around DM 322 million. The increase is primarily related to the company's investments in broadcasting studios and equipment for the news channel N24. Due to the capitalization of goodwill resulting from the first-time consolidation of several companies, intangible assets rose to DM 149 million. For instance the art merchandising company ArtMerchandising & Media, the news agency ddp and the multimedia company CM Community Media have all been included in the consolidated financial statements of the ProSieben Group for the first time.

Programming assets valued at DM 2.3 billion

With a 68 percent share of the balance sheet total, programming assets represent the most important asset item of the ProSieben Group. As at December 31, 1999, the balance sheet shows programming assets of DM 1.333 billion. This represents a decrease of seven percent compared to the previous year. In 1999, program investments having an impact on the balance sheet amounted to DM 765 million – a reduction of 13 percent compared to the previous year.

Programming assets shown in the balance sheet include feature films and series, payments on deposit for program packages and commissioned productions scheduled for multiple transmissions. Feature films and series are capitalized at the beginning of the contractual licence period, while commissioned productions are capitalized as transmittable programming assets after completion. In addition, the ProSieben Group also owns broadcasting rights which have as yet not been exercised to the value of DM 1.010 billion. As at December 31, 1999, the total contractually secured programming assets amounted to DM 2.343 billion. The ProSieben Group's program inventory included around 38,300 hours of contractually secured broadcasting rights, comprising 17,800 hours of feature films, 13,900 hours of television series and 4,000 hours of animation programs. The potential revenue value of these programming assets amounts to around DM 5.2 billion and can be realized on the ProSieben and Kabel 1 TV channels.

Programming and material costs of DM 1.254 billion

The cost of programming and materials for the ProSieben Group increased by eleven percent to DM 1.254 billion. The scheduled depreciation of programming assets remained virtually unchanged, amounting to DM 873 million compared to DM 855 million in the previous year. Unscheduled depreciation, on the other hand, increased by DM 45 million compared to the previous year, rising to DM 198 million. The increase is offset by the appreciation of programming assets in the amount of DM 47 million, which is shown in the statement of income as 'other operating income'. Both amounts are based on a revaluation of the programming assets as a result of changes to the German tax law. In net terms, these amounts practically offset each other.

Another reason for the increase in the cost of programming and materials is the higher percentage of inhouse and commissioned productions at ProSieben and Kabel 1. Topical programs, such as talk shows and magazine formats, are generally broadcast only once. As a result, the costs of these programs are posted directly as an expense item and is not capitalized under programming assets. In the financial year 1999, the



daily series on ProSieben 'Mallorca – Auf der Suche nach dem Paradies' [Majorca – Searching for Paradise], which concluded in January 2000 following the initial series of episodes, incurred additional costs of around DM 35 million.

Higher dividend distribution to shareholders planned

As a result of the positive earnings position and high equity, ProSieben Media AG is able to continue its shareholder friendly dividend policy and distribute higher dividends for the financial year 1999. The Executive Board will propose an increase in dividends to DM 78 million compared to DM 67 million in the previous year. This represents approximately 47 percent of ProSieben Media AG's net income for the year, which amounts to DM 167 million. Each preference share is to receive a dividend of DM 2.30 and each ordinary share DM 2.15.

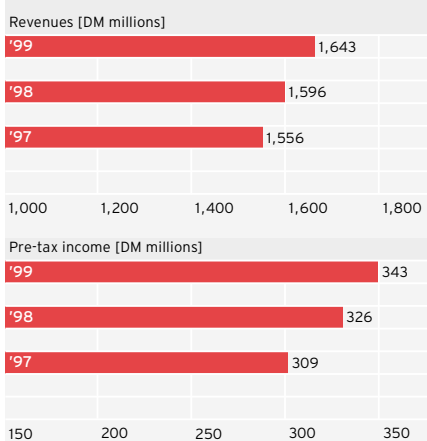
Business segment television Growth at a high level

In the television business segment, the ProSieben Group was able to increase its total revenues at a high level. In 1999, revenues rose by DM 110 million to DM 1.993 billion, which represents an increase of six percent. External revenues also increased by six percent to DM 1.984 billion. The operating profit amounted to DM 345 million – eight percent above the previous year's level.

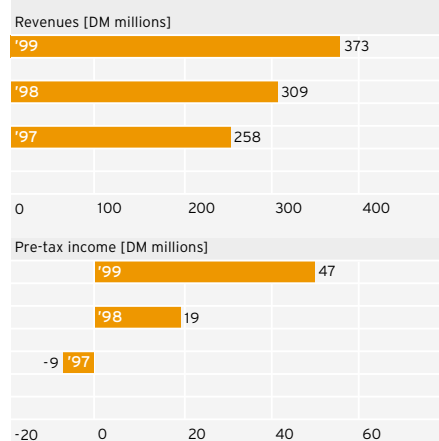
In 1999, the TV station ProSieben achieved revenues of DM 1.643 billion – an increase of three percent compared to the previous year. The pre-tax profit rose by five percent to DM 343 million. With this result, ProSieben increased its pre-tax return on revenues to 21 percent and continues to be by far the most profitable television company in Germany.

In 1999, the ProSieben Group's second television station, Kabel 1, continued to grow at an accelerated pace. Kabel 1 was able to increase its revenues by DM 64 million to DM 373 million. This represents a rise of 21 per cent. The increase in pre-tax profits at Kabel 1 was even more distinct, rising by 147 percent to DM 47 million. In the first half year of 1999, the company was able to reduce the start up cost for Kabel 1 in full. No other second generation television station has developed as successfully as Kabel 1.

ProSieben: Revenues and profit performance



Kabel 1: Revenues and profit performance

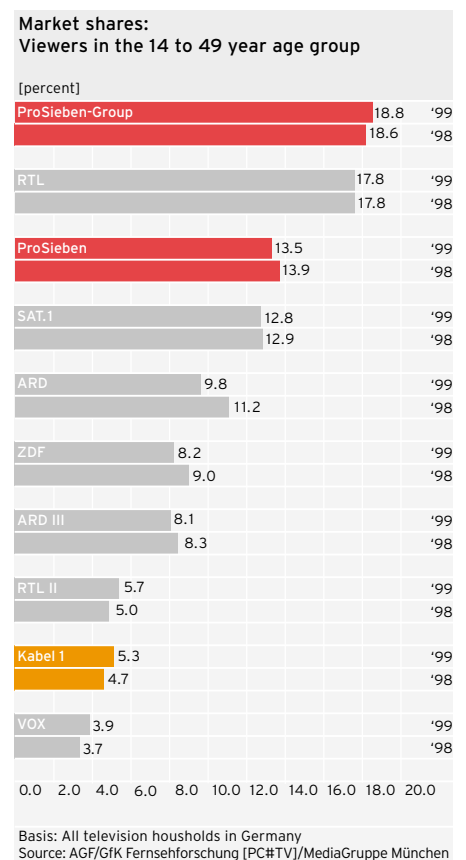
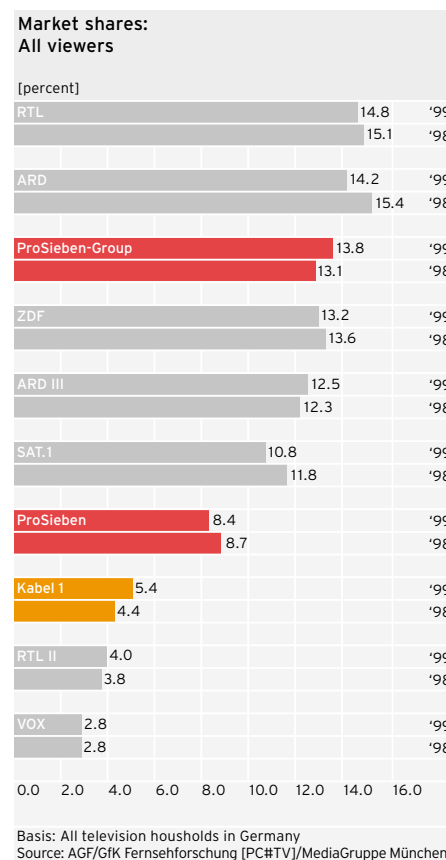


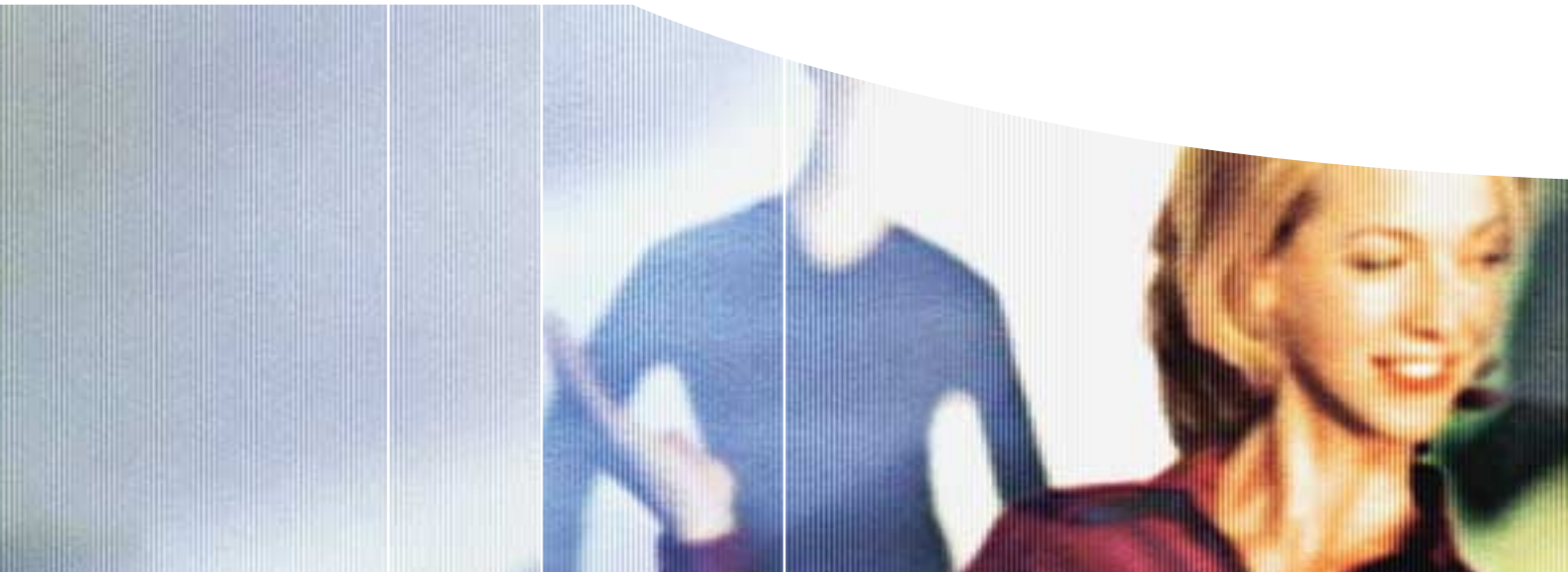


TV market shares: The ProSieben Group reaches all-time high

In 1999, the ProSieben Group was able to successfully extend its position in the television market. ProSieben and Kabel 1 achieved a combined market share of 13.8 percent of all viewers – compared to 13.1 percent in the previous year. The success of the ProSieben Group is to a great extent attributable to Kabel 1. With a market share of 5.4 percent, the station achieved a new record and improved its position by one percentage point compared to 1998. No other German television station was able to record such an increase. With a market share of 8.4 percent, ProSieben recorded a slight dip compared to last year's 8.7 percent. All other major TV stations also lost market shares. RTL attained 14.8 percent and lost 0.3 percentage points compared to last year, SAT.1 recorded 10.8 percent and suffered the loss of one percentage point. In 1999, ARD achieved a market share of 14.2 percent and ZDF recorded 13.2 percent. In the previous year, ARD attained 15.4 percent and ZDF 13.6 percent.

The ProSieben Group was able to further improve its position in the commercially decisive target group of viewers in the 14 to 49 year age group. In 1999, the market share with this target audience rose to 18.8 percent from 18.6 percent in the previous year.





The ProSieben Group has consequently maintained its position as the leading German television company with younger television audiences. The ProSieben channel achieved a market share of 13.5 percent compared to 13.9 percent in the previous year. Kabel 1 increased its market share by 0.6 percentage points to 5.3 percent and set a new record with this target audience too. With a market share of 17.8 percent, RTL remained at exactly the same level as in 1998. With 12.8 percent, SAT.1 remained virtually unchanged to the previous year's level of 12.9 percent.

Corporate repositioning in Switzerland

On August 16, 1999, RTL/ProSieben Schweiz was launched in the German speaking region of Switzerland. The information oriented program window – a joint operation of ProSieben, RTL and Swiss partner companies – is broadcast simultaneously on both channels, from Monday to Friday, between 6.00 p.m. and 7.40 p.m. Swiss viewers were to be offered an alternative to existing programs, including a news program, a boulevard magazine and a talk show. In 1999, RTL/ProSieben Schweiz achieved a market share of 10.4 percent in Switzerland's commercially decisive target audience of viewers in the 15 to 49 year age group. Although this made the joint venture the most successful commercial access prime time television offering in Switzerland, it still fell well below the expectations and targets of the partners.

The joint program window has found insufficient acceptance among the majority of viewers and in particular among regular viewers of ProSieben and RTL. The ProSieben Group and its partners will therefore take a decision on the company's continued involvement in the joint venture RTL/ProSieben Schweiz before the end of the first six months of 2000. Should ProSieben decide to withdraw, the company would be able to market its original access prime time program in Switzerland again. With this corporate repositioning, the ProSieben Group could increase its Swiss advertising revenues by an amount of single digit millions [DM] per annum.

Continued above average growth in the television advertising market

The television advertising market continued its positive development in 1999. It is difficult to estimate the actual extent of real growth as most television stations currently do not publish their annual financial statements. Based on the ProSieben Group's estimations, the real increase amounts to between five and six percent. The German advertising association [ZAW] does not publish the net advertising revenues for all media until May. The ZAW values are based on information provided voluntarily by the respective companies and include details of advertising revenues after deductions for agency commission and bulk discounts, but before deductions for cash discounts.

Based on the results of its annual poll in the autumn, ZAW anticipates a 5.1 percent growth for the advertising market as a whole – with the television medium slightly exceeding the industry average. The most recent study published by Prognos AG predicts a 5.7 percent growth rate for the television advertising market, with total revenues of around DM 8.4 billion. Based on these figures, around a quarter of the German television industry's total net advertising spend went to the ProSieben Group.

The fact is that the development of the German advertising market, and television advertising in particular, has clearly exceeded developments in the overall economy. In 1999, the gross domestic product in Germany grew by 2.5 percent.

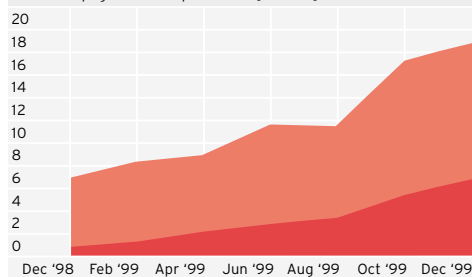


Business segment multimedia

Double digit growth rates in revenues

Utilization of the ProSieben Online Network

Visits and page accesses per month [millions]



Source: IVW/MediaGruppe Digital

■ Page Accesses ■ Visits

The multimedia business segment incorporates all of the ProSieben Group's digital media – from Internet services and teletext, to the news agency ddp, right through to the digital foreign advertising windows and community TV. The commercial focus of the ProSieben Group for this segment is clearly aimed at revenue growth. In the financial year 1999, major investments went into the expansion and modernization of the news agency ddp, the company's entry into the e-commerce sector, the market introduction of e:max – the digital out of home medium – and the development of online and teletext services for N24.

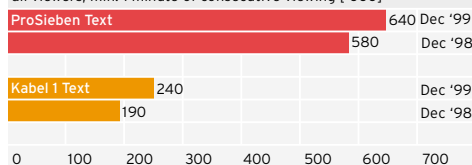
In 1999, the ProSieben Group was able to considerably increase its income in the multimedia business segment. Total revenues rose by DM 33 million to DM 85 million. This represents an increase of 63 percent compared to the previous year. External revenues increased by 64 percent to DM 82 million. As planned, the operating profit remained positive at DM four million, but did not reach last year's level of DM 13 million, as a result of the company's consistent course of expansion in this segment.

Last year, the multimedia business segment was able to take advantage of the amalgamation of the editorial offices for teletext and Internet services under the umbrella of ProSieben Digital Media, which took place in 1998. Today, the ProSieben Group's central multimedia editorial office produces cost-effective, high quality information – not just for the group's own services but also for external clients in the teletext, online and mobile phone sectors.

Dynamic growth in the multimedia market

Utilization of ProSieben and Kabel 1 teletext services

Daily net reach, all viewers, min. 1 minute of consecutive viewing ['000]



Basis: Households able to receive teletext

Source: AGF/GfK Fernsehforschung/PC#TV/MediaGruppe München

For the ProSieben Group, the multimedia market offers two major sources of financing: advertising and e-commerce. In the area of new media, online trade represents one of the most promising markets. According to the management consultancy Roland Berger, the volume of trade generated by all German e-commerce companies amounts to around DM three billion. The German multimedia association [dmmv] puts the figure of the total market volume at DM eight billion. Industry experts predict exponential growth rates in the future. Both Roland Berger and dmmv expect e-commerce sales to triple or at least double in the year 2000.

The online advertising market is also enjoying dynamic growth. Based on calculations by Germany's three largest media associations, which match the results of a survey conducted by Prognos AG, online advertising sales in the German market rose to DM 150 million in 1999. Industry experts believe that online advertising revenues will, at the very least, double in 2000. In terms of advertising media, this would put the Internet on a par with cinemas, for example.

Increased use of online services and teletext offerings

In addition to the rising demand for online advertising as a whole, the ProSieben Group also benefits from the increasing popularity of its own offerings. In 1999, the ProSieben Online Network – which covers all of the ProSieben Group's Internet services – earned a place in the listing of the top five general interest services in Germany. In December 1999, it ranked fourth and recorded 6.8 million visits and 18.8 million page accesses. This represents an increase in visits of 367 percent, compared to the same period in the previous year.

In 1999, the teletext services of ProSieben and Kabel 1 also recorded an increase in the number of users. In December 1999, ProSieben Text achieved an average net reach of more than 640,000 viewers per day. This represents an increase of ten percent compared to the same period last year. Kabel 1 Text was able to improve its net reach by 26 percent within the space of one year. In December 1999, the service was accessed by 240,000 viewers each day.

Entry into the e-commerce market

In the financial year 1999, the ProSieben Group entered the e-commerce market. The European Internet company LetsBuyIt.com N.V., Amsterdam, represents the most important investment in this sector. LetsBuyIt.com uses the Internet to sell branded products across Europe. The company has based its operation on a new co-shopping model, whereby the demand for premium products is bundled over the Internet and offered to consumers at favorable prices, otherwise only available from wholesalers. Today, LetsBuyIt.com is represented in ten European countries, including Great Britain and Germany.

Expansion and modernization of the news agency ddp

In the financial year 1999, the news agency ddp represented one of the most important investments made by the ProSieben Group. The acquisition of the agency, which at that time was known as ddp/ADN Allgemeiner Deutscher Nachrichtendienst GmbH and has been operating under the brand name of ddp since the beginning of 2000, has enabled the ProSieben Group to secure the original rights to news and information. One of the key factors for the long-term commercial success in the multimedia market is the company's control over own rights to information. In addition, ddp is expected to assume a leading role as an independent news agency and to considerably improve its position from its current ranking as number four in the German news agency market in the medium-term. In the financial year 1999, the ProSieben Group invested an amount in the upper single digit millions [DM] in the national expansion and modernization of the company, as well as aligning the agency from a multimedia perspective. ddp is expected to record an operating profit by 2002.

500 e:max systems sold to date

The financial year 1999 saw the launch of the digital out of home medium, which is being marketed under the brand name e:max. Production of the new media product is being handled by the ProSieben Group subsidiary CM Community Media in Cologne. As at December 31, 1999, 500 e:max systems were sold.

e:max stands for 'entertainment maximum'. The program, which is financed through advertising, is transmitted in discotheques, fitness centers, cinemas, restaurants and retail chains. Customers can tailor the service to meet their particular requirements, by selecting the desired options on the Internet – including music clips, movie trailers, lifestyle programs, sports related tips, cartoons and documentaries. For the advertising industry, e:max presents an extremely attractive proposition. The medium is targeted at clearly defined 'communities' – target groups who congregate in a particular location to pursue mutual interests and who, at that time, are very difficult to reach through traditional television. e:max is being marketed by MediaGruppe München.

Digital foreign advertising windows record operating profit

The ProSieben Group uses digital transmission technology for the foreign advertising windows of ProSieben and Kabel 1. In Austria and the German speaking region of Switzerland, entire blocks of advertising are exchanged and fed precisely into the

Business segment merchandising

Distinct growth in revenues and profit

current program. In the first quarter of 1999, Kabel 1 followed ProSieben's example with the set up of special services for the Swiss and Austrian advertising industries. All of the ProSieben Group's advertising windows are recording a positive operating result.

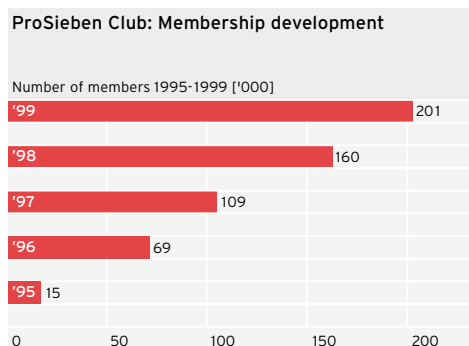
The merchandising business segment incorporates the activities of MM Merchandising München and ProSieben Club & Shop. In the financial year 1999, the ProSieben Group was able to record clear growth in this segment, too. Total revenues rose by 18 percent to DM 46 million. External revenues amounted to DM 39 million, which represents an increase of 30 percent compared to the previous year. The operating profit rose to DM eleven million – an increase of 175 percent.

The ProSieben Group is the only television company in Germany to not only market its own rights but to also operate a traditional merchandising business. The licensing portfolio of MM Merchandising München includes merchandising rights to cartoon classics such as 'The Smurfs', 'Pumuckl' and 'Watership Down' as well as media brands like 'ProSieben' and 'Kuschelrock'.

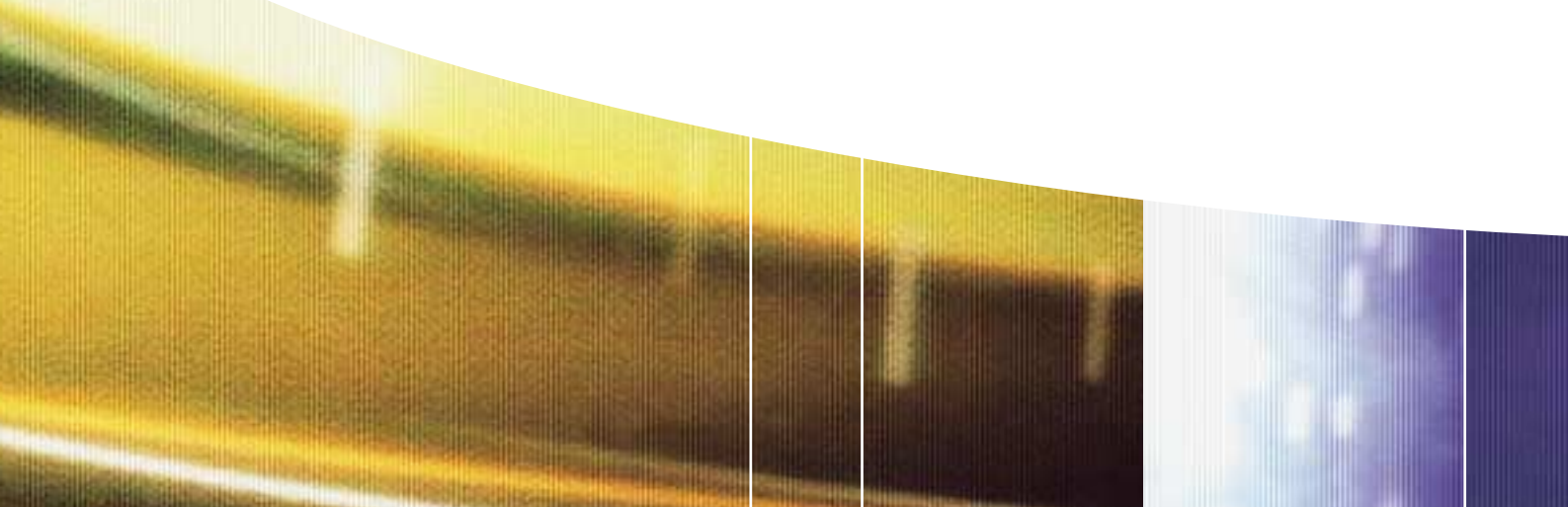
New company for art merchandising

In December 1999, MM Merchandising München set up the subsidiary ArtMerchandising & Media AG to handle the worldwide sale of ancillary art rights. By the end of 2000, the company is expected to be recognized as the leading international marketing organization for merchandising ancillary art rights. The prestigious licensing agency MMI Museum Masters International of New York operates under the umbrella of ArtMerchandising & Media AG, and provides the company with access to all of MMI's activities in the merchandising arena of art rights. Already today, the licensing rights to works of such popular artists as Salvador Dalí and Keith Haring are part of the licensing portfolio of ArtMerchandising & Media AG and its New York based subsidiary MMI. MM Merchandising München holds around 70 percent of the shares in ArtMerchandising & Media AG. The remaining shares are held by Marilyn Goldberg, General Manager at MMI, and Hendrik te Neues, Managing Partner at the te Neues publishing group.

ProSieben Club counts more than 200,000 members



Another contributory arm of the merchandising business unit is ProSieben Club & Shop GmbH. Since its foundation in April 1995, the ProSieben viewer's club has steadily increased its membership base. In December 1999, the club counted 201,000 members in Germany, Austria and Switzerland – an increase of 26 percent over the previous year. According to a survey conducted by Carlson Loyalty Monitor Germany, the ProSieben Club is the third best-known club in Germany, after ADAC and Bertelsmann Club. In addition to fostering audience loyalty, the ProSieben Club also acts as an important distribution channel for products from the ProSieben brand range. In the financial year 1999, ProSieben Club & Shop GmbH was able to record close to 330,000 sales transactions.



Services division

Double digit growth rates in revenues and income

The ProSieben Group's services division is made up of five subsidiaries which, up to now, have primarily supported companies within the ProSieben Group: the advertising sales companies MediaGruppe München and MediaGruppe Digital, the production company SZM Studios, the IT service provider ProSieben Information Service as well as the creative agency SevenSenses.

In 1999, the services division recorded total revenues of DM 244 million. This represents a rise of 19 percent compared to the previous year. External revenues increased by twelve percent to DM 19 million. The division was able to increase its operating profit by 24 percent to DM 21 million.

Increased focus on external clients

In 1999, the services division generated more than 90 percent of its total revenues within the ProSieben Group as planned. However, companies such as SevenSenses and ProSieben Information Service will in future gradually increase their focus on external clients. SevenSenses in particular is a good example of this corporate development. In April 1999, the then design department of ProSieben formed the basis for the new creative agency. Today, SevenSenses not only provides the entire on-air and off-air design for the ProSieben channel but also has more than a dozen clients outside the ProSieben Group. Customers include ARD, DSF and Constantin Film. In the financial year 1999, within just nine months of operation, SevenSenses already recorded an operating profit.

ProSieben Information Service, which until now has been acting as the ProSieben Group's internal IT service provider, will also step up its efforts to recruit external clients. The company will primarily focus on the development and sale of software solutions for media companies. In 1999, the information technology sector of ProSieben Information Service was incorporated in the production company SZM Studios. This sector provides internal IT support services to companies within the ProSieben Group, in particular in the areas of hardware and standard software.

Research and development

Targeted audience, program and advertising research

There is hardly any other business sector in which success and failure can be assessed as quickly as in the television market. Results of the highly specific and detailed analysis of audience reach and market shares for all programs and commercial breaks are already made available on the morning following transmission. The analysis is carried out by the German market research company Gesellschaft für Konsumforschung [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 the public broadcasting stations and most of the larger commercial TV companies in Germany. The ratings provided by AGF/GfK ensure the continual transparency for the entire market. They provide the most important monitoring facility for program managers and at the same time serve as a performance indicator for advertising clients. The ratings published by AGF/GfK are used to calculate advertising rates and to review the efficiency of specific advertising measures.



The ProSieben Group attaches great value to continuous market research. Audience, program and advertising research are all handled centrally by MediaGruppe München. The results of this research provide a means for drawing conclusions about future programming, marketing and communication strategies. Furthermore, they also serve as an important source of information in the competition for advertising clients. In addition to standard analyses of media performance and monitoring of individual campaigns, the ProSieben Group also offers the advertising industry comprehensive qualitative studies as part of its business services.

The financial year 1999 saw a considerable expansion of the company's online research sector. This includes the '@facts' survey, for example, which is conducted regularly on behalf of the ProSieben Group. The study is the largest ongoing online survey in Germany. Every month, 10,000 people are questioned about their use of the new media tools. In addition, the company has gained further expertise in the area of sector analysis. With its profound knowledge of the most important end user markets, MediaGruppe München is able to offer its advertising clients communication consultancy service tailored to the need of each company. In addition, the ProSieben Group increasingly deploys and develops its own innovative tools for the qualitative classification of target audiences. Because of the heterogeneous and increasingly fragmented nature of the markets audiences need to be addressed differently.

In the financial year 1999, the ProSieben Group invested a total of DM 23 million in market research.

Investments in the development of new formats

In 1999, the ProSieben Group broadcast approximately 4,160 program hours of inhouse and commissioned productions. These include news programs, magazine formats, talk shows, comedy shows, television films, series and trailers. This compares to just under 2,770 hours in the previous year. The profile characteristics of ProSieben and Kabel 1 are increasingly formed by the company's own programs to ensure recognition in the intensely competitive television market. Unlike licensed programs, these can be produced either daily or weekly over a long period.

The ProSieben Group is constantly developing new programs. Editors responsible for development adopt ideas from within the company as well as taking on board suggestions from outside. The development of these projects – which is often carried out in association with experienced producers – stretches over many months, including the production of pilot programs, until they are ready for broadcasting. In 1999, the company developed almost 40 regular formats on this basis. In addition, the company commissioned around 30 new screenplays. One major investment went into the development of the news channel N24. In the financial year 1999, development costs amounted to a total of DM 22 million for the ProSieben Group.



The success of this development work is entirely decided by the reaction of the viewers. In spite of many years experience and positive results from market research, it is possible that viewers will not take to a particular new program. This was the case with the daily series 'Mallorca – Die Suche nach dem Paradies' [Majorca – Searching for Paradise], which ProSieben had to take off air in January 2000, at the end of the first series of episodes. Overall, programs developed by the ProSieben Group in the last financial year were very well received. New formats introduced in 1999, such as the comedy show 'TV total', the talk show 'Nicole – Entscheidung am Nachmittag' [Nicole – Decision in the Afternoon] and 'Talk, Talk, Talk', are reaching market shares on ProSieben which exceed the station's average. Formats like 'Andreas Türck Love-stories' and 'Rosen vom Ex' [Roses from your ex] have also found regular audiences right from the start.

Human resources development Expansion creates new jobs

The ProSieben Group's strategy of innovation and expansion is also reflected in the company's human resources development. As an annual average for 1999, the ProSieben Group employed a total of 1,605 staff [excluding trainees]. This represents an increase of 293 jobs, equivalent to 22 percent compared to the previous year. The average age stood at 33 years. Personnel expenses increased from DM 183 million to DM 221 million.

In the multimedia segment alone, 120 new jobs were created. As an annual average for 1999, the business unit employed 181 staff. The increase is due to the consistent expansion of the multimedia segment. Furthermore, CM Community Media and the news agency ddp have been included in the consolidated financial statements for the first time.

In the growth sector merchandising, the number of employees rose from 39 to 49. The core business – television – employed an average of 645 staff. This represents an increase of four percent compared to the previous year. In the financial year 1999, a substantial number of new jobs were created in the services division, too. As an annual average, the division employed 730 staff – an increase of 139 compared to the previous year. Preparations for the launch of N24 and the introduction of new program formats at ProSieben have also led to a distinct rise in manpower requirements, especially at SZM Studios. Furthermore, the staff of the former ProSieben design department now fall within the services division rather than the television business segment following the set up of the creative agency SevenSenses.

Risk management Control system including early warning indicators

In the financial year 1999, the ProSieben Group has continued to reinforce its risk management policy to ensure that potential risks to the company are recognized and contained as early as possible. Early warning indicators have been defined for all appreciable and primary risk areas and the Executive Board is kept regularly informed on any developments. Moreover, a control system ensures that predefined counter measures are activated as soon as an indicator exceeds a specific tolerance limit. The responsibility for the continued monitoring of risk areas has been assigned to individual members of staff. In view of the ProSieben TV station's critical importance to the commercial success of the entire organization, the risk management policy is focused in particular on ProSieben Media AG.



Less dependence on international markets

The ProSieben Group's television stations are dependent on attractive programs. The ProSieben Group's list of suppliers contains well over 100 company contacts. Programs are acquired wherever the purchase conditions meet the expectations of the ProSieben Group in terms of the rate of return. The media company is well protected against any potential excessive price increases. With the program inventory secured up to December 31, 1999, the ProSieben Group has already today the necessary capacity to cover over 60 percent of the entire licensed program requirements for ProSieben and Kabel 1 for the next three years. At the ProSieben channel, programming assets cover practically the entire demand for feature films in this period.

The increased number of commissioned and inhouse productions for programs to be shown on ProSieben and Kabel 1 is also a major contributory factor in reducing the company's dependence on international program markets. Unlike licensed programs, topical formats in particular can be produced daily or weekly over long periods. The news channel N24 relies almost entirely on programs produced inhouse.

Compared to other television companies, the ProSieben Group, with its three TV stations, also commands a much stronger position with program suppliers. Furthermore, the company benefits from its affiliation with KirchMedia GmbH & Co. KGaA, which became a shareholder of ProSieben Media AG. This links the ProSieben Group to the largest program trading company in Europe under company law.

Contracts relating to program packages, feature films and series are generally signed several years prior to transmission. Program buyers must therefore be able to accurately predict future trends. In order to minimize investment risks, contractually secured broadcasting rights are closely monitored with regard to their potential revenue value. One of the early warning indicators, for example, is the total yield of the company's programming assets. In the event of any changes, the value of programming assets is either amortized or appreciated as appropriate.

High technical reach for ProSieben and Kabel 1

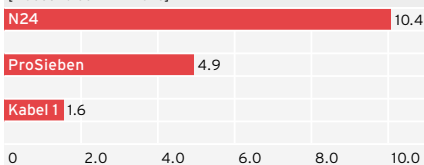
The ProSieben Group generates 97 percent of its revenues through advertising. This figure rises to 98 percent at ProSieben Media AG. In order to ensure lasting success in the advertising market, high audience reach is absolutely essential. In addition to offering appealing programs, the technical reach of the ProSieben Group's television channels is particularly important.

Today, ProSieben and Kabel 1 are already achieving high technical coverage. ProSieben reaches 92 percent of the total of 33.6 million German television households via cable, satellite and antenna. Kabel 1 can be received by 88 percent of all households. Both stations have been granted long-term broadcasting licences. The licence for ProSieben is valid until 2003 and the company is legally entitled to have the licence extended for a further seven years. The broadcasting licence for Kabel 1 is valid until 2004.



Technical reach at time of launch

[Households in millions]



Source: AGF/GfK Fernsehforschung

The situation regarding the news channel N24, which went on air on January 24, 2000, is slightly different. The channel currently reaches around 30 percent of all German households. The technical coverage of N24 is scheduled to rise to around 70 percent by the year 2004. The broadcasting licence for the news channel was initially granted for a period of eight years. Compared to the ProSieben Group's two other television stations, this places N24 in a much better start up position to ensure the expansion of the channel's coverage in the long-term. At the time of the launch of ProSieben, on January 1, 1989 – prior to the German reunification, just 21 percent of the then 23.5 million television households in all federal states of Germany were able to receive the program. At the time of the launch of Kabel 1, on February 29, 1992, the station reached a mere five percent of all German television households.

The company has submitted applications to all regional media authorities in Germany for further distribution of N24 over existing cable networks. The inclusion of N24 in the national cable networks could be hindered by continued discussion about the possible interference of television cable frequencies with security related radio services. To settle the issue, discussions between the television stations, federal states and the government are currently taking place on several levels. As it stands today, a compromise is beginning to emerge, whereby only a small number of television cable channels would be switched off at the earliest by 2002. Until then, the modernization of the German cable network and the addition of digital cable channels could continue, which would largely compensate for the lost capacity for the transmission of television programs.

Detailed analysis of the audience and advertising markets

With its two TV stations, ProSieben and Kabel 1, the ProSieben Group is the leading television company in the commercially decisive target audience of viewers in the 14 to 49 year age group. The company uses the data provided by AGF/GfK to carefully analyze its position in the audience market on a day to day basis. The audience market share represents the most important early warning indicator for changes in TV and teletext viewing habits.

The ProSieben Group has also developed a strong presence on the Internet. The ProSieben Online Network can be found regularly among the top five general interest Internet services. User levels of the company's own online services can be assimilated daily by analyzing the server data. In addition, all competitors publish their access figures once a month, based on a common measurement procedure. This enables the ProSieben Group to monitor its position in the market from one month to the next.

The ProSieben Group currently captures around 25 percent of all net television advertising revenues. The deployment of comprehensive analytic processes enables the ProSieben Group to continually monitor the development in advertising revenues. Based on the number of advertising bookings received, revenues are projected for the year as a whole. The monthly reports submitted to the Executive Board provide a comparison between the actual values and the planned values as well as comparing the figures to the previous year's revenue levels. Furthermore, the company also analyzes the position of its competitors. These projections and reports also take into account general conditions, such as economic developments and demand trends in the advertising market.

Multimedia: Little competition to television

The ProSieben Group started to systematically develop the new multimedia markets as early as in the mid-nineties. This has enabled the company to be actively involved in shaping recent developments in the media world. PC, Internet, online, CD-ROM and other electronic combinations of image, text and sound open up a multitude of new information and entertainment services for consumers, which, from a technical aspect, are virtually limitless. Most of these services will not play any significant part in mass communication. But they will contribute to the increased use of screen media.

The use of screens for multimedia will, to a large extent, be in addition to television usage. One of the main areas of multimedia utilization is 'functional viewing'. The PC is used for games, work, placing orders and searching for specific information or entertainment. As a rule, multimedia always relies on interactive use, namely the active deployment of the chosen medium. The multimedia services open up new time pockets for the use of screen media – from interactive games right through to tele-banking.

These new time pockets generally do not have a negative impact on the use of television. The role of television is fundamentally different. It provides relaxation, more passive and fast information and it satisfies the desire for ready-made entertainment, tailored to the needs of the viewers. From the point of the viewers' needs, television represents 'leisure viewing', a leisure time activity which does not require any effort and quite often does not have any specific aim. Only a small number of die-hard Internet users may reduce their television viewing time in favor of multimedia services.

Pay TV: Complementary medium for the more discerning television audience

In its core business, the ProSieben Group focuses on television financed through advertising. Free TV will continue to be the fundamental medium of audio-visual mass communication. Pay TV, on the other hand, will establish itself as a complementary medium for the more discerning television audience. Pay TV providers expect to increase the total number of pay TV subscribers in Germany from currently 2.2 million to four million by the end of 2002. This amounts to just under twelve percent of all television households. Conversely, this means that even in three years time, almost 90 percent of German television households will still solely receive free TV programs. Moreover, the majority of pay TV households also watch free TV. Consequently, pay TV will pose only limited competition to free TV in respect of audience acceptance. With regard to commercial efficiency, competition is in any case barely relevant as pay TV broadcasts in Germany largely do not carry any advertising.

Liberalization of the legal framework

The amended State Broadcasting Treaty has led to the liberalization of the legal framework for television advertising in Germany, effective April 1, 2000. As a result, the controversial aggregate principle for the calculation of admissible commercial breaks during feature films has finally been explicitly laid down, following years of discussions. The film, commercial breaks and program trailers during the transmission of the film will continue to form a single entity when calculating the total length of a feature film. The number of admissible commercial breaks is based on this overall length. The agreement provides the commercial television industry the necessary legal security for the companies' current method of calculating advertising breaks for feature films. The ongoing test case of ARD versus ProSieben will therefore most likely not have any implications for the ProSieben Group.



In addition, advertising laws have also been deregulated. The current rule of 20 minute intervals between two commercial breaks has been eased. Under certain conditions, television companies may in future also broadcast individual spots. The new legislature also permits so called split screen commercials, whereby both the program and the advertisement can be seen simultaneously in two fields on the television screen. The liberalization allows the television companies greater flexibility and a more viewer friendly approach in the allocation of commercials in programs.

On the other hand, discussions are currently taking place both within Germany and on a European level, regarding the introduction of possible advertising restrictions for particular products, such as alcohol for instance. Should the discussions result in an actual agreement of the proposal, 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 affected would most likely choose the Internet as an alternative advertising medium.

The ProSieben Group plays an active role in all aspects of formulating political demands and objectives in the media and is doing everything in its power to vigorously oppose the planned advertising restrictions.

Perspective

Core business television: Continued expansion of the channel family

In the company's core business, television, N24 will ensure a further improvement of the ProSieben Group's market position. The news channel N24 – the ProSieben Group's third television station – went on air on January 24, 2000. N24 perfectly complements the programs offered by ProSieben and Kabel 1. With N24, the ProSieben Group continues to pursue its successful multi-channel strategy. N24 benefits extensively from the synergies and opportunities available within the media company. The news channel can be received via the Astra satellite system and a number of cable networks. In certain regions, N24 is also being transmitted over terrestrial networks. On the day of its launch, N24 reached approximately 30 percent of all German households. Viewers who are currently unable to receive N24 on their television sets can watch the program live on the Internet, at 'www.N24.de'.

The ProSieben Group found a publishing partner for N24 in Frankfurter Allgemeine Zeitung GmbH. The German newspaper publisher intends to acquire a 25.1 percent stake in the news channel, at a purchase price in the mid-region of double digit millions [DM]. The appropriate letter of intent was signed in December 1999. N24 Gesellschaft für Nachrichten und Zeitgeschehen mbH will also be able to draw on the editorial experience of F.A.Z. In addition, the news channel also benefits from having its own global network of correspondents and from its close co-operation with the international financial services organization Bloomberg.

In 2000, expenditure for the new channel – which also provides the main news programs for ProSieben and Kabel 1 – will amount to around DM 120 million. This represents an additional annual expenditure of approximately DM 60 million compared to the

previous cost of news production for ProSieben and Kabel 1. The ProSieben Group anticipates external revenues to reach an amount in the lower double digit millions in N24's first year of operation. N24 is expected to achieve a financial surplus after four years.

The ProSieben Group's existing channels also got off to a promising start in 2000. In February, the two full service programs, ProSieben and Kabel 1, increased their combined TV audience market share to 14.1 percent. This represents an increase of 0.3 percentage points over the annual average for 1999. With viewers in the 14 to 49 year age group – the decisive target audience for advertisers, ProSieben and Kabel 1 increased their total market share to 19.9 percent with a combined growth of 1.1 percentage points.

Business segment multimedia: Investments in the region of three digit millions

In February of the current financial year, the ProSieben Online Network, which covers all of the ProSieben Group's Internet services, recorded 8.3 million visits and 21.0 million page accesses. This has confirmed the ProSieben Online Network's increasing popularity and once again ranked the network in fourth place among the general interest services. In January 2000, the company added a further Internet service to the ProSieben Group's network. 'www.N24.de' presents the most important news about the economy and the financial sector, politics and sport, science and technology as well as weather and travel reports. The new online service is focused primarily on business and stock market coverage. With N24 Online, the company aims to establish a strong information and news platform on the Internet.

In addition, the ProSieben Group – in co-operation with comdirect bank AG – plans to develop an attractive Internet finance community. In February 2000, the subsidiary ProSieben Digital Media signed a strategic partnership agreement with the direct banking company. comdirect bank AG will bring its existing financial community to the joint venture. ProSieben Digital Media will provide the editorial contents from the ProSieben Online Network. The aim is to make the new finance community one of the largest and most appealing sites in this market segment right from the start.

One of the most important elements in the ProSieben Group's strategy for the multimedia sector is the commercial investment in one of the major German language Internet portals. To this end, the company is already conducting initial talks. In addition to speed, the most important factor on the Internet is size. The ProSieben Group's editorial contents, established brands and know how make the company one of the most attractive partners in the German media market. In the financial year 2000, investments and media services in the amount of three digit millions [DM] have been allocated for the expansion of the multimedia business segment. The ProSieben Group plans to capitalize its activities in the multimedia area through advertising and e-commerce.

Business segment merchandising: Substantial expansion

The newly formed ArtMerchandising & Media AG positions the ProSieben Group among the top international companies in art merchandising today and the company plans to extend its lead even further in the future. In addition, the merchandising business will be substantially expanded through regular acquisitions of licensing rights in the area of cartoon classics and trend setting brands. Furthermore, the company plans to expand its activities in the area of sport merchandising and retail co-operation.



New segment structure in the financial year 2000

Over the last few years, the ProSieben Group's business segments have undergone an exceptionally dynamic development. The consistent expansion of business activities in the multimedia sector in particular has created the need for new transparent reporting structures for all segments. With the beginning of the financial year 2000, the ProSieben Group has therefore restructured its business segments as follows:

- The multimedia business segment will from now on deal exclusively with original multimedia activities, namely teletext, the Internet, e-commerce and e:max, the digital out of home medium.
- In line with all other income generated through TV advertising, revenues of the ProSieben and Kabel 1 foreign advertising windows will be consolidated under the television segment.
- The television sales companies MediaGruppe München, MediaGruppe Austria and MediaGruppe Schweiz will be integrated in the television business segment.
- The multimedia sales organization MediaGruppe Digital now falls under the multimedia segment.
- The news agency ddp will in future be incorporated in the services segment – in line with all other companies within the ProSieben Group which produce intermediate media products specifically targeted at the business-to-business sector.

New segment structure for the ProSieben Group in the financial year 2000

Business Segments	Activities	Important Subsidiaries
Television	<ul style="list-style-type: none"> Commercial Television Foreign Advertising Windows Television Advertising Sales Production Film Distribution 	<ul style="list-style-type: none"> ProSieben Kabel 1 [100 %] N24 [100 %]* MediaGruppe München [100 %] MediaGruppe Schweiz [98 %] MediaGruppe Austria [100 %] SevenPictures [100 %] SevenX [50 %]
Multimedia	<ul style="list-style-type: none"> Internet Teletext E-Commerce Community-TV Multimedia Advertising Sales 	<ul style="list-style-type: none"> ProSieben Digital Media [100 %] LetsBuyIt.com [25.1 %] CM Community Media [76 %] MediaGruppe Digital [100 %]
Merchandising	<ul style="list-style-type: none"> Merchandising Viewers' Club 	<ul style="list-style-type: none"> MM Merchandising München [100 %] ArtMerchandising & Media [70 %] ProSieben Club & Shop [100 %]
Services	<ul style="list-style-type: none"> News Agency Creative Design Studios Logistics Software Development 	<ul style="list-style-type: none"> ddp [100 %] SevenSenses [100 %] SZM Studios [100 %] ProSieben Information Service [100 %]

* After equity investment by F.A.Z. GmbH: 74.9 percent

Excellent prospects for 2000

In the financial year 2000, the ProSieben Group will continue to accelerate the pace of growth and innovation within the organization. The corporate strategy of the media company remains clearly focused on expansion. The ProSieben Group expects a single digit increase in revenues for the year 2000. According to current projections, the income before taxes will show a double digit percentage increase, despite the company's investments in multimedia activities and the expansion of the news channel N24.

The television segment is expected to record a single figure percentage increase in revenues and a double digit growth rate in operating profit. The income will include the proceeds from the planned disposal of 25.1 percent of N24 shares to F.A.Z., with an amount in the mid-region of double digit millions [DM]. ProSieben is expected to achieve a single digit growth rate in revenues and a double digit growth rate in income. Kabel 1 will record double digit percentage increases in both revenues and income.

In the multimedia segment, expansion will again be given the highest level of priority in the financial year 2000. This will result in a clear double digit increase in revenues. Due to the significant investments in this segment, the operating profit will be negative.

The merchandising business segment is expected to again record a double digit growth rate in revenues and a single figure percentage increase in income. The income in this segment is influenced by the company's investments in the set up and expansion of the newly formed ArtMerchandising & Media AG.

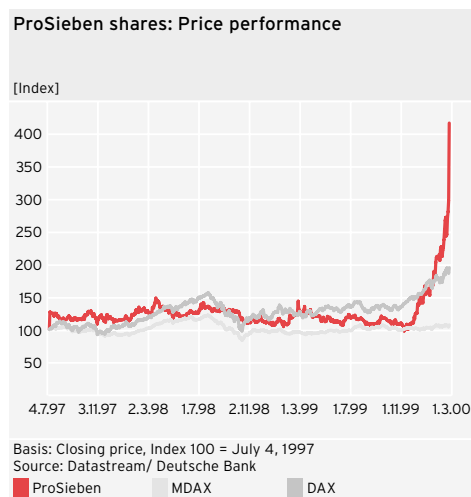
The ProSieben Group predicts a positive business trend for the year 2000. The company's market position, capital resources and profit-earning capacity form a solid economic foundation for further growth. In the core business, television, the news channel N24 will ensure a further improvement of the ProSieben Group's market position. The ProSieben Group's current position in the multimedia and merchandising growth sectors is already exceptionally strong. The consistent expansion of the multimedia business segment will continue to create additional opportunities of growth in the future. The ProSieben Group's capacity to link the traditional television business to the new multimedia markets is practically unmatched by any other media company in Germany today. The possibility of closer co-operation with the two TV channels of the Kirch Group, SAT.1 and DSF, create additional impetus for growth. Discussions about possible closer collaboration between the parties were initiated at the beginning of this year.

The ProSieben Shares: Clear Price Gains in 1999

DAX reaches all-time high at year-end

The German stock index DAX ended the year 1999 with 6,958 points – a new all-time high. However, earlier in the year the market experienced a volatile performance, accompanied by interest rate fears and a rather restrained economic climate. At the beginning of the year the DAX stood at just under 5,700 points but generally fluctuated between 4,700 and 5,500 points between January and mid-October. The market showed appreciable swings only in the spring and summer of last year – reaching a low of 4,601 points in March and climbing close to the 5,700 mark in July. As a result of rising optimism and imaginative mergers – predominantly in the telecommunication and IT sectors – share prices soared at the end of the year. The positive sentiment also influenced the capital market at the start of 2000.

Clear price gains for ProSieben shares at year-end



ProSieben was one of the pre-eminent shares listed in the MDAX, the German share index for mid caps, in the 1999 stock market year. In the first ten months of the year, ProSieben shares generally traded between € 40 and € 50. However, towards the end of the year, ProSieben was able to record clear price gains. The ProSieben shares started 1999 with a price of € 41.30 and ended the year at € 57.70 – an increase of 40 percent. Compared to the MDAX, which only managed a rise of 4.6 percent and the DAX, which improved its performance by 39 percent, the performance of the ProSieben shares proved to be well above average. In 1999, ProSieben shares reached their year high on December 21, with a price of € 62.50, while trading at their lowest on November 1, with a price of € 35.00.

The price of the ProSieben shares continued to climb considerably at the beginning of the year 2000. On February 25, 2000, the shares reached their highest value to date, with a price of € 180. On March 1, 2000, the share price stood at € 154.50. In addition to excellent market fundamentals, capital market experts attribute the clear price increase mainly to the accelerated expansion of the ProSieben Group into a multimedia company and the opportunity of closer collaboration with the two TV channels of the Kirch Group, SAT.1 and DSF.

Out of the most important companies listed on the German stock market, ProSieben shares were ranked 48th in the DAX 100 in terms of share turnover and 71st in terms of market capitalization in 1999. The ProSieben share was weighted at 0.88 percent in the MDAX. Between January and December 1999, an average of 57,430 ProSieben shares were bought and sold each day. Around 45 percent of the shares were traded via the electronic trading system Xetra, 48 percent were traded on the floor of the Frankfurt stock exchange and seven percent were traded on the floors of the remaining domestic stock exchanges. ProSieben shares are quoted in the 'Amtlicher Handel' [official list] of the Frankfurt stock exchange and are bought and sold on the open market in all other German stock exchanges. In the USA, the shares are traded on the open market as so-called ADRs [American Depositary Receipts], in accordance with rule 144 A of the American Securities Law. ADR certificates are deposit slips used as securities for non-American shares.

ProSieben investment beats both the DAX and MDAX

The ProSieben shares have clearly outperformed the DAX and the MDAX. A shareholder invested in ProSieben shares at IPO worth DM 10,000 and who reinvested the dividends in ProSieben shares, achieved a value of around DM 42,950 with his portfolio at the beginning of March 2000. This means that his investment more than quadrupled within 32 months. With an investment in the DAX he would have realized around DM 19,580 and with the MDAX moreover, only around DM 10,730.

Dividends increase from DM 2.00 to DM 2.30

Use of net income for the year 1999

[DM millions]

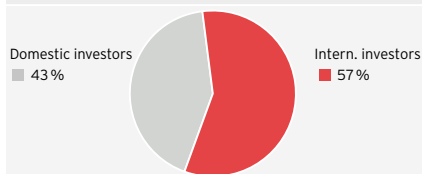
Group net income for the year	167.0
Previous year's retained earnings	13.7
Allocation to revenue reserves	83.0
Distribution to shareholders	77.9
Retained earnings, new	19.8

As a result of the positive earnings position and increased equity, ProSieben Media AG is able to continue its shareholder friendly dividend policy again in 1999. The Executive Board and the Supervisory Board are expected to propose an increase in dividends for preference shares from DM 2.00 last year to DM 2.30. The dividend for ordinary shares is to rise from DM 1.85 to DM 2.15. Shareholders will therefore receive dividend payments amounting to around 47 percent of ProSieben Media AG's net income for the year. DM 83.0 million are to be allocated to revenue reserves. DM 19.8 million will be carried forward to the new accounting period. Barring any major acquisitions, ProSieben Media AG will continue to exercise a profit oriented and shareholder friendly dividend policy.

Strong commitment from US investors

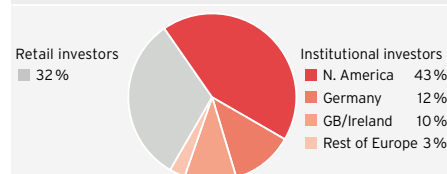
A survey carried out in December 1999, has shown that around two thirds of the company's listed preference shares are currently in the hands of institutional investors in Germany and abroad. In 1997, the proportion of shares held by institutional investors stood at 48 percent. Last year, ProSieben shares were particularly sought after by US investment funds, which hold 43 percent of the total share capital. This is followed by domestic investors in Germany with twelve percent, British investors with ten percent, and investors in the rest of Europe holding three percent.

Shareholder structure for preference shares: Domestic and international investors



Source: Dewe Rogerson/Deutsche Börse AG

Shareholder structure for preference shares: Retail and institutional investors



Source: Dewe Rogerson/Deutsche Börse AG

Overall, 43 percent of the company's preference share capital are held by domestic investors and 57 percent by international investors. Within Germany, ProSieben shares are particularly sought after by private investors. Around 70 percent of all German preference shareholders are retail investors, who hold around 31 percent of the total preference share capital.

The ordinary shares of ProSieben Media AG are not quoted on the stock exchange. They are held by KirchMedia GmbH & Co. KGaA [58.4 percent] and by Rewe-Beteiligungs-Holding National GmbH [41.6 percent]. The shares are registered as restricted registered shares and can therefore only be transferred with the approval of the company. In December 1999, the Executive Board at ProSieben Media AG approved the transfer of shares from Thomas Kirch to KirchMedia GmbH & Co. KGaA.



Innovative communication with the capital market

ProSieben is recognized as one of the most innovative companies with regard to modern communication with shareholders. In 1997, ProSieben became the first German public company to broadcast an analyst conference on the Internet. Press conferences as well as the annual general meeting are also broadcast regularly live on the Internet. ProSieben's financial communication equally addresses institutional investors and private investors. Investors can access the latest information about ProSieben shares on the information page for shareholders at the company's web site 'www.ProSieben.com' – including the company's interim reports and annual reports as well as letters to shareholders, conference call recordings and analyst opinions. The Internet service attracts an increasing amount of interest. In January 2000 alone, the site registered 217,908 accesses. This compares to just 70,000 accesses in the same period of the previous year and represents an increase of 211 percent. In addition to the web site, up-to-date information about the company can also be obtained via ProSieben's own hotline [+49 89 9507 1145] and on ProSieben teletext, starting on page 750.

The company has already received a number of awards for its shareholders communication. According to a survey of the best corporate Internet sites, published by the magazine 'Capital' in February 2000, ProSieben Media AG was ranked in second place. Especially the content and service offered by the ProSieben home page was rated very highly. In addition, the magazine 'Wirtschaftswoche' awarded ProSieben third place of all companies listed in the MDAX in respect of the outstanding interactive nature of its Internet service, among other categories.

In addition to electronic communications via the Internet, the company also invested in the direct dialog with institutional investors last year. In 1999, the company conducted more than 250 one-on-one meetings and a large number of group discussions with investors around the world, focusing in particular on the USA, Europe and Asia.

Award-winning financial communication

	Ranking	Category	Publication
Best web site	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	10	DAX, MDAX, New Market, Small caps, Banks	Capital 10/99
	1	Newly listed companies	Manager Magazin 10/98
	5	MDAX	Capital 9/98

Key figures for ProSieben shares

German security code Reuters code		777773 PSMG_p	1996	1997	1998	1999
Dividend per preference share	[DM]		--	0.60*	2.00	2.30
Tax credit per preference share	[DM]		--	0.26	0.86	0.99
Total dividends	[DM millions]		--	27.56	67.38	77.88
Number of shares	[million shares]		15.00	35.00	35.00	35.00
- preference shares, listed	[million shares]		--	17.50	17.50	17.50
- ordinary shares, restricted	[million shares]		15.00	17.50	17.50	17.50
Profit per share in accordance						
with DVFA	[DM]		4.86	3.17	4.37	4.49
Cash flow per share	[DM]		29.74	27.14	29.31	28.89
* First entitled to dividends from July 1 to December 31, 1997						

Performance of ProSieben preference shares		1997	1998	1999	2000 (1.1. - 1.3.)
Issue	[€]	36.81	--	--	--
Close	[€]	42.95	39.37	57.70	154.50
Low	[€]	38.60	39.11	35.00	57.00
High	[€]	50.11	55.48	62.50	180.00
Market capitalization*	[€ millions]	1,503	1,378	2,020	5,408
Daily volume of trade	[shares]	165,807	73,508	57,430	98,318
Price-earnings ratio		26.50	17.62	25.13	--
Price-cash flow ratio		3.10	2.63	3.91	--
Dividend yield					
- inclusive of tax credit	[percent]	2.04	3.71	2.92	--
- exclusive of tax credit	[percent]	1.42	2.60	2.03	--
* Basis: 35 million shares, including unlisted ordinary shares Variable-price quotation, Frankfurt					



Television is the key medium
of the information society

Television: Good News from the ProSieben Group

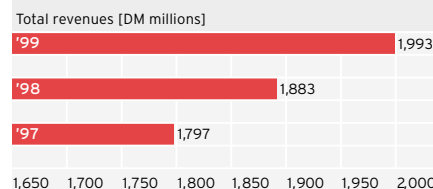
The ProSieben Group's core business
Successful multi-channel strategy

Even in the multimedia era, television remains the key medium for modern mass communication. In 1999, German television viewers watched an average of 185 minutes of television each day. This is the second highest value in the history of television. Only in 1998 did people spend more time watching television. A concentration of major sporting events – Winter Olympics, Tour de France and the Football World Cup – led to new records in television usage in the 1998 television year. According to a poll by the opinion research institute forsa, people consider television 'the most important invention of the 20th century' and television use by far outstrips all other media.

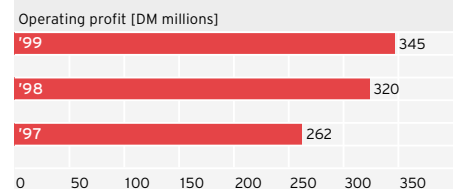
In 1999, the ProSieben Group further extended its position in the viewers' market. The combined market share of the ProSieben and Kabel 1 full service channels rose to 13.8 percent of all viewers – an increase of 0.7 percentage points over the previous year. RTL lost 0.3 percentage points and reached 14.8 percent; with 10.8 percent, SAT.1 recorded a loss of one percentage point; both ARD [14.2 percent] and ZDF [13.2 percent] did not reach the previous year's levels. In 1998, the public broadcasting stations in particular were the main beneficiaries of their extensive sports coverage.

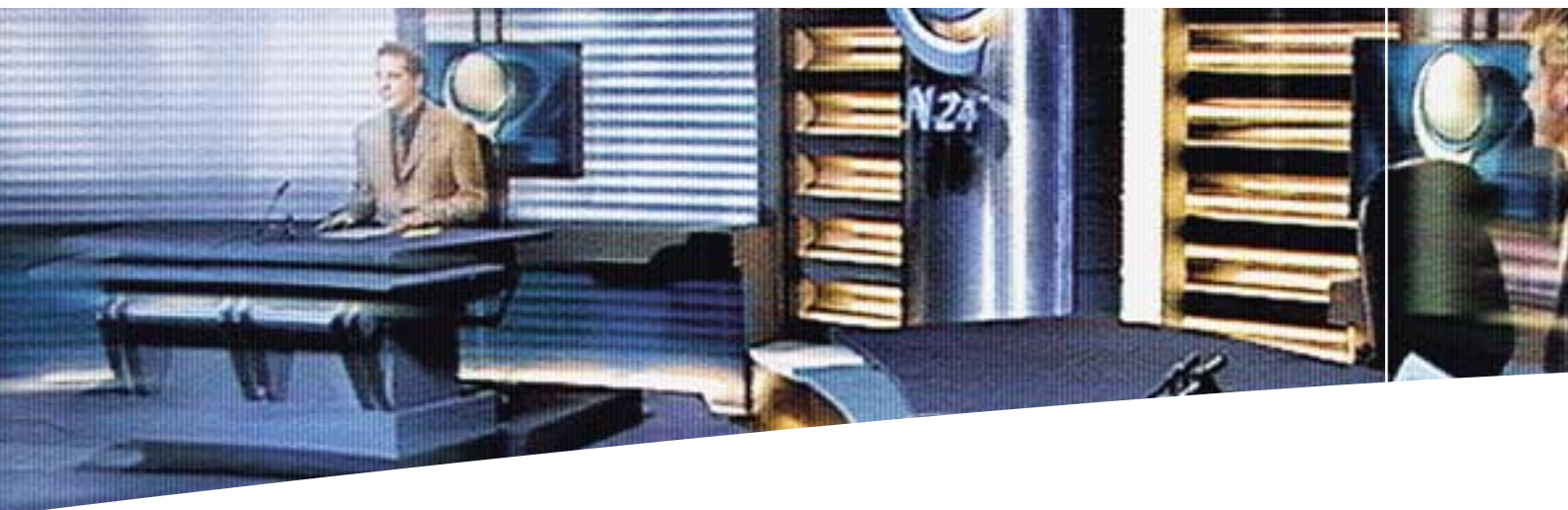
The ProSieben Group also improved its position in the commercially decisive target group of viewers in the 14 to 49 year age group and increased its market share by 0.2 percentage points to 18.8 percent. RTL remained static at 17.8 percent, SAT.1 recorded 12.8 percent, compared to 12.9 percent in the previous year. Viewers in the 14 to 49 year age group are particularly important for commercial television companies, as the majority of advertising campaigns are aimed at this target audience. The ProSieben Group has been able to capitalize successfully on its acceptance in the audience market. In the television business segment, external revenues rose by six percent to DM 1.984 billion in 1999. Total revenues amounted to DM 1.993 billion – an increase of six percent compared to the previous year. The operating profit rose by eight percent to DM 345 million.

**Business segment television:
Revenue performance**



**Business segment television:
Profit performance**





N24

Welcome to the new world

The most important strategic undertaking in 1999 was the expansion of the channel family. With the set up of N24, the ProSieben Group has extended its portfolio with a modern news channel. N24 is seen as a complementary niche service to the two full service channels ProSieben and Kabel 1. The new channel is to attract new audiences as well as new advertising clients. To this end, N24 Gesellschaft für Nachrichten und Zeitgeschehen mbH can take advantage of the expertise and infrastructure within the ProSieben Group. The operational integration in the channel family will enable N24 to achieve a financial surplus much more quickly than a comparable single station would. N24 has been allocated a budget of around DM 120 million for the year. The channel will finance a large proportion of this amount through commissioned news productions for ProSieben and Kabel 1. In the year 2000, the ProSieben Group expects N24 to generate external revenues in the region of almost double digit millions [DM].

N24 started broadcasting on January 24, 2000 as planned. The ProSieben Group has therefore managed to successfully launch the new channel on air after just eleven months. N24 broadcasts comprehensive reports about national and international current affairs with an emphasis on business and economy news. Viewers are guided through the day by a clear program structure. Generally, news coverage is presented every 30 minutes at the half and full hour. In addition, business news is shown every fifteen minutes to and fifteen minutes past the hour.

Additional expertise through strong partners

Company	N24
Legal form	GmbH
Founded	1999
Shareholding	100 percent *
Company category	Television station
Main activities	Organization of a commercial information niche program for the core target audience of viewers in the 30 to 55 year age group
General Manager	Ulrich Ende
Address	Gutenbergstr. 1 D-85774 Unterföhring Germany Tel. +49 [89] 9507-2424 Fax +49 [89] 9507-2400 www.N24.de
* After equity investment of F.A.Z. GmbH: 74.9 percent	

N24 is broadcast live for 18 hours each day. N24 is able to interrupt its program at any time and switch to additional live reports in special circumstances. In this respect, the channel benefits particularly from its own network of correspondents, situated on site in Washington, New York, Moscow, London, Brussels, Jerusalem, Rome and Zurich. In the area of financial news reporting, N24 has found a strong partner in the financial services organization Bloomberg. This guarantees the channel's ability to broadcast the latest classifications and background information at any time directly from all the major stock markets around the world. Information for investors on N24 is also provided by the business magazine 'Börse Online'. These partnerships are paying off. Just two months after its first broadcast N24 won the first critical acclaim for its stock market coverage. The publication 'TV Today' announced N24 as the winner in a survey of investor programs on television: "The high standard and topicality of the economic news coverage are maintained throughout the day."

The planned investment by Frankfurter Allgemeine Zeitung GmbH [F.A.Z.] also promises additional journalistic impetus. A letter of intent was signed in December 1999, which sets out that the publisher will take a 25.1 percent stake in N24. For the acquisition of the shares, F.A.Z. will pay a purchase price in the mid-region of double digit millions [DM].



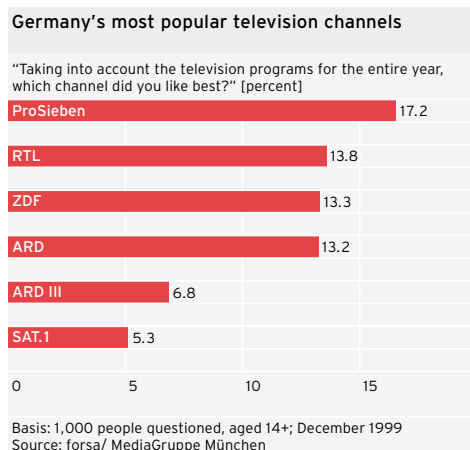
The development of N24's technical reach is moving ahead as planned. The program is distributed throughout Europe via the Astra 1D satellite. Some of the federal states in Germany are already able to receive N24 over cable. The company has submitted applications to all regional media authorities in Germany for distribution over cable. In spite of a lack of capacity in the German cable networks, good opportunities exist for N24 to be included in several regions. N24 can be received terrestrially via a standard external aerial, in particular in the densely populated areas of Bavaria. On March 31, 2000, N24's coverage extended to around a third of all German television households. The technical reach is scheduled to rise to around 70 percent by the year 2004.

Worldwide reception via the Internet

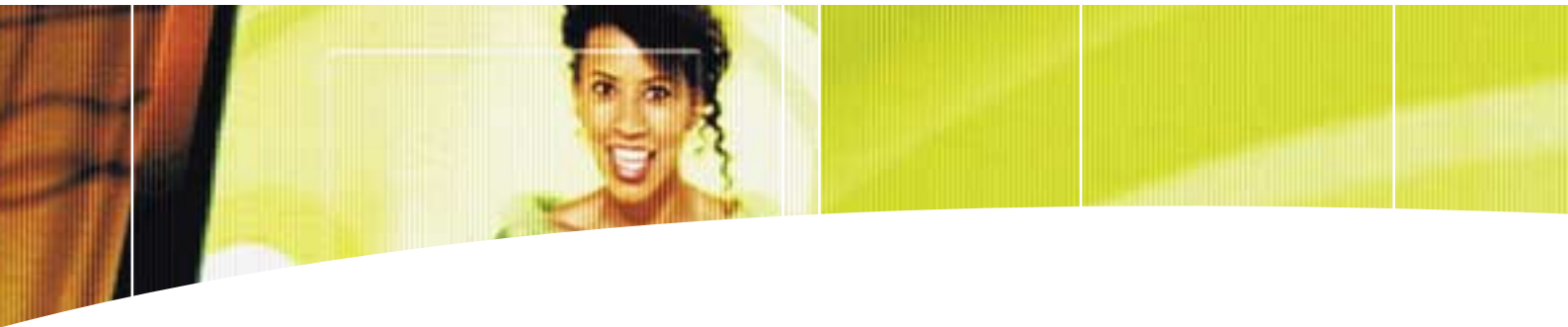
In building awareness for N24, the channel does not only benefit from its own distribution and cross promotional opportunities available within the ProSieben Group – because N24 is more than just television. The N24 brand stands for a multimedia information service provider, who reaches his target audiences by a range of different means. In addition to the N24 TV program, both N24 Text and N24 Online provide the most important information on demand – 24 hours a day. The channel's Internet service fulfils a particularly important role. At its web site 'www.N24.de', N24 presents more than just additional facts and background information. Entire contributions from the TV offering can be accessed in video-on-demand format. The full program can be accessed over the Internet. So-called live streaming technology enables users with access to the Internet to watch the N24 TV program live from anywhere in the world.

ProSieben

The quality brand for young television



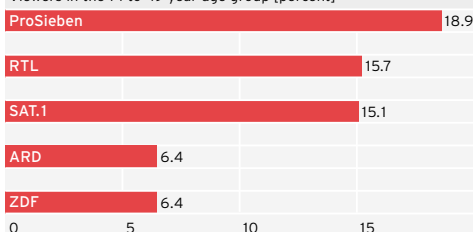
In the 1999 television year all major stations had to accept losses in market share, including ProSieben. The TV channel lost 0.3 percentage points in its market share of all viewers and achieved an annual average of 8.4 percent. With the target audience of viewers in the 14 to 49 year age group, ProSieben achieved a market share of 13.5 percent after 13.9 percent in the previous year. Nevertheless, ProSieben was still able to improve its position in the advertising market. Revenues increased by three percent to DM 1.643 billion. The pre-tax profit rose by five percent to DM 343 million. One of the key success factors arises from the station's positioning as the premium quality TV station. In important socio-demographic categories, like income and education, ProSieben's audience structure lies well above the industry average. Innovative marketing strategies and an international award-winning design in addition to ProSieben's program offerings are contributing factors, which have earned the channel the best image ratings of all German TV stations. According to the results of a survey carried out by the opinion research institute forsa in December 1999, 17.2 percent of all viewers named ProSieben the most popular TV channel of the year. High image ratings play an especially important role in the media sector because the importance of clear positioned brands is increasing, as a result of the fast growing overall number of offerings.



Market leader in the afternoon

Market shares in the afternoon

Viewers in the 14 to 49 year age group [percent]



Basis: 1999, Monday to Friday, 1.00 p.m. - 5.30 p.m.; all television households in Germany
Source: AGF/GfK Fernsehforschung [PC#TV]/MediaGruppe München

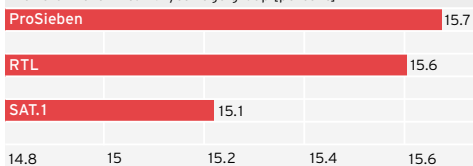
The constant monitoring of a company's own offerings and a willingness to change are a commercial necessity in the highly competitive television market. In 1999, ProSieben acted and reacted with a large number of program innovations. The company revised its two boulevard magazines – 's.a.m.' and 'taff.' – and in October 1999, 's.a.m.' was extended to one hour and by additional service oriented topics in order to increase audience loyalty. Transmission of 'taff.' was brought forward to 5.00 p.m., the program contents was revised and a dynamic duo of presenters was introduced. The performance of the entire afternoon program scheduled between the two boulevard magazines has been extremely positive. ProSieben was able to successfully launch a third talk show program with 'Nicole – Entscheidung am Nachmittag' [Nicole – Decision in the afternoon]. As a result, ProSieben has become the market leader with viewers in the 14 to 49 year age group during weekdays, between 1.00 p.m. and 5.30 p.m.

On the other hand, the new access prime time program, which was revised in April 1999, did not meet the company's expectations. The series 'Mallorca – Suche nach dem Paradies' [Majorca – Searching for Paradise] was unable to achieve the necessary audience ratings and consequently concluded at the end of the first series of episodes. Since January 17, 2000, the company has fallen back on a previously well established sitcom schedule, which has considerably improved the audience flow.

Top station for feature films

Market shares at weekend prime time

Viewers in the 14 to 49 year age group [percent]



Basis: 1999, Saturday & Sunday, 8.00 p.m. - 11.00 p.m.; all television households in Germany
Source: AGF/GfK Fernsehforschung [PC#TV]/MediaGruppe München

Attractive feature films are and will continue to be ProSieben's core competence. In 1999, the station's program included six feature film slots during prime time [8.00 p.m. to 11.00 p.m.]. ProSieben has been especially successful with its feature film highlights at the weekend, which still represents the two days with the highest audience figures. In the last financial year, ProSieben showed 29 blockbuster movies – films which did particularly well in cinemas. On ProSieben, these blockbuster movies achieved an average market share of 24.8 percent with viewers in the 14 to 49 year age group. ProSieben was also able to position itself ahead of its two main competitors, SAT.1 and RTL during prime time at weekends. ProSieben's competence in the area of feature films is not only reflected in the ratings. Regular image surveys by the opinion research institute forsa have confirmed that ProSieben is firmly established in the minds of German TV viewers as the top station for feature films.

Profile based on entertainment and information

Company	ProSieben
Legal form	AG
Founded	1988
Main activities	Organization of a commercial full service program for the core target audience of viewers in the 14 to 49 year age group
Director of Programming Address	Dr. Ludwig Bauer Medienallee 7 D-85774 Unterföhring Germany
	Tel. +49 [89] 9507-10 Fax +49 [89] 9507-1122 www.ProSieben.de www.ProSieben.com
Special feature	Holding operation for the ProSieben Group

ProSieben's enhanced profile is mainly a result of new inhouse and commissioned productions in the area of comedy, shows and information. One synonym for the success in the comedy sector is the program 'TV total', presented by Stefan Raab. The program has attracted up to 4.3 million viewers and has become the most successful comedy format on German television in a very short period of time. In addition to the comedy programs shown on Mondays, ProSieben added a further comedy slot to its Thursday evening program in September 1999.

Since August 1999, ProSieben's early Saturday evening program has been shaped by show formats. 'Andreas Türck Lovestories', 'Rosen vom Ex' [Roses from your ex] and 'Talk, Talk, Talk', offer viewers a real alternative to the national football league coverage. Following the introduction of inhouse produced shows, the market share in the target group of viewers in the 14 to 29 year age group during early Saturday evenings (5.00 p.m. to 8.00 p.m.) has risen to an average 20.2 percent. Previously it stood at 12.3 percent.

ProSieben has also enhanced its image through its inhouse produced information programs. The station more than doubled the proportion of information oriented magazine formats in its overall program for 1999. The information portfolio includes programs such as 'Welt der Wunder' [World of Wonders], 'Galileo', 'Die ProSieben Reportage' [The ProSieben Report], 'Die Reporter' [The reporters] and 'Focus TV'. A new magazine format, focused on the economy, is currently in the planning phase and is due to go on air already during the first half of 2000.

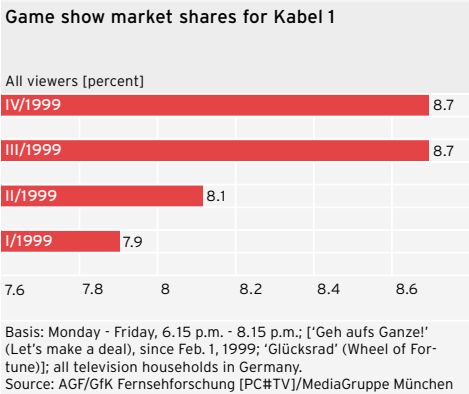
Kabel 1

Timeless quality on German television

For Kabel 1, 1999 was yet again a record year. The station was able to increase its market share with all viewers to 5.4 percent from 4.4 percent in the previous year. This made Kabel 1 the fastest growing German television station in the last financial year. Kabel 1 has considerably extended its lead to its main competitors RTL II [4.0 percent] and VOX [2.8 percent]. The station also continued its growth in the important target group of viewers in the 14 to 49 year age group. With 5.3 percent Kabel 1 increased its market share by 0.6 percentage points compared to the previous year. The remarkable success in the audience market has had a positive effect on the earnings position. The revenues improved by 21 percent to DM 373 million, with pre-tax profits rising to DM 47 million – an increase of 147 percent. This has enabled Kabel 1 to redeem all start up losses in the 1999 financial year as planned.



Game shows lead to clear increases in market shares



Two factors have been crucial for the success of Kabel 1 in the audience market: the consistent focus on game shows during the access prime time and the distinctive feature film schedule during prime time. In addition to the successful show 'Glücksrad' [Wheel of Fortune], which celebrated its comeback on Kabel 1 in 1998 already, 'Geh aufs Ganze!' [Let's make a deal] – a second ratings winner – was given a permanent broadcasting slot in February 1999. As a result of this program expansion, the market share during access prime time has increased considerably. In the first quarter of 1999, Kabel 1 had a market share of 7.9 percent during weekdays between 6.15 p.m. and 8.15 p.m. In the fourth quarter of 1999 the market share had already risen to 8.7 percent. Kabel 1 will continue to expand this program category. The station plans to broadcast another additional game show in the year 2000.

The program initiative 'The best movies of all time' has proved very successful in the prime time program. Feature film highlights from the last four decades have exceeded the important threshold of one million viewers aged 14 to 49 several times. Overall, the market share during prime time in this target group rose from 3.7 percent to 4.5 percent – an increase of almost 25 percent. Viewers will also be able to find 'The best movies of all time' on Kabel 1 in 2000. Of the films scheduled in Kabel 1's program, more than 50 percent are considered to represent the 20 best films ever made, according to a viewer's survey conducted by the opinion research institute forsa.

Branded programs in the information area

Inhouse produced information programs have also proved successful on Kabel 1. The weekly formats 'K1 Die Reportage' [K1 The Report] and 'K1 Das Magazin' [K1 The Magazine] are achieving market shares well above the channel's average. Against this background, Kabel 1 further extended its information program offering in January 2000. With 'Abenteuer Auto' [Adventure Car] and 'Abenteuer Leben' [Adventure Life] the station has started a new program series which very quickly found a regular audience.

A new design for a timeless entertainment brand

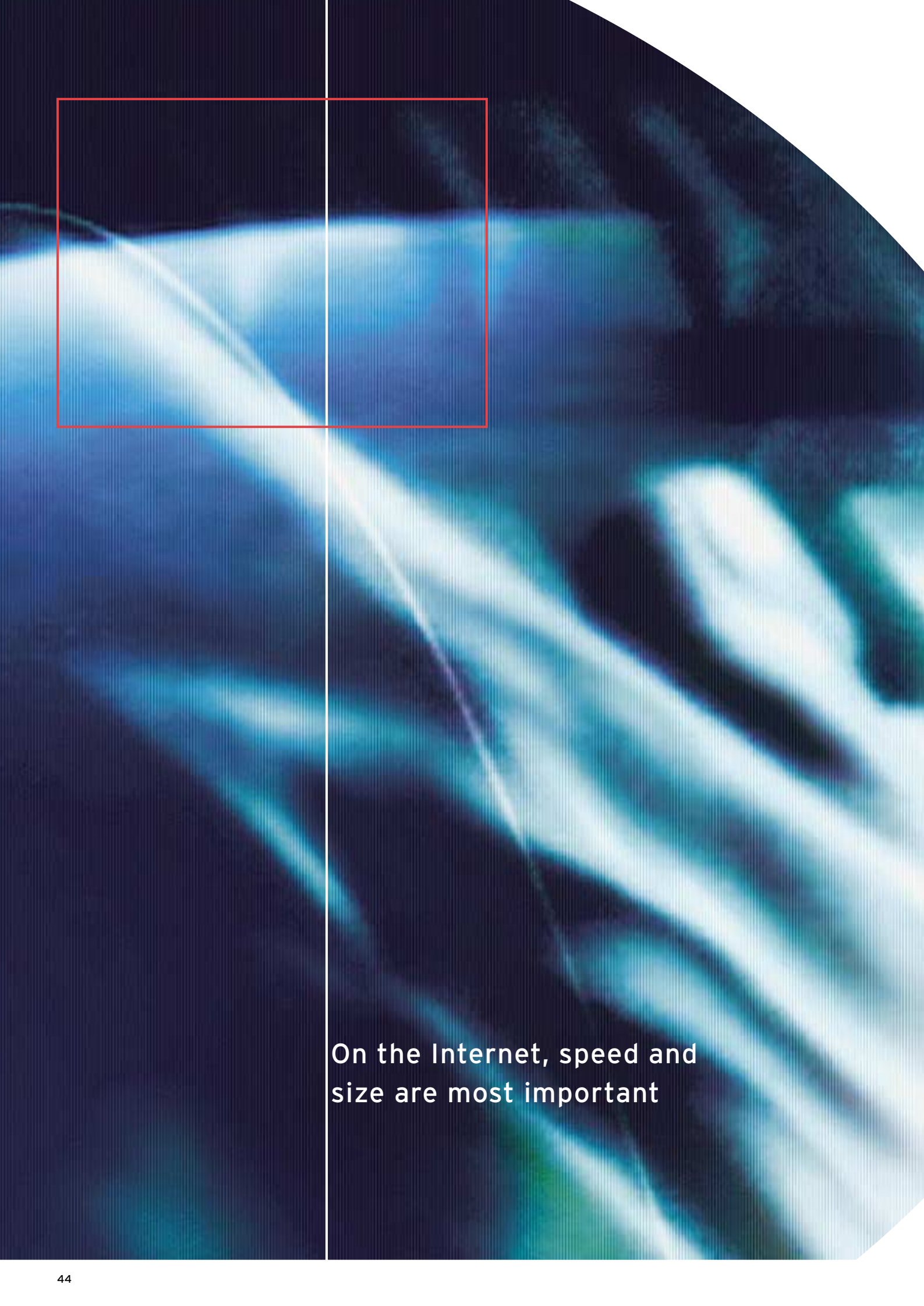
Company	Kabel 1
Legal form	GmbH
Founded	1992
Shareholding	100 percent
Company category	Television station
Main activities	Organization of a commercial full service program for the core target audience of viewers in the 30 to 60 year age group
General Manager	Nicolas Paalzow
Address	Gutenbergstr. 1 D-85774 Unterföhring Germany Tel. +49 [89] 9507-2100 Fax +49 [89] 9507-2158 www.Kabel1.de

Since December 24, 1999, Kabel 1 has been presenting the station with a new design. Central to the design is the station's new 'old' logo with the figure one clearly visible. Kabel 1 had to change its logo in 1997 as a result of a legal dispute with ARD, which lasted several years. ARD had claimed that the Kabel 1 logo could be mistaken for the logo of ARD's first program. In October 1999, the first civil panel of judges at the German Federal Supreme Court finally found in favor of Kabel 1.

Following the positive result of the judicial proceedings, the logo was framed with a modern design for the station, which accentuates Kabel 1's claim, to be the entertainment brand for timeless quality on German television.

Channel family**Successful start into the year 2000**

In the first quarter of 2000, the ProSieben Group has been able to further increase its market share and has positioned itself for the first time ahead of RTL with all viewers. Compared to the previous year, the ProSieben Group's two full service stations, ProSieben and Kabel 1, increased their combined market share with all viewers by a total of 0.2 percentage points to 14.0 percent. In the target group of viewers in the 14 to 49 year age group, which is most important for the advertising industry, the two stations achieved a combined market share of 19.4 percent. This represents an increase of 0.3 percentage points. This has enabled the ProSieben Group to further extend its position as the leading German television company with younger television audiences. Similar valid data regarding market shares for N24 is as yet not available. Audience usage measurement for N24 through the television research panel of GfK are still in the test phase.



On the Internet, speed and
size are most important

Multimedia: New Growth in New Markets

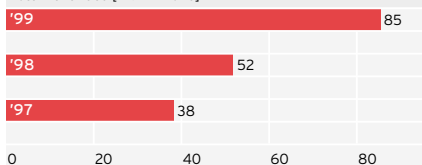
The future belongs to multimedia

The introduction of multimedia technologies has considerably increased the speed of innovation and entrepreneurial verve in the media market in recent years. Multimedia has evolved from an industry of the future to an industry sector which is already now effecting all areas of life. The meteoric growth of the Internet emphasises the profound influence these developments are having on the economy and society as a whole. According to GfK Online Monitor, around 16 million people in Germany – aged between 14 and 69 – used the Internet at the start of 2000. This means that the number of people with online access has risen by more than 50 percent compared to just six months earlier. The Internet is well on the way of becoming an everyday medium. The predictions regarding the development of online advertising in Germany are similarly optimistic. For the year 2000, the Prognos institute expects revenues of around DM 450 million – three times the amount in 1999.

Multimedia is a growth industry which challenges all companies. Companies wanting to succeed in the multimedia era need to be constantly ready for innovation and must be able to penetrate new markets quickly. The ProSieben Group has adopted these standards in its investment policy in the multimedia business segment. In the last financial year, the ProSieben Group laid the foundation for future growth in this sector, through new shareholdings in e-commerce businesses, the further development of new media services and investments in the news agency ddp. In 1999, total revenues in the multimedia business segment rose by 63 percent to DM 85 million. The operating profit amounted to DM four million and remained positive. However, as a result of the company's growth oriented course of expansion, the operating profit did not reach last year's level of DM 13 million.

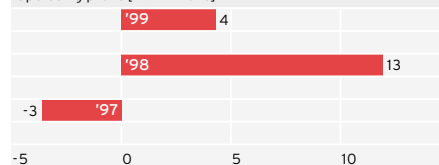
**Business segment multimedia:
Revenue performance**

Total revenues [DM millions]



**Business segment multimedia:
Profit performance**

Operating profit [DM millions]



The strategy: Content, connectivity,
community, commerce

The ProSieben Group's approach in the multimedia market can be described in four words: content, connectivity, community and commerce. Production and distribution of contents lie at the heart of the media company's business. By consistently linking all sectors of the company, the ProSieben Group has ensured that contents can also be used to its maximum potential from a multimedia and economic perspective. Access to the largest number of media users possible depends on awareness and technology. The company's key brands from the television sector have established the ProSieben Group firmly in the minds of many recipients. This brand awareness is being spread and strengthened through multimedia tools. The portfolio of different media enabling connectivity, ranges from teletext to the Internet right through to out of home media and mobile systems, such as WAP phones and PDAs. Communities are target groups who are clearly defined by mutual interests. ProSieben uses the flexibility offered by the new media tools to address communities who are difficult to reach through traditional mass media.



In addition to advertising, the company's multimedia activities are increasingly financed through e-commerce. On the one hand, the ProSieben Group receives a share of the e-commerce revenues generated through its Internet services, alternatively the company acquires shareholdings in e-commerce businesses as a strategic investor.

ProSieben Online Network among the top five

The ten most popular general interest online services

[Millions]	Visits	Page accesses
1 Focus Online	17.9	63.8
2 Tomorrow Network	14.3	48.8
3 RTL Online	7.6	20.1
4 ProSieben Online Network	6.8	18.8
5 praline interaktiv	6.7	36.0
6 Stern.de	6.4	40.1
7 TV Today Network	5.5	19.2
8 ZDF.MSNBC	4.8	10.7
9 Coupé	4.2	37.8
10 Spiegel online	3.8	12.4

Source: IVW; Basis: December 1999

The ProSieben Online Network, which covers the ProSieben Group's most important online services, earned a place in the top five general interest services on the Internet last year. In December 1999, the network recorded 6.8 million visits – almost four times as many as in the same month in 1998. In the same period, the number of page accesses tripled to almost 18.8 million.

In order to continue the targeted development of its Internet service and to create the best possible opportunities for advertising sales, the ProSieben Group conducts extensive research. The company has commissioned the largest ongoing online survey in Germany, whereby around 10,000 Internet users are interviewed each month. The findings provide important information for the advertising industry and support the editorial offices in the development of new contents.

In 1999, the conception of N24 Online, the Internet site of the news channel N24, was particularly significant. Since January 23, 2000, Internet users have been able to access a comprehensive range of news services, with an emphasis on the economy, stock markets and finance at the web site 'www.N24.de'. A key feature of the N24 multimedia concept is convergence. N24 Online transmits the channel's TV program in live streaming mode but also has its own web studio for program productions specifically designed for the Internet. The N24 brand is not only shaped by technological convergence but also by overcoming the confines of all media boundaries through close co-operation with the TV and online editorial offices. N24 is therefore a good example of an integrated brand strategy in the multimedia era.

As a result of N24 Online's positioning in the information sector, 'www.ProSieben.de' will change its focus as of June 2000. ProSieben Online, which was launched in April 1996 as the first comprehensive Internet service by a German television station, will focus more strongly on the areas of entertainment and life style and consequently align itself even closer to the ProSieben television brand. 'www.Kabel1.de' is also committed to maintain a close affiliation to the TV offering. As a result, the program initiative 'The best movies of all time' will be extended to the Internet through a film dictionary and information about the stars from film and screen.

From content to community

Company	ProSieben Digital Media
Legal form	GmbH
Founded	1996
Shareholding	100 percent
Company category	Multimedia service provider
Main activities	Production of all digital services for the ProSieben Group [teletext, Internet, WAP]; production of multimedia platforms and contents for external customers
General Managers	Dr. Marcus Englert Joachim Magin
Address	Medienallee 7 D-85774 Unterföhring Germany Tel. +49 [89] 9507-8100 Fax +49 [89] 9507-8110 www.ProSieben.com

In addition to the presentation of its key brands on the Internet, the ProSieben Group was able to establish new, independent online services last year. The development of the 'www.redseven.de' community has proved particularly successful. The concept that enables Internet users to determine their own information which is maintained by ProSieben from an editorial perspective, has paid off. In April 2000, 'redseven' already counted almost 110,000 members. Communication between members of the community centers around five major topics, which are supported and maintained by the central multimedia editorial office of ProSieben Digital Media. In addition, 'redseven' also offers a large number of opportunities for direct contact and interaction.

Community services such as 'redseven' do not only focus on the interests of the users. They also make it easier to position advertising banners, special forms of advertising and e-business services in order to reach exactly the right target audience. Against this background, ProSieben Digital Media GmbH and comdirect bank AG signed a strategic partnership agreement in the multimedia business segment in March 2000, in order to expand the companies' community portfolio. The two companies will set up a joint project company for the operation and support of an Internet finance community. comdirect, a subsidiary of Commerzbank, will bring its existing finance community to the joint venture. ProSieben Digital Media will provide editorial contents from the ProSieben Online Network. From an editorial perspective, the web site of the new community will be supported predominantly by the editorial office of N24 Online.

Entry into the e-commerce market

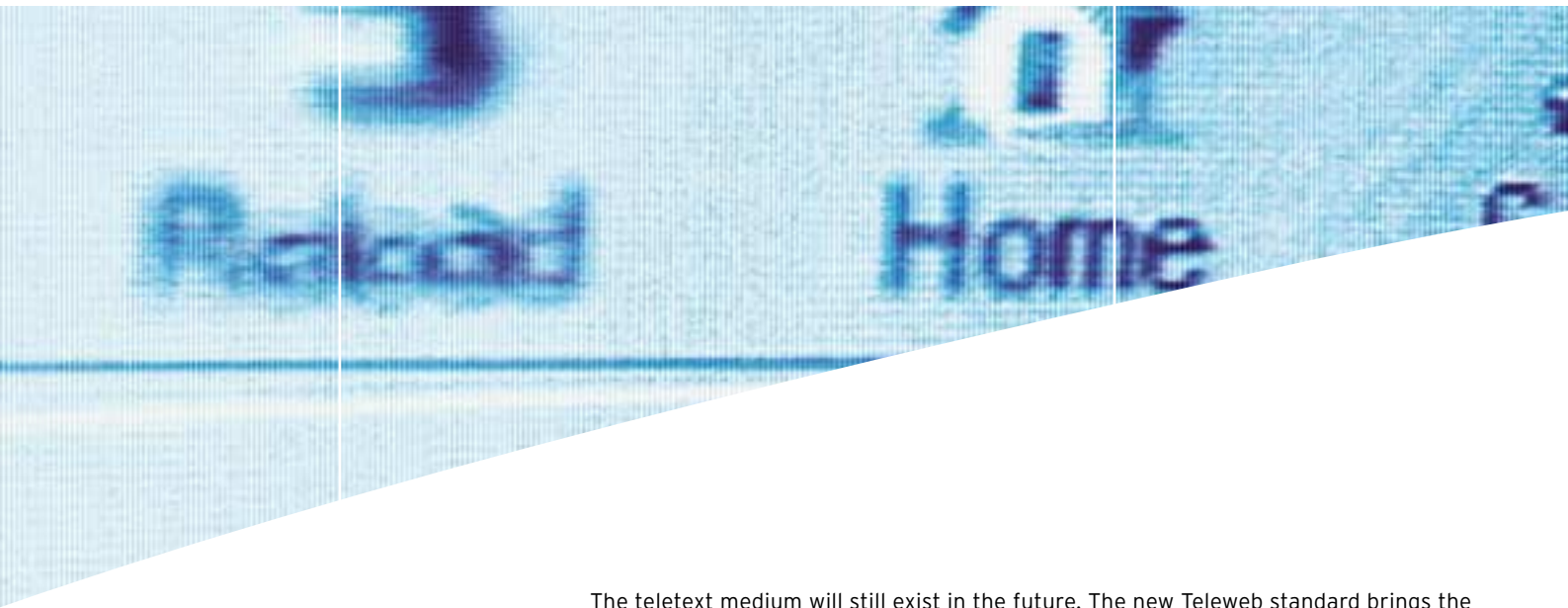
Company	LetsBuyIt.com
Legal form	N.V.
Founded	1999
Shareholding	25.1 percent
Company category	E-commerce company
Main activities	Operation of a European platform for electronic trading, based on the co-shopping model
General Manager	Martin Coles
Address	LetsBuyIt.com Deutschland Nymphenburger Str. 86 D-80636 Munich Germany Tel. +49 [89] 12003-0 Fax +49 [89] 12003-111 www.letsbuyit.com

The Internet is not a medium solely concerned with contents. It also offers a multitude of opportunities for business transactions. Consequently, shopping on the net is becoming increasingly popular. According to the German multimedia association [dmmv], the sales generated by all German e-commerce companies in 1999 amounts to around DM eight billion. Next to advertising, e-commerce represents the second major source of finance for the ProSieben Group's multimedia offerings. The breadth of activities ranges from the sale of merchandising articles in the virtual ProSieben Club shop right through to strategic investments in e-commerce businesses.

With the company's investment in the Internet trading companies LetsBuyIt.com and myToys.de in 1999, ProSieben is blazing a new trail. Both schemes were largely financed through media volume, i.e. by offering advertising positions on the ProSieben Group's different media formats. The company LetsBuyIt.com, which operates across Europe, relies on a new type of co-shopping model. By bundling the demand, consumers are able to purchase premium products via LetsBuyIt.com at near to wholesale prices. The company myToys.de has focused its activities on the sale of toys over the Internet.

Teletext – a classic among the new media formats

In spite of the increasing importance of the Internet, the 'old' new medium teletext continues to maintain its leading position in the multimedia market. Around 25 million households – approximately 75 percent of all television households in Germany – are able to receive teletext. Up to ten million viewers use the teletext services every day. The main advantage of the medium lies in its ability to provide instant and free access to topical information. Viewers incur neither usage nor connection fees.



The teletext medium will still exist in the future. The new Teleweb standard brings the Internet and teletext closer together. The necessary end systems will be made available from 2001. The contents and attractive nature of the Internet will then be transferred to the television screen. Teletext contents can be tailored more specifically and presented more attractively with the Teleweb technology. The ProSieben Group is a member of the consortium which is driving the development of Teleweb.

In the 1999 financial year, the traditional teletext services of ProSieben and Kabel 1 were able to considerably improve their market position. In December 1999, ProSieben Text achieved an average net reach of 640,000 viewers per day. This represents an increase of ten percent compared to December 1998. Kabel 1 Text increased its net reach by 26 percent within the space of one year. On average, the service is used by 240,000 viewers every day. Launched on January 24, 2000, N24 Text completes the teletext portfolio of the ProSieben Group with a comprehensive news service. In addition to the teletext services of the ProSieben Group, the multimedia service provider ProSieben Digital Media also produces the teletext pages for the shopping channel H.O.T. as well as for the German sports channel DSF.

e:max – the newcomer

Company	CM Community Media
Legal form	GmbH & Co. KG
Founded	1994
Shareholding	76 percent [since 1998]
Company category	Community TV supplier
Main activities	The sale of the community TV platform e:max to fitness centers, cinema foyers, discotheques, shops and catering establishments; provision of software, hardware, transmission technology and program contents
General Manager	Reinhold Geiling
Address	Im Mediapark 6 D-50670 Cologne Germany Tel. +49 [221] 5795-0 Fax +49 [221] 5795-101 www.e-max.de

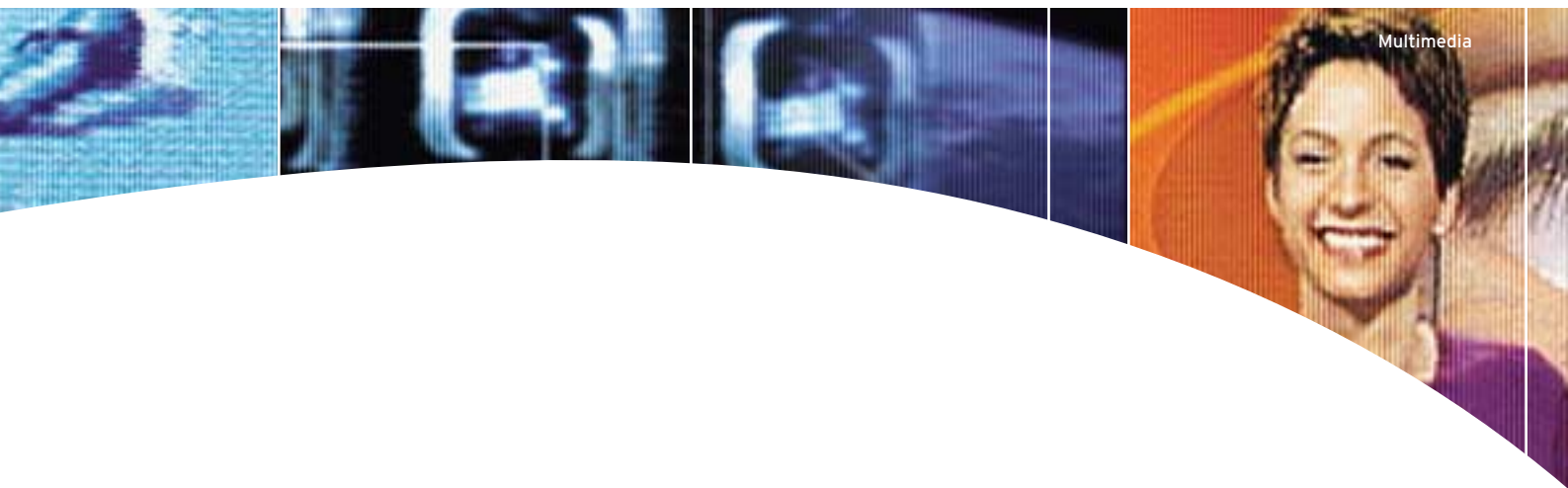
One of the very latest generation of screen media is e:max. The digital out of home TV medium was launched in 1999 by the ProSieben subsidiary CM Community Media. Since then, 500 e:max systems have been sold. Programs shown on e:max are financed through advertising and reach young target audiences in places which practically exclude all other types of media – out of home, while shopping, in discotheques, at fitness centers or in fast-food outlets. e:max enables advertisers to communicate with clearly defined consumer groups in their leisure environments.

Opportunities to tailor both programs offered and advertisements are practically unlimited in respect of locality and subject matter. e:max can be configured exactly to the needs of the individual customer. Each outlet operator can tailor the e:max service via the Internet to meet his particular requirements. The selected data packages are transmitted to a local computer and include among others music clips, movie trailers, magazine extracts and tips and advice. The program is 'broadcast' directly from the local hard disk. Around 40 percent of all e:max systems sold can be found in the retail environment, for example at Media Markt and the Kaufhof department stores, 35 percent are situated in fitness studios and 20 percent in discotheques.

ddp – news agency in the multimedia era

Even the newest media is useless without contents. For companies to be commercially successful in the multimedia market, having control over own rights to information is a key factor. Against this background, ProSieben invested an amount in the upper single digit millions in the expansion of the ddp/ADN news agency in 1999, which has been operating under the common brand name of ddp since the beginning of this year.

One of the major investments last year went into the networking of the entire news agency operation. Today, ddp journalists have access to the latest technologies which provide the necessary flexibility and mobility to enable staff to carry out their work. Journalists can connect to the ddp network at any time via their notebooks. In addition to being able to write and file articles at any location, they can also research



Company	ddp
Legal form	GmbH
Founded	ADN: 1946 ddp: 1971
Shareholding	100 percent [since 1998]
Company category	News agency
Main activities	The production and sale of editorial contents [text, pictures, graphics]
General Managers	Lutz Schumacher Dr. Marcus Englert
Address	Medienallee 7 D-85774 Unterföhring Germany Tel. +49 [89] 9507-8300 Fax +49 [89] 9507-8144 www.ddp.de

material from their notebooks – exactly as if they were working at the office. ddp also invested in the development of new editorial services. This year, ddp is attacking the market with additional regional services tailored to the needs of the regional media and with subject related services and a picture library. In the medium term, ddp is expected to considerably improve its position from its current ranking as number four among German news agencies.

ddp's commitment is centered primarily on customer service. The company's products and services are aligned to the daily working practices of editorial offices. A large proportion of the reports carry source information with additional research tips. The information includes details on location, time, contact person including telephone numbers as well as useful Internet addresses. Accessibility and flexibility are also major considerations. With 30 state and regional offices and a further 70 agents nation-wide, ddp is represented throughout Germany. Unlike its competitors, ddp also enables its customers to define their information needs specifically to their own requirements. Every major subject area covered by the news agency is also offered as a separate module. Customers only pay for what they actually need.

Digital foreign advertising windows

As a result of digital satellite technology, the ProSieben Group is able to offer customers separate advertising opportunities for Austria and Switzerland. Entire blocks of advertising are exchanged and fed into the current program at precisely the right moment. In the first quarter of 1999, Kabel 1 followed ProSieben's example by setting up a similar special service for the Swiss and Austrian advertising industries. All of the ProSieben Group's digital foreign advertising windows are recording an operating profit.

Ready for the future

The ProSieben Group recognized the dynamic development in the multimedia sector early on as an entrepreneurial challenge. The company has been systematically exploring and opening up the new multimedia markets since 1996. The convergence of content, connectivity, community and commerce is no longer a subject for the future at the ProSieben Group but a commercial fact in the company's daily operations. The consistent development of the multimedia business segment will continue. One additional key focus is the content production for external customers. Already today, ProSieben Digital Media produces information for companies such as Vereinte Versicherung, Messe Frankfurt and evita, the Internet portal of the German postal service Deutsche Post AG. The company plans to also offer branded contents in the future, content which is related to one of the major brands of the ProSieben Group. Customers will be able to include such contents in their intranets for example.

In addition to further investments in special interest platforms, the ProSieben Group plans to take a stake in one of the major German Internet portals in 2000, which will dominate the market in the future. The possible capital investment in an Internet service provider is also being explored. The company has allocated investments and media services in the amount of three digit millions [DM] to support this growth oriented strategy. In the financial year 2000, the operating profit in the multimedia business segment will be negative. On the other hand, the segment will generate double digit percentage increases in revenues.



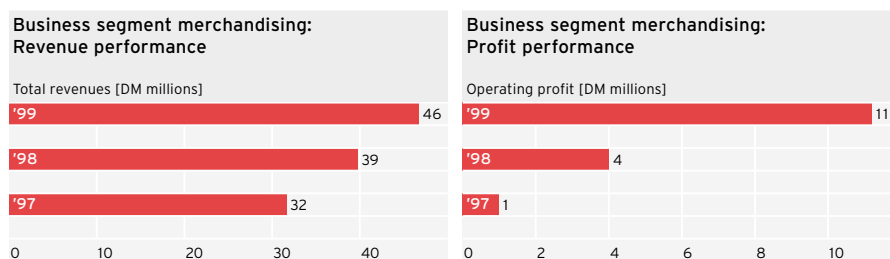
A new generation of media products
and media companies in the making

Merchandising: Continued Expansion of the Rights Portfolio

The merchandising market Cartoons and art lead to success

The merchandising business segment mainly incorporates the activities of the two subsidiaries MM Merchandising München GmbH and ProSieben Club & Shop GmbH. In the 1999 financial year, the ProSieben Group was able to once again record clear growth in both revenues and profit. Compared to the previous year, external revenues increased by 30 percent to DM 39 million. Total revenues amounted to DM 46 million – a rise of 18 percent compared to the previous year. The operating profit rose from DM four million to DM eleven million – an increase of 175 percent.

Unlike all other television companies in Germany, the ProSieben Group does more than just market its own merchandising rights. MM Merchandising München acts as an independent licensing and service agency on the market. The company has a number of subsidiaries which specialize in specific sectors of the merchandising business, such as ancillary art rights for example. MM Merchandising München produces attractive products for the trade, based on classic cartoon characters, well-known personalities and works of art.



Licensing market grows by ten percent each year

In the key European markets, the USA and Japan, merchandising products are currently attracting over half of the total population – and the trend is rising. In Europe, the merchandising business has been generating double digit growth rates for a considerable number of years. An increasing number of companies use classic animated cartoons, works of art from popular artists and brand names, which are recognized by the consumer, to promote their own products. According to industry experts, the revenue potential of merchandising products in the German market is estimated at DM six billion. It is expected that the licensing market will grow at an annual rate of ten percent over the next few years.

MM Merchandising München A full service agency

MM Merchandising München was founded in 1971. The company is the oldest and second largest licensing agency in Germany after EM.TV. In the 1999 financial year, MM Merchandising München together with its subsidiaries was able to increase its revenues by 20 percent compared to the previous year.

As a full service agency, MM Merchandising München is involved in the provision of suitable licensing themes, the development of product designs through its inhouse creative team and the realization of advertising concepts for licensees. In addition, the company also deals with the ongoing development of licensing characters in close consultation with the licensors. Overall, the agency markets 75 different rights. The allocation of these rights resulted in over 2,600 licensing products being introduced on the market in 1999. The company's customer base comprises more than 11,000 companies.

The basis of success: The rights portfolio

Company	MM Merchandising München
Legal form	GmbH
Founded	1971
Shareholding	100 percent [since 1996]
Company category	Licensing agency
Main activities	Marketing of licensing themes of the ProSieben Group and external licensors
General Managers	Dirk Fabarius Gregor Peitz
Address	Münchner Straße 20 D-85774 Unterföhring Germany Tel.: +49 [89] 95 07-8600 Fax: +49 [89] 95 07-8701 www.merchandising.de

In addition to the logos and own formats of ProSieben, Kabel 1 and N24, the company's portfolio also includes such rights as the 'Schlumpfe' [Smurfs], 'Pumuckl', 'Watershi Down', 'Marsupilami' and 'Bronny Bear'. In 1999, the company's catalogue of services was qualitatively expanded by consultancy services for BMW motor sport. MM Merchandising München's consultancy services cover innovative product recommendations, the identification and introduction of suitable manufacturers of merchandising products as well as targeted sales support. In addition to new merchandise for supporters of the Formula One team 'BMW Williams F1', the company plans to also offer merchandising products for BMW's activities in the sport and touring class racing arena.

The area of media co-operation is a further mainstay of Merchandising München. The licensing agency regularly co-operates with more than 50 partner companies. In 1999, around 60 Singles and CDs, over 60 print titles and numerous other products were launched on the market, all carrying the logos of ProSieben, Kabel 1 or the title of a well-known TV program and promoted in the appropriate program environment. These included for example the 'ProSieben PC' in collaboration with Rewe, the CD 'Ö la Palöma Boys', the 'Andreas Türck Calendar' for the year 2000 as well as books and videos related to the ProSieben documentary series 'Dinosaurier – Im Reich der Giganten' [Walking with Dinosaurs].

Into the future with the Internet and e-commerce

MM Merchandising München has committed itself to innovative marketing methods. Both the Internet and e-commerce open up new business perspectives. The company presents itself on the world wide web under the Internet address 'www.merchandising.de'. Under 'www.pumuckl.de', Internet users gain access to the home page of 'Pumuckl', one of Merchandising München's most successful licensing characters. The company, together with its licensees, will in future focus even stronger on the Internet as a distribution channel for the sale of licensing products.

ArtMerchandising & Media AG: Expertise in the sale of art rights

Company	ArtMerchandising & Media
Legal form	AG
Founded	1999
Shareholding	70 percent
Company category	Licensing rights agency
Main activities	International sales of ancillary art rights
Executive Board	Dirk Fabarius Gregor Peitz Marilyn Goldberg Hendrik te Neues
Address	Münchner Straße 20 D-85774 Unterföhring Germany Tel.: +49 [89] 95 07-8660 Fax: +49 [89] 95 07-8760

In December 1999, Merchandising München set up the subsidiary ArtMerchandising & Media AG, to handle the worldwide sale of ancillary art rights. The company works in close collaboration with the prestigious New York licensing agency MMI Museum Masters International in which ArtMerchandising & Media acquired a 100 percent stake. Both companies specialize in the area of traditional art rights merchandising and the sale of pictures and products over the Internet. ArtMerchandising & Media also set up a second subsidiary with ArtMedia Group, which is responsible for the international sale of ancillary art rights for promotional purposes and the organization of art exhibitions.

Based on the contracts obtained by the two subsidiaries MMI Museum Masters International and ArtMedia Group, ArtMerchandising & Media AG markets and develops licensing concepts for everyday use, with rights to original works of art of a wide range of well-known 20th century artists. But the company also markets rights to works of promising young artists. The portfolio of the two subsidiaries includes certain rights to works of art, such as Picasso, Salvador Dali, Keith Haring and Marco as well as rights to pictures of Kim Anderson, the distinguished photographic artist. In addition, the company also markets rights to personalities for the German speaking regions as well as rights to specific brands. Among others, these include Marlene Dietrich, 'Hollywood Sign' and 'Hollywood Walk of Fame'.



MM Merchandising München has a 70 percent stake in ArtMerchandising & Media, less one share. The remaining shares are held by Marilyn Goldberg, General Manager at MMI and Hendrik te Neues, Managing Partner at the te Neues publishing group. By the end of 2000, ArtMerchandising & Media AG will be recognized as the leading international marketing organization for ancillary art rights, with sales revenues of around DM 300 million.

ProSieben Club & Shop

Television you can touch

Company	ProSieben Club & Shop
Legal form	GmbH
Founded	1996
Shareholding	100 percent
Company category	Viewer club and direct marketing specialist
Main activities	The operation of the ProSieben Club; direct sales of products and services
General Manager	Marcus Hintzen
Address	Münchner Straße 20 D-85774 Unterföhring Germany Tel.: +49 [89] 95 07-1971 Fax: +49 [89] 95 07-1882 www.ProSieben-Club.de

ProSieben Club & Shop GmbH is the second mainstay of the merchandising business segment. The ProSieben Club fosters audience loyalty to the ProSieben TV channel and consistently promotes the ProSieben family brand beyond the realm of television. According to a survey carried out by Carlson Loyalty Monitor Germany, the ProSieben Club is the third best-known club in Germany, after ADAC and Bertelsmann Club. In 1999, the number of club members rose to 201,000. This represents an increase of 26 percent compared to the previous year. According to calculation standards generally adopted in the market, the value of the membership is estimated at around DM 40 million.

The ProSieben Club is first and foremost a relationship marketing tool. Members are able to order products at reduced prices, participate in prize games and cinema previews, book low-cost travel and concert tickets and take advantage of 'meet and greet' opportunities with stars from film and television. Members are kept up-to-date on events and news around the TV station through the two-monthly club magazine 'goseven' and a club catalogue. At the same time, the ProSieben Club acts as an important distribution channel for value added services and products from the ProSieben brand range. In the 1999 financial year, the company achieved sales revenues in the order of DM 57 million.

Online service generates 20,000 new members

One major activity of ProSieben Club & Shop GmbH in 1999 focused on the expansion of the company's online services. The home page 'www.ProSieben-Club.de' is to further strengthen audience loyalty and to systematically create new sales opportunities. In 1999, around 20,000 new members registered with the club over the Internet alone. For this reason, the ProSieben Club has been offering an additional membership specifically for online users since October 1999. Online users access offers and club services solely over the Internet. The ProSieben Club's Internet site registers more than 600,000 page accesses each month.

Collaboration with advertising clients

In 1999, ProSieben Club & Shop GmbH has strengthened its collaboration with advertising clients. The club offers its collaboration partners the opportunity to supplement traditional means of communication with individual interactive marketing measures. ProSieben Club & Shop GmbH will further extend its activities in this field by offering additional integrated services such as conception, creative design, development and distribution. In 2000, the ProSieben Club will expand its business services for members primarily in the area of tourism, telecommunications and banking. Furthermore, the company plans to increase its membership base to 250,000 by the end of 2000.



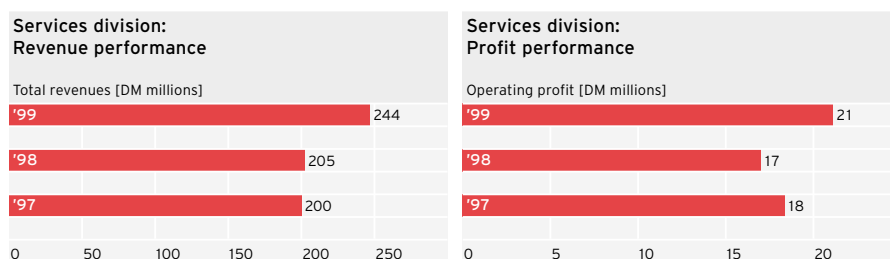
Companies looking to grow
in a competitive market need
specialists

Services: Ready for the Market

The ProSieben Group's service providers Increasing importance

For fast growing media companies like the ProSieben Group, internal service providers are taking on an increasingly important role. ProSieben benefits from its own competent and reliable service providers. These include such successful subsidiaries as the advertising sales company MediaGruppe München, the production company SZM Studios, the IT service provider ProSieben Information Service and the Sevensenses creative agency. All these companies play a major role in the economic success of the ProSieben Group.

In 1999, the ProSieben Group generated total revenues in the amount of DM 244 million in the services division. This represents an increase of 19 percent compared to the previous year. External revenues amounted to DM 19 million. More than 90 percent of the total revenues were generated within the ProSieben Group as planned. The operating profit in this business division rose by 24 percent to DM 21 million.



MediaGruppe München Professional partner to the advertising industry

The subsidiary MediaGruppe München is one of the most important service providers of the ProSieben Group. Since 1992, the sales company has been recognized in the market as a professional partner to the advertising industry. The company markets all of the ProSieben Group's traditional media. External customers too have access to the experience and skills available within the sales company. MediaGruppe München is the second largest sales organization for audio-visual media in Germany. MediaGruppe Austria and MediaGruppe Schweiz support the advertising windows of ProSieben and Kabel 1 in Austria and Switzerland. The ProSieben Group's digital media, such as the Internet services and teletext pages of the company's TV stations, are marketed by MediaGruppe Digital, a subsidiary of ProSieben Digital Media.

In 1999, the advertising market and in particular the television advertising market have once again outperformed the entire German economy, which grew by 2.5 percent. It is estimated that the overall expenditure for television advertising increased by five to six percent. More accurate information on the actual growth of the television advertising market will only become known on publication of the net advertising revenues of the German television stations. The report will be issued by the German advertising association [ZAW] in May 2000. Last year, a large number of companies, which had previously used the television medium very rarely or not at all, invested more heavily in television commercials. In particular, these include companies from the financial services, telecommunication and energy supply sectors. The news channel N24, with its economic and current affairs information services, is able to offer these customers ideal advertising environments.

Company	MediaGruppe München
Legal form	GmbH & Co. KG
Founded	1992
Shareholding	100 percent
Company category	Advertising sales company
Main activities	Advertising sales of electronic media, in particular television, for the ProSieben Group and external customers; research services for the ProSieben Group
General Managers	Peter Christmann Jürgen von Schwerin
Address	Medienallee 9 D-85774 Unterföhring Germany Tel. +49 [89] 95004-0 Fax +49 [89] 95004-399 www.mgmuc.de

Interest in news and business information by media consumers has risen sharply over the last few years. Against this background, the ProSieben Group took the strategic decision just over a year ago to launch the news channel N24. In addition to expanding the ProSieben Group's program capabilities, N24 also augments the media portfolio of MediaGruppe München. Both MediaGruppe München and MediaGruppe Digital have been marketing N24 Television, N24 Text and N24 Online since January 2000. The ProSieben Group fulfils all the necessary requirements to successfully position the N24 brand in the advertising market.

MediaGruppe München is the only sales company in Germany able to offer extensive experience in the marketing of several TV channels stretching back as far as 1992. The complementary positioning of ProSieben, Kabel 1 and N24 as well as the company's additional digital media formats, have enabled MediaGruppe München to offer its customers a wide choice of advertising times and platforms in different environments. Customers benefit from clearly defined target groups and excellent price-performance ratios. In 1999, MediaGruppe München supported a total of around 1,370 companies that invested in television advertising. The customer base of MediaGruppe Digital includes around 500 companies which utilize both teletext and online media services for their advertising campaigns.

In addition to the ProSieben Group's media services, which include the digital out of home television medium e:max, MediaGruppe München also markets the finance channel Bloomberg TV and the home shopping channel H.O.T. Furthermore, the company also took on the advertising scheduling of the tm3 channel in 1999. Since March 2000, MediaGruppe München also markets the advertising times of the pay TV provider Premiere World.

SZM Studios

Exceptional production techniques

SZM Studios is one of the most modern production companies for audio-visual media and as technical service provider, the company's services are essential to the success of the entire ProSieben Group. The specialists at SZM Studios are highly skilled in all areas of the most advanced production techniques – from filming on location, to studio recordings, through to digital post-editing. In addition to television programs, service provider also produces commercials, image films, on-air promotions, computer animation and visual effects for TV stations, production companies and advertising agencies.

SZM Studios regularly produce 14 different formats with a total of around 2,000 program minutes each week. The majority of these programs are inhouse productions for ProSieben and Kabel 1. Programs which have been produced by SZM Studios since 1999 include 'Focus TV' and 'K1 – Das Magazin' [K1 – The magazine], two productions involving virtual sets as well as the two talk show formats 'Nicole – Entscheidung am Nachmittag' [Nicolce – Decision in the afternoon] and 'Talk, Talk, Talk'.

As a result of the launch of the news channel N24, SZM Studios has considerably expanded its capacity for the year 2000. The company's experience and expertise was brought into play already during the very early stages of the set up of N24. At the time the ProSieben Group announced the start of its third channel in 1999, SZM Studios were faced with the challenge of developing the technical infrastructure for a topical

Company	SZM Studios
Legal form	GmbH
Founded	1993
Shareholding	100 percent
Company category	Film, TV and multimedia production company and IT service provider
Main activities	Central production company for the ProSieben Group and external media providers; specialist for studio productions, transmission technology and digital picture editing
General Managers	Dr. Kurt Bellmann Michael Hagemeyer
Address	Medienallee 7 D-85774 Unterföhring Germany Tel. +49 [89] 9507-60 Fax +49 [89] 9507-6100 www.szm-studios.de www.animation-vfx.com

news television service with 18 hours of live transmissions daily. Planning and implementation of the most advanced news technology was handled in record time by the staff at SZM Studios. This has enabled N24 to transmit fully digital broadcasts around the clock right from the start.

In addition to the production and post-processing of programs, one of the main tasks of SZM Studios lies in the handling of the transmission process for the ProSieben Group's TV stations. On September 1, 1999, the company also took on responsibility for the transmission process of the Munich TV channel tm3. From July 1, 2000, SZM Studios will also be responsible for the transmission process of SAT.1. The company therefore ensures the faultless transmission of programs for a total of five TV stations.

In 1999, ProSieben became the first television station to use the six-channel digital surround-sound 'Dolby Digital 5.1' in the transmission of feature films. Until then, only cinema audiences were able to enjoy this audio experience. SZM Studios first used this brilliant sound in Germany for the transmission of TV movies, trailers and commercials.

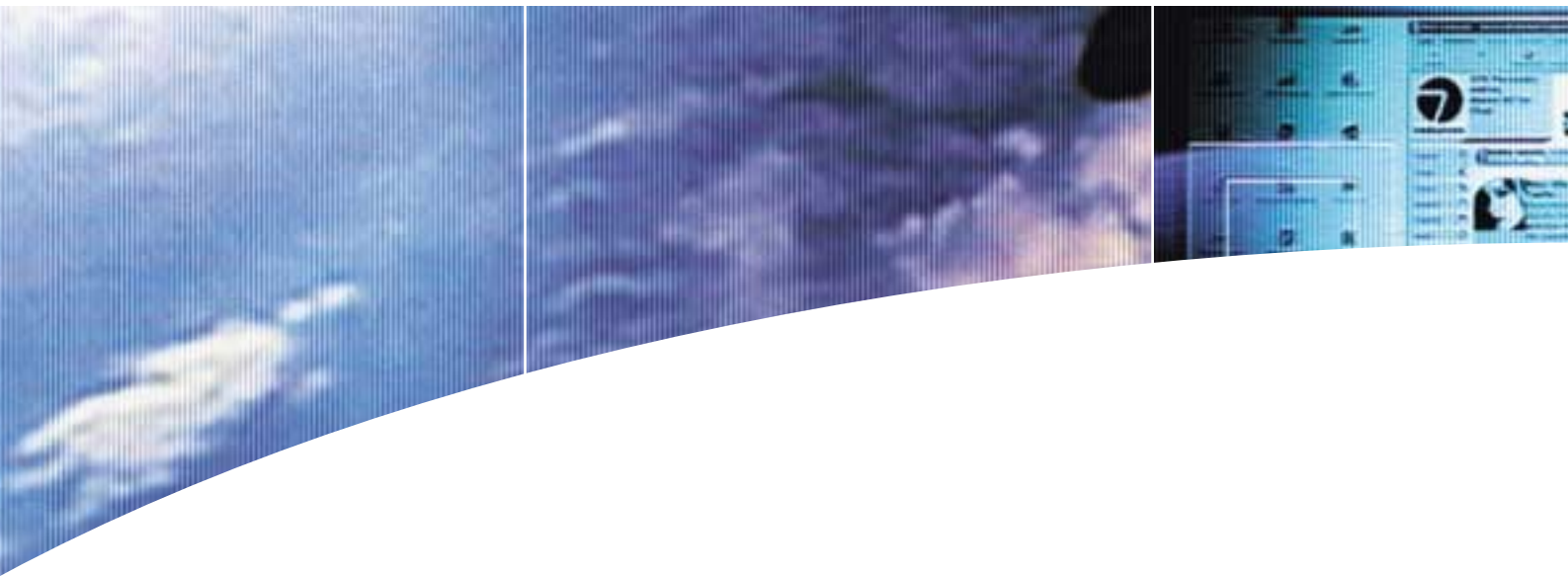
The convergence of television, computer and communication technologies is moving ahead very rapidly. In view of this development, the Executive Board of ProSieben Media AG decided in June 1999, to centralize the activities in the company's services division. As part of this decision, the company SZM Studios has been gradually amalgamated with the IT service provider ProSieben Information Service. As a result, the information technology area has been incorporated in the operation of SZM Studios. ProSieben Information Service GmbH will from now on concentrate solely on the development of software solutions and will offer its expertise to companies outside the group.

ProSieben Information Service Software solutions for advanced information management

Company	ProSieben Information Service
Legal form	GmbH
Founded	1996
Shareholding	100 percent
Company category	IT service provider
Main activities	Development and sale of software for the media industry
General Managers	Uwe Fritz Michael Hagemeyer
Address	Gutenbergstraße 3 D-85774 Unterföhring Germany Tel. +49 [89] 9507-50 Fax +49 [89] 9507-5190 www.ProSieben-Software.de www.it4tv.de

In today's media market, professional information management is a key factor for commercial success. The subsidiary ProSieben Information Service specializes in the development of customised software for the media industry. As a result of the company's many years experience, the service provider is today able to offer software solutions which virtually cover the complete range of business processes of a modern media company. The company's first customers outside the ProSieben Group include SAT.1 and the production company PlazaMedia.

In 1999, ProSieben Information Service was responsible for the successful development of the digital newsroom system 'ProNews', which was originally designed for the news channel N24. Today, this editorial system is being used by all of the ProSieben Group's TV stations. The main advantage of the system is the ability to integrate the new software in the company's existing systems. In addition to 'ProNews', two further software solutions are being upgraded to the level of standard software packages and prepared for introduction on the market: 'ProCast', which is used in production planning and the archive system 'ProArchiv'. The development of these products is centered around multimedia content management.



Last year, ProSieben Information Service was transformed from a pure inhouse supplier for tailored software solutions to a system provider of application software. The company is ideally placed to market its capabilities as a specialist provider for the media industry beyond the ProSieben Group. For this reason, the company set up its own sales division on April 1, 2000, which operates under the name IT4TV. The new sales company focuses its activities in particular on customers in the television and multimedia sectors. IT4TV markets business software solutions developed by ProSieben Information Service.

SevenSenses

Outstanding creativity

Company	SevenSenses
Legal form	GmbH
Founded	1999
Shareholding	100 percent
Company category	Agency for media design and marketing
Main activities	On-air design, on-air promotion, advertising & print design, audio design
General Manager	Markus Schmidt
Address	Steinheilstraße 10 D-85737 Ismaning Germany Tel. +49 [89] 9507-1800 Fax +49 [89] 9507-1818 www.SevenSenses.de

In April 1999, ProSieben centralized the activities of the company's successful creative departments for on-air design, promotion and advertising under the umbrella of its own agency. In the space of just a few months, the new subsidiary SevenSenses made a name for itself in the media and advertising world, as a creative agency for media design and marketing. In addition to its customer consultancy department, the agency is divided into four creative units – on-air design, on-air promotion, advertising & print design and audio design. This enables SevenSenses to offer integrated communication and creative solutions in all areas of advertising relevant to the entertainment industry. SevenSenses was able to achieve an operating profit as early as 1999, the year of the agency's formation. With a turnover in fees amounting to more than DM 20 million, the agency was able to exceed its own targets by a wide margin.

The company has been particularly successful in attracting new business. In its first year of operation, SevenSenses was able to win 14 new clients. In addition to the ProSieben TV station, which the company supports in all areas of on-air and off-air communication, the customer list includes companies like DSF, Premiere World, Studio Universal, ARD, Constantin Film, tm3, GoldStar TV, tv.münchen, Intervox.de, LetsBuy-It.com, Quelle Neue Medien, BMW Bank, Sebapharma and the German association of savings banks. By winning the creative business of the German sports channel DSF at the beginning of 2000, the agency has been able to prove its creative capabilities through a comprehensive and much admired campaign. SevenSenses developed a new corporate design for the sports channel and used the design in the production of a print and on-air advertising campaign.

Over the last few years, ProSieben has already won a great number of creative awards for its outstanding TV design, which has shaped the unique character of the brand over the long-term. Now, the newly formed agency SevenSenses has been able to uphold this success. In June 1999, the agency was awarded a total of 16 prizes at the PROMAX/BDA Award ceremony in San Francisco. The PROMAX/BDA Awards are among the most prestigious international creative accolades for TV design and marketing. At the beginning of 2000, SevenSenses also won two international awards at the New York Media Festivals, which makes the company one of the most successful European agencies for TV design and TV promotion.

Outlook 2000

Expansion of the services division into an operational business unit

In 2000, the ProSieben Group plans to develop the services division into a true business unit. The current inhouse service providers will gradually make their services available on the open market and will offer their experience and expertise to a greater number of external customers. This strategy does not only extend to the partial merger of ProSieben Information Service and SZM Studios and the clearly defined positioning of the IT service provider as a specialist for software development in the media sector, but also to the successful spin-off of the SevenSenses creative agency from ProSieben Marketing.

With effect from the financial year 2000, the ProSieben Group has restructured its business segments. The new structure also effects the services division. The television sales companies MediaGruppe München, MediaGruppe Austria and MediaGruppe Schweiz have been integrated in the television business segment. The multimedia sales organization MediaGruppe Digital now falls under the multimedia business segment. The news agency ddp will in future be incorporated in the services division – in line with all other companies within the ProSieben Group which produce intermediate media products specifically aimed at the business-to-business sector.



Employees as Co-Entrepreneurs

Interesting career opportunities

The ProSieben Group is one of the most important employers in the German media industry. With its core business television and its growth segments merchandising and multimedia, the company is able to offer interesting career opportunities to young people in particular in a growth industry with long-term prospects.

The movers of the media company are its employees. Their ideas, experience and expertise as well as their commitment are the foundation of the company's success. The ProSieben Group attracts professionals from a wide range of different occupations. Today, the company employs around 1,800 full-time and 600 freelance staff, including editors, program planners, software specialists, sales managers and controllers.

The ProSieben Group regards its employees as co-entrepreneurs. Continuous new challenges and dynamic market conditions shape the work in all of the ProSieben Group's companies. Target agreements between management and staff encourage motivation, staff initiatives and entrepreneurial thinking. Within the framework of this scheme exceptional performance is rewarded financially. The ProSieben Group offers its employees excellent working conditions – from performance related pay to employee development opportunities, right through to modern office facilities. In return, the company expects above average commitment and a willingness to take on responsibility.

389 new jobs

Last year, the ProSieben Group created a large number of new jobs. This is mainly attributable to the dynamic development in the multimedia business segment. However, the introduction of new program formats and the start of the news channel N24 also led to the hiring of additional staff. On December 31, 1999, the ProSieben Group employed a total of 1,774 staff – an increase of 389 jobs compared to the previous year. The average age of employees within the ProSieben Group stands at 33 years.

Job applications over the Internet on the increase

In 1999, the ProSieben Group received more than 11,500 job applications – approximately 30 percent more than in the previous year. Of these, 60 percent were sent on the individual's own initiative rather than as a result of prior recruitment advertising. Today, ProSieben is recognized as one of the most sought after employers in German industry.

An increasing number of applicants use the Internet in the search for jobs. ProSieben offers prospective employees the opportunity to access the company's latest job offers at its web site 'www.ProSieben.com/karriere'. The company's home page also carries details on job opportunities within the ProSieben Group, including job specs, candidate profiles and salary structures. Based on the information provided, applicants are able to form an initial impression about specific companies within the group and can contact the relevant personnel manager directly.

The ProSieben Group ranks very highly on the list of the most popular employers with junior executives from the IT and computer sectors. According to the results of a survey conducted among 1,000 up and coming IT professionals, the company ranks among the top ten 'dream employers'. The survey was commissioned by the market research institute Universum, on behalf of the news magazine 'Focus'. In 1999, the ProSieben Group employed around 140 IT specialists. By the end of 2000, the number of employees in the ProSieben Group's IT division is expected to rise by almost 30 percent.

The most popular employers in the area of IT

Rank	Company
1	IBM
2	Siemens
3	Sun
4	DASA
5	Microsoft
6	Hewlett-Packard
7	SAP
8	Fraunhofer-Gesellschaft
9	ProSieben
10	BMW

Source: Focus 8/2000



Training of young media people

The ongoing commitment to the training of young media people forms part of the ProSieben Group's basic corporate policy. In the 1999 financial year, the company trained 65 journalists, reporters and editors in the fields of news reporting, entertainment, public relations and multimedia. 373 trainees and students were given the opportunity to gain their first practical experience in an audio-visual media company.

In 1999, the ProSieben Group invested a total of over DM six million in training and ongoing professional education. With its training budget, ProSieben also supports higher educational institutions. The funds are used specifically for practical training programmes in the area of audio-visual media. ProSieben supports among others the German Academy for Film and Television in Berlin [dfbb], the Bavarian Academy for Advertising [BAW], the Bavarian Academy for Television [BAF], the Training and Education Center for Electronic Media [AFK], the Munich College for Film and Television [HFF], the Ludwig Maximilians University in Munich, the Film Academy Baden-Württemberg, the Academy for Journalism in Hamburg as well as the German College for Journalists in Munich [DJS].

With effect from April 1, 2000, the ProSieben Group has introduced a new programme for trainees under the name 'News Journalist'. The new training concept offers up and coming junior executives the opportunity to learn about all aspects of modern news journalism. The job description for journalists is changing. As a result of the integration of the traditional television business and the multimedia services, journalists today must be able to prepare news suitable for transmission on both television and the Internet. The ProSieben Group has therefore devised a modern training programme which aims to provide participants with practical experience in the audio-visual media sector over a period of twelve months. The channel N24, news agency ddp and the multimedia company ProSieben Digital Media train the students to become audio-visual news specialists.

Participation in the training programme is open to graduates from different German Universities. To this end, the ProSieben Group works in collaboration with the Catholic University in Eichstätt, the Free University in Berlin, the University of Hamburg, the University of Dortmund and the Leipzig University. The ProSieben Group has set very high qualification standards for applicants wanting to enrol in the training programme. Prior to starting their training, students must first successfully complete a special selection process.

Together well prepared for the future

The ProSieben Group has set itself far-reaching targets for the future. What has been accomplished up to now is the result of the dedicated commitment and above average performance of the company's employees. Each and everyone of the ProSieben Group's employees deserve the company's gratitude for their contribution to the overall success of the company. Together, staff and management fulfil all the necessary requirements to continue to improve the ProSieben Group's competitive position in the future.



Corporate Sponsorship: 'Act don't Protract'

Around DM nine million for corporate sponsorship

The ProSieben Group combines its corporate sponsorship activities under the motto 'Act don't Protract' and top priority is given to media skills. In addition, the company also supports organizations which offer help to those in need. The common denominator of all activities is that projects are carried out on the basis of co-operation 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 1999 financial year, the ProSieben Group expended a total of around DM nine million in donations and media services for corporate sponsorship.

Sponsorship on the increase

Since the early eighties, sponsorship has been considered as an effective tool for companies to demonstrate social commitment. What started out quite often as a form of traditional corporate patronage by management, has developed into an increasingly professional undertaking aligned to the activities of the communications department. Increasingly, the emphasis of sponsorship is focused on communication. At the same time, sponsored organizations are becoming noticeably more professional and deploy PR concepts as an integral part of their promotional activities. The media play an important part in sponsorship, not only through their own initiatives but also in their capacity of mediators. The expenditure in this area has risen steadily, not least as a result of the opportunities offered by media sponsorship. In 1999, sponsorship attracted investments in the order of DM 4.4 billion, according to the results of a study carried out by the international sport rights agency [ISPR]. Around two thirds are spent on sports sponsorship and around one third go to media sponsorship and cultural, social as well as ecological causes.

Sponsorship of media skills

The ProSieben Group feels it has a corporate responsibility to acquaint people with the the responsible use of new media. The main focus of this education process centers on the active deployment of screen media, a subject, which up to now, has not received sufficient attention at schools and colleges.

Over the last few years, ProSieben Media AG introduced a number of programmes related to 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 its students to submit new media concepts. Prizes for the best submissions will be awarded at a final workshop held in Berlin in the spring of this year.

For viewers, the ProSieben Group and the Bavarian Authority for New Media [BLM] have launched a joint advertising campaign for media education, which aims to assist parents in particular to teach their children how to use the television medium in a responsible manner. The advertising series addresses problem areas such as television late at night, 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 programmes and initiatives for young people working in the media. For example, ProSieben 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, integration into a modern infrastructure and advice from established media companies.

The 'Hennessy-Prize' has been awarded for the last ten years. As one of the main sponsors, MediaGruppe München supports this prize for new talents for German commercial films. Students from all the major German Colleges for Film produce innovative commercials for select brands. Today, the annual competition is considered as the 'Oscars' of the German advertising arena for new talents.

Social sponsorship

In the social area, ProSieben Media AG has been a partner of one of the biggest European sponsorship projects for the past three years. ProSieben, jointly with Daimler-Chrysler AG and Rewe, supports the Federal Association Deutsche Tafeln. Under the name 'Die Tafeln in Deutschland' [The Tables in Germany], the organization collects surplus, useable food provisions from producers and suppliers and channels these to those in need through welfare institutions. The ProSieben Group has made available air time on both ProSieben and Kabel 1 in support of this cause, with a value in the region of double digit millions [DM]. 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 250.

In December 1999, ProSieben, together with the children's emergency organization Kindernothilfe e.V., produced the successful gala charity event 'Wünsche werden wahr' [Dreams come true], presented by Andreas Türck. The two transmissions helped generate almost 5,000 new partnerships – with the projected sum of donations being estimated in the region of double digit millions [DM]. The benefit event achieved the best result of all TV gala events shown in the run-up to Christmas.

Teletext subtitles for the deaf

The introduction of teletext subtitles for the deaf and hard of hearing on ProSieben TV is the most important social project of the year 2000. Germany has around ten million people who are unable to follow television programs without subtitles. Up to now, these viewers have been serviced only by the public broadcasting stations. ProSieben is the first commercial television station to set itself the goal of providing subtitles on as many programming hours as possible. In a first step, major prime time feature films at weekends will be shown with subtitles. 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 planned for 2001.



Looking Back on an Eventful Year

January 1999	With effect from December 31, 1998, the ProSieben Group acquires the news agency ddp, which is considerably extended during 1999. The company opens additional correspondent offices and develops new products, including a modern picture and graphics service.
February 1999	The ProSieben Group incorporates the news channel N24 and submits its application for a broadcasting licence to the Bavarian Authority for New Media [BLM].
March 1999	<p>ProSieben station launches a new daily talk show, entitled 'Nicole – Entscheidung am Nachmittag' [Nicole – Decision in the afternoon]. Together, the three programs 'Arabella', 'Andreas Türck' and 'Nicole', represent the most successful talk show slot in German television. This makes ProSieben the market leader with younger television audiences in the afternoon, between Monday and Friday.</p> <p>ProSieben launches 'TV Total', presented by Stefan Raab. The program becomes one of the most popular new comedy formats launched in 1999. The programs 'TV Total', 'Switch', 'Quatsch Comedy Club' and 'Bullyparade' provide ProSieben with four high profile comedy brands in the German television market.</p> <p>ProSieben bundles its creative departments for on-air design, on-air promotion and advertising under the umbrella of the newly formed SevenSenses Agentur für Medien-design und Marketing GmbH. SevenSenses designs on-air and off-air advertisements for ProSieben and also offers its creative capabilities to companies outside the group. Today, SevenSenses has over a dozen customers.</p>
April 1999	ProSieben's daily boulevard magazine 'taff.' is allocated a new transmission slot and is now shown at 5.00 p.m. Britta Sander and Steven Gätjen jointly present a summary of the day's news and the latest from the boulevard world. The program is able to considerably increase its market share in the new transmission slot and extends the station's popular afternoon talk slot.
May 1999	ProSieben offers a free e-mail service under the Internet address 'www.redseven.de'. redseven is successively developed into a community world, offering chats, general interest bulletin boards and news.
June 1999	<p>N24 is granted a nation-wide broadcasting licence by the Bavarian Authority for New Media [BLM]. The licence is valid for an initial period of eight years. Ulrich Ende, up to now Head of News at ProSieben, is appointed General Manager of N24.</p> <p>At the Broadcast Design Association Awards in San Francisco, ProSieben wins ten of the much sought after awards. As a result, ProSieben becomes one of the most successful German television stations in respect of TV design for the third year running.</p>
July 1999	The Supervisory Board at ProSieben Media AG appoints Dr. Ludwig Bauer to the Executive Board. Previously, Dr. Bauer had been General Manager of Kabel 1 since 1996. At the annual general meeting, Alfred Möckel is unanimously elected to the Supervisory Board at ProSieben Media AG. A member of the Executive Board at BHF-Bank, Mr. Möckel succeeds Wolfgang Strutz, who resigned from the Supervisory Board.

Around 400 shareholders attend the second annual general meeting of ProSieben Media AG at the 'Reithalle' in Munich, representing a good 56 percent of the share capital. The annual general meeting is broadcast live on the Internet. The ProSieben Group's home page records more than 16,000 page accesses on that day.

The ProSieben Group acquires a 25.1 percent stake in the European e-commerce company LetsBuyIt.com. The co-shopping model developed by LetsBuyIt.com bundles the demand and gives consumers the opportunity to purchase premium branded products on the Internet, at prices generally only available from wholesalers.

August 1999

The Supervisory Board appoints Urs Rohner, a Swiss commercial lawyer, as new Chairman of the Executive Board at ProSieben Media AG. Mr. Rohner will succeed Dr. Georg Kofler on February 1, 2000. Dr. Kofler will be leaving the company to set up his own independent media business and will therefore not extend his contract for a further term.

October 1999

The shareholder Thomas Kirch announces plans to transfer his ProSieben share position to KirchMedia GmbH & Co. KGaA.

The SevenSenses creative agency wins the 'Eyes & Ears Award' for best typography. The prize relates to the trailer for the TV movie 'Die Schläfer' [Sleepers] on ProSieben. The fledgling design agency had been nominated for a total of seven award categories. ProSieben launches a screen workshop under the title of 'Bildschirmwerkstatt 2000'. The competition is to promote a creative exchange of ideas on different screen media. The prize money offered by ProSieben totals DM 40,000.

Michael Wölflle, Member of the Executive Board, leaves the ProSieben Group to set up his own independent media business. The Chairman of the Executive Board assumes responsibility for the management segment Advertising Sales and Multimedia.

December 1999

Frankfurter Allgemeine Zeitung GmbH signs an agreement with ProSieben Media AG to acquire a 25.1 percent interest in the news channel N24. The proposed agreement has already been approved in principal by the Supervisory Boards of both companies. Negotiations are to be completed shortly.

ProSieben Media AG acquires a ten percent interest in the e-commerce company myToys.de. The company sells toys on the Internet.

MM Merchandising München sets up the subsidiary ArtMerchandising & Media AG to handle the worldwide sale of ancillary art rights. By the end of 2000, ArtMerchandising & Media AG plans to generate sales revenues in the region of DM 300 million.

With a market share of 13.8 percent with all viewers in 1999, the ProSieben Group achieves its highest ever market share with this audience group. In the commercially decisive target group of viewers aged 14 to 49, the ProSieben Group increases its market share to 18.8 percent.

EqA	LB	5/5	22.31	+ 0.1
nEqA	PJ	1/2	11.62	+ 2.4
Mkt	FS	4/4	12.85	- 0.5
kaA	LB	5/5	22.31	0.1
gy	PJ	1/2	11.62	2.4
N	FS	4/4	12.85	0.5
A5	LB	5/1	22.31	0.1
eon	PJ	1/2	11.62	2.4
eld1	FS	4/4	12.85	0.5
nEqA	LB	5/5	22.31	0.1

169
 11 + 27
 2.4 + 4
 + 0.1 +
 + 2.4

1999 Financial Statements



Consolidated Balance Sheet for ProSieben Media AG

Assets		
	Dec. 31, 1999 DM	Dec. 31, 1998 DM
A. Fixed Assets [1]		
I. Intangible assets	149,179,377.46	142,222,811.61
II. Tangible assets	144,190,142.44	132,338,057.79
III. Financial assets	28,472,081.74	21,786,594.42
	321,841,601.64	296,347,463.82
B. Programming assets [2]	1,332,840,135.76	1,427,678,564.10
C. Current assets		
I. Inventories [3]	12,470,638.62	13,873,253.48
II. Receivables and other current assets [4]	218,013,357.00	75,931,479.23
III. Securities	158,227.30	-/-
IV. Cash, deposits with banks	57,840,005.19	38,446,153.76
	288,482,228.11	128,250,886.47
D. Prepaid and deferred items [5]	4,602,883.57	4,031,432.74
E. Deferred taxes [6]	16,172,924.85	20,379,547.25
Total assets	1,963,939,773.93	1,876,687,894.38

Liabilities and shareholders' equity		
	Dec. 31, 1999 DM	Dec. 31, 1998 DM
A. Shareholders' equity [7]		
I. Subscribed capital	175,000,000.00	175,000,000.00
II. Capital reserves	484,900,000.00	484,900,000.00
III. Revenue reserves	78,828,798.03	-/-
IV. Retained earnings	115,518,034.85	108,923,027.13
V. Consolidated net income for the year	157,152,798.24	153,095,997.80
VI. Minority interest	313,333.58	-/-
	1,011,712,964.70	921,919,024.93
B. Accrued liabilities [8]	269,769,320.40	132,087,711.82
C. Liabilities [9]	678,634,103.57	818,533,080.69
D. Deferred liabilities	3,823,385.26	4,148,076.94
Total liabilities and equity	1,963,939,773.93	1,876,687,894.38

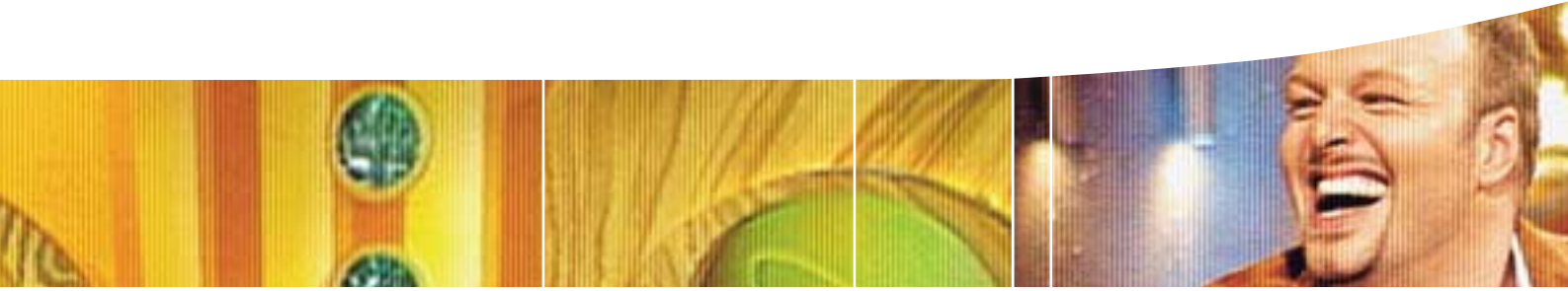
Consolidated Statement of Income for ProSieben Media AG

		1999 DM	1998 DM
1. Revenues	[12]	2,122,779,722.17	1,968,112,721.00
2. Inventory increase/decrease		-153,851.56	-36,766.64
3. Other operating income	[13]	111,877,627.56	58,658,713.68
4. Total		2,234,503,498.17	2,026,734,668.04
5. Programming and material costs	[14]	-1,254,312,061.99	-1,125,342,095.71
6. Personnel expenses	[15]	-220,934,734.60	-183,493,940.17
7. Amortization and depreciation	[16]	-71,117,340.15	-64,415,328.78
8. Other operating expenses	[17]	-306,785,849.52	-296,811,700.32
9. Operating result		381,353,511.91	356,671,603.06
10. Capital investment income	[18]	375,672.57	94,963.00
11. Income from interest	[19]	-35,504,568.87	-37,030,338.58
12. Other financial income	[20]	-5,810,079.47	-2,495,066.09
13. Financial result		-40,938,975.77	-39,430,441.67
14. Income from ordinary business activities		340,414,536.14	317,241,161.39
15. Taxes on income		-177,426,714.62	-164,547,281.05
16. Other taxes		-7,610,612.48	402,117.46
17. Net income for the year		155,377,209.04	153,095,997.80
18. Minority interests		1,775,589.20	-/-
19. Consolidated net income for the year		157,152,798.24	153,095,997.80

Statement of Movements on Fixed Assets for the ProSieben Group

	Acquisition or production costs				
	Jan. 1, 1999 DM	Additions* DM	Reclassifications DM	Disposals DM	Dec. 31, 1999 DM
I. Intangible assets					
1. Licences, trademarks and patents, as well as licenses to such rights and assets	11,079,445.58	4,202,732.88	100,000.00	195,418.40	15,186,760.06
2. Goodwill	246,217,747.96	39,194,168.39	-/-	-/-	285,411,916.35
3. Advances paid on intangible assets	2,893,699.32	1,668,820.00	-100,000.00	76,700.00	4,385,819.32
Total	260,190,892.86	45,065,721.27	-/-	272,118.40	304,984,495.73
II. Tangible assets					
1. Buildings on property owned by others	122,003,740.84	1,908,920.57	278,393.80	2,657,798.10	121,533,257.11
2. Technical equipment and machinery	80,867,695.78	13,578,690.63	1,712,911.82	1,166,941.45	94,992,356.78
3. Other equipment, office furniture and equipment	60,404,624.75	9,752,036.65	152,583.60	8,626,236.73	61,683,008.27
4. Advances paid on fixed assets, and assets under construction	3,402,142.29	22,652,548.10	-2,143,889.22	-/-	23,910,801.17
Total	266,678,203.66	47,892,195.95	-/-	12,450,976.28	302,119,423.33
III. Financial assets					
1. Shares in group companies	17,925,754.00	99,000.00	-/-	17,800,000.00	224,754.00
2. Shares in associated companies	2,500,000.00	9,755,153.36	-/-	-/-	12,255,153.36
3. Participating interests of 20% or more	431,614.51	17,291,956.32	-/-	61,302.00	17,662,268.83
4. Loans to entities with which the enterprise is linked by virtue of participating interests of 20% or more	-/-	3,253,831.38	-/-	-/-	3,253,831.38
5. Investment Securities	-/-	57,786.16	-/-	-/-	57,786.16
6. Other loans	3,860,088.42	63,448.42	-/-	86,288.32	3,837,248.52
Total	24,717,456.93	30,521,175.64	-/-	17,947,590.32	37,291,042.25
Total fixed assets	551,586,553.45	123,479,092.86	-/-	30,670,685.00	644,394,961.31

* Including additions from initial consolidation



	Depreciation		Book value	
	for the year DM	accumulated DM	Dec. 31, 1999 DM	Dec. 31, 1998 DM
	2,902,138.64	12,457,481.61	2,729,278.45	1,450,494.54
	35,008,506.45	143,347,636.66	142,064,279.69	137,878,617.75
	-/-	-/-	4,385,819.32	2,893,699.32
	37,910,645.09	155,805,118.27	149,179,377.46	142,222,811.61
	11,915,964.33	51,839,800.07	69,693,457.04	80,713,102.00
	13,414,346.39	63,514,388.58	31,477,968.20	29,914,997.43
	7,876,384.34	42,575,092.24	19,107,916.03	18,307,816.07
	-/-	-/-	23,910,801.17	3,402,142.29
	33,206,695.06	157,929,280.89	144,190,142.44	132,338,057.79
	98,999.00	224,752.00	2.00	17,800,001.00
	2,511,100.00	5,011,099.00	7,244,054.36	1.00
	-/-	305,110.51	17,357,158.32	126,504.00
	-/-	-/-	3,253,831.38	-/-
	-/-	-/-	57,786.16	-/-
	3,277,999.00	3,277,999.00	559,249.52	3,860,088.42
	5,888,098.00	8,818,960.51	28,472,081.74	21,786,594.42
	77,005,438.15	322,553,359.67	321,841,601.64	296,347,463.82

Balance Sheet for ProSieben Media AG

Assets		
	Dec. 31, 1999 DM	Dec. 31, 1998 DM
A. Fixed Assets [1]		
I. Intangible assets	5,469,623.00	7,022,708.00
II. Tangible assets	80,890,696.20	84,659,727.26
III. Financial assets	100,014,177.43	54,755,030.14
	186,374,496.63	146,437,465.40
B. Programming assets [2]	1,195,243,226.56	1,277,868,579.50
C. Current assets		
I. Inventories [3]	8,369,691.04	10,302,634.76
II. Receivables and other current assets [4]	349,843,829.37	236,807,383.82
III. Securities	102,364.79	-/-
IV. Cash, deposits with banks	34,119,528.96	27,570,545.16
	392,435,414.16	274,680,563.74
D. Prepaid and deferred items [5]	1,018,129.15	3,024,324.82
Total assets	1,775,071,266.50	1,702,010,933.46

Liabilities and shareholders' equity		
	Dec. 31, 1999 DM	Dec. 31, 1998 DM
A. Shareholders' equity [7]		
I. Subscribed capital	175,000,000.00	175,000,000.00
II. Capital reserves	484,900,000.00	484,900,000.00
III. Revenue reserves	79,000,000.00	-/-
IV. Retained earnings	13,661,378.76	1,419,312.40
V. Consolidated net income for the year	167,025,582.59	158,617,066.36
	919,586,961.35	819,936,378.76
B. Accrued liabilities [8]	206,722,040.74	102,587,675.18
C. Liabilities [9]	646,168,706.45	776,107,010.52
D. Deferred liabilities	2,593,557.96	3,379,869.00
Total liabilities and equity	1,775,071,266.50	1,702,010,933.46

Statement of Income for ProSieben Media AG

		1999 DM	1998 DM
1. Revenues	[12]	1,642,908,379.07	1,595,708,832.59
2. Other operating income	[13]	142,127,602.51	115,478,599.45
3. Total		1,785,035,981.58	1,711,187,432.04
4. Programming and material costs	[14]	-1,080,332,122.47	-990,135,801.61
5. Personnel expenses	[15]	-89,694,332.77	-92,307,435.54
6. Amortization and depreciation	[16]	-16,460,005.25	-16,461,641.16
7. Other operating expenses	[17]	-281,149,942.19	-270,058,184.11
8. Operating result		317,399,578.90	342,224,369.62
9. Capital investment income	[18]	50,606,561.18	18,241,672.72
10. Income from interest	[19]	-22,746,291.70	-30,306,468.09
11. Other financial income	[20]	-2,438,503.80	-2,499,329.39
12. Financial result		25,421,765.68	-14,564,124.76
13. Income from ordinary business activities		342,821,344.58	327,660,244.86
14. Extraordinary result	[21]	-/-	-1,210,000.00
15. Taxes on income		-168,246,188.99	-168,353,367.50
16. Other taxes		-7,549,573.00	520,189.00
17. Net income for the year		167,025,582.59	158,617,066.36



Statement of Movements on Fixed Assets for ProSieben Media AG

	Acquisition or production costs				
	Jan. 1, 1999 DM	Additions DM	Reclassifications DM	Disposals DM	Dec. 31, 1999 DM
I. Intangible assets					
1. Licences, trademarks and patents, as well as licenses to such rights and assets	14,345,418.71	2,428,262.00	2,100,000.00	110,267.04	18,763,413.67
2. Advances paid on intangible assets	3,417,100.00	213,660.00	-2,100,000.00	1,161,700.00	369,060.00
Total	17,762,518.71	2,641,922.00	-/-	1,271,967.04	19,132,473.67
II. Tangible assets					
1. Buildings on property owned by others	100,623,131.22	830,172.25	36,765.93	1,248,619.02	100,241,450.38
2. Technical equipment and machinery	2,371,330.56	2,197,599.82	-/-	943,223.09	3,625,707.29
3. Other equipment, office furniture and equipment	21,971,721.24	2,185,743.25	-/-	4,124,185.87	20,033,278.62
4. Advances paid on fixed assets, and assets under construction	371,112.26	6,559,222.87	-36,765.93	-/-	6,893,569.20
Total	125,337,295.28	11,772,738.19	-/-	6,316,027.98	130,794,005.49
III. Financial assets					
1. Shares in affiliated companies	61,365,752.75	25,097,791.50	-/-	-/-	86,463,544.25
2. Shares in other equity holdings	2,669,322.00	19,450,307.80	-/-	-/-	22,119,629.80
3. Loans to entities with which the enterprise is linked by virtue of participating interests of 20% or more	-/-	3,253,831.38	-/-	-/-	3,253,831.38
4. Other loans	516,775.67	50,279.32	-/-	81,962.71	485,092.28
Total	64,551,850.42	47,852,210.00	-/-	81,962.71	112,322,097.71
Total fixed assets	207,651,664.41	62,266,870.19	-/-	7,669,957.73	262,248,576.87

	Depreciation		Book value	
	for the year DM	accumulated DM	Dec. 31, 1999 DM	Dec. 31, 1998 DM
	3,012,556.00	13,662,850.67	5,100,563.00	3,605,608.00
	-/-	-/-	369,060.00	3,417,100.00
	3,012,556.00	13,662,850.67	5,469,623.00	7,022,708.00
	10,060,449.18	36,532,253.38	63,709,197.00	73,507,948.00
	455,744.82	1,452,427.29	2,173,280.00	655,370.00
	2,931,255.25	11,918,628.62	8,114,650.00	10,125,297.00
	-/-	-/-	6,893,569.20	371,112.26
	13,447,449.25	49,903,309.29	80,890,696.20	84,659,727.26
	-/-	7,144,700.28	79,318,843.97	54,221,052.47
	2,511,100.00	5,163,220.00	16,956,409.80	17,202.00
	-/-	-/-	3,253,831.38	-/-
	-/-	-/-	485,092.28	516,775.67
	2,511,100.00	12,307,920.28	100,014,177.43	54,755,030.14
	18,971,105.25	75,874,080.24	186,374,496.63	146,437,465.40

Notes to the Financial Statements

Consolidated cash flow statement

	1999 DM millions	1998 DM millions
Net income for the year	157	153
Depreciation of fixed assets	77	67
Net depreciation of programming assets	813	846
Change in accruals for contingent losses on programming assets	-36	-40
Cash flow in accordance with DVFA/SG	1,011	1,026
Profit from disposals of programming assets	-3	-15
Losses from disposals of fixed assets	2	2
Losses from disposals of programming assets	1	1
Other non-cash reduction of programming assets	30	45
Change in other accrued liabilities	174	-119
Change in current assets and liabilities		
- Inventories	1	-13
- Receivables/prepaid expenses and deferred charges	-143	48
- Liabilities	10	38
Deferred taxes	4	-6
Effects from changes in scope of consolidation	-21	-1
Cash flow from operating activities	1,066	1,006
Proceeds from disposals of fixed assets	1	1
Proceeds from disposals of programming assets	19	28
Investments in intangible assets	-6	-2
Investments in tangible fixed assets	-46	-31
Investments in programming assets	-765	-881
Purchases of shares	-32	-22
Cash flow from investment activities	-829	-907
Proceeds from the issues of a loan	-/-	250
Repayments of bank debt [net]	-150	-370
Dividend for 1998	-67	-28
Cash flow from financing activities	-217	-148
Net increase [decrease] in financial resources	20	-49
Financial resources at the beginning of the year	38	87
Financial resources at the end of the year	58	38



Notes

FS	4/4	12.85	+ 0.5
LB	5/5	22.31	+ 0.1
PJ	1/2	11.62	+ 2.4
FS	4/4	12.85	- 0.5

ProSieben Group and ProSieben Media AG

Basis and methodology

The notes to the consolidated financial statements and financial statements for ProSieben Media AG have been combined and, unless specifically stated, these notes apply to both financial statements.

The financial statements for ProSieben Media AG and the ProSieben Group have been prepared, as in the previous year, in accordance with the requirements set out in the German Commercial Code and German Stock Corporation Law. The financial statements of the companies included in the ProSieben consolidated financial statements have been prepared using uniform accounting and valuation principles. The individual financial statements of the companies included in consolidation have all been prepared for the financial year which ended on December 31, 1999.

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.

Entities included in consolidation

In addition to ProSieben Media AG, 26 domestic affiliated companies [16 in the previous year] and three foreign affiliates [two in the previous year] have been included in the consolidated financial statements in which ProSieben Media AG directly or indirectly holds a majority of the voting rights or which are under its common control. Two subsidiaries [seven in the previous year] have not been included, as they are of secondary importance in providing a fair representation of the ProSieben Group's assets, finances and earnings position.

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

The companies CM Community Media GmbH & Co. KG, CM Community Media Verwaltungs GmbH, ddp/ADN Allgemeiner Deutscher Nachrichtendienst GmbH, ddp Nachrichtenagentur GmbH, die ADX Wirtschaftsnachrichten GmbH, Buchagentur Intermedien-GmbH & Co. Marketing KG, Buchagentur Intermedien-GmbH, SevenSenses Agentur für Mediendesign und Marketing GmbH, N24 Gesellschaft für Nachrichten und Zeitgeschehen mbH, ArtMerchandising & Media AG and MUSEUM MASTERS INTERNATIONAL, LTD., New York/USA, have all been fully consolidated for the first time in the year under review. The companies GI Gesellschaft für Informationstechnologie Aktiengesellschaft, RTL/ProSieben Schweiz Fernseh AG, Zurich/Switzerland and IP Multimedia [Schweiz] AG, Zurich/Switzerland have been recorded in accordance with the equity method for the first time this year.

The affiliated companies, together with details of their capital interest as a percentage, can be found on pages 94 and 95. Furthermore, a list of stockholdings of the ProSieben Group and ProSieben 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 111532.



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 1999, goodwill of DM 177.1 million was capitalized and amortization amounted to DM 35.0 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 associated company. In the case of the initial consolidation of GI Gesellschaft für Informationstechnologie Aktiengesellschaft at December 31, 1999, goodwill amounted to DM 2,879,959.68. In the case of the initial consolidation of IP Multimedia [Schweiz] AG, Zurich/Switzerland at December 31, 1999, goodwill amounted to DM 1,312,252.67.

With regard to the amortization of goodwill the same principles apply as for capital consolidation. Amortization of the book value of MAGIC MEDIA COMPANY TV-Produktions-gesellschaft mbH in the individual accounts of ProSieben Media AG, which amounted to DM 2.5 million, has been retained in the consolidated financial statements.

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 ProSieben 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. The financial statement for MGS Media Gruppe Schweiz AG has been audited by KPMG Fides Peat, Zurich/Switzerland, the financial statement for MGA MediaGruppe Werbeforschung und -vermarktung GmbH has been audited by KPMG Alpen-Treuhand Gesellschaft mbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna/Austria, and the financial statement for MUSEUM MASTERS INTERNATIONAL, LTD., New York/USA has 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 MGS Media Gruppe Schweiz AG, MGA MediaGruppe Werbeforschung und -vermarktung GmbH and MUSEUM MASTERS INTERNATIONAL, LTD., 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.

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 ProSieben Media AG are set out in the statements of movement on fixed assets, on pages 70 and 71 and on pages 74 and 75.

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 DM 239.4 million, resulting from the initial consolidation of Kabel 1 K1 Fernsehen GmbH in the 1995 financial year. Software acquisitions are fully amortized within 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 licence, which runs until February 29, 2004.

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 for additions made in the second half of the year, depreciation is offset at 50 percent. Buildings on 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 of studios are depreciated over a five year period and hardware equipment over three years. 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 fixed assets was carried out for the Group [DM 215,175.00 in the previous year].

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 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.

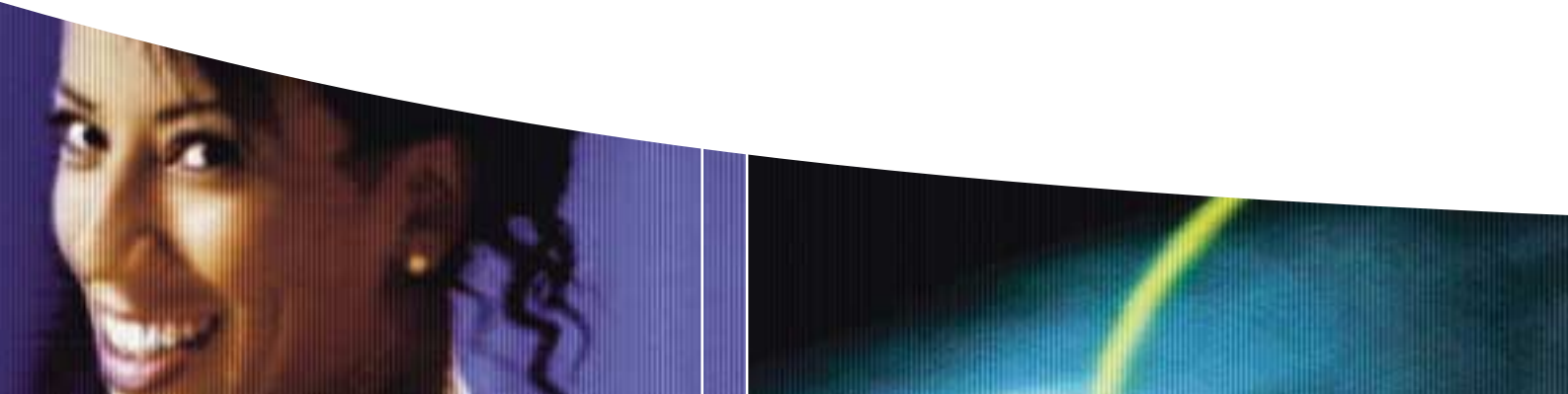


[2] Programming assets

	ProSieben Group		ProSieben Media AG	
	Dec. 31, 1999 DM	Dec. 31, 1998 DM	Dec. 31, 1999 DM	Dec. 31, 1998 DM
Licenses	1,226,483,612.58	1,290,297,059.66	1,088,555,222.93	1,141,596,982.60
Commissioned productions	106,356,523.18	137,381,504.44	106,688,003.63	136,271,596.90
Total	1,332,840,135.76	1,427,678,564.10	1,195,243,226.56	1,277,868,579.50

Programming assets include feature films, series and commissioned productions scheduled for multiple broadcasts 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. Scheduled depreciation starts at the time of the first 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 of programming assets for the Group amounted to DM 198,389,320.97 in the year under review [DM 153,380,312.39 in the previous year] and to DM 188,577,366.11 for ProSieben Media AG [DM 136,114,474.83 in the previous year]. These amounts are offset by the appreciation of programming assets for the Group in the amount of DM 46,527,630.08 DM and DM 41,649,482.60 for ProSieben Media AG. The considerable increase in unscheduled depreciation arises from a revaluation of the programming assets, which needed to be carried out in view of changes to the German tax law relating to the valuation update regulations.



[3] Inventories

	ProSieben Group		ProSieben Media AG	
	Dec. 31, 1999 DM	Dec. 31, 1998 DM	Dec. 31, 1999 DM	Dec. 31, 1998 DM
Raw materials and manufacturing supplies	421,412.73	282,128.64	100,321.04	123,468.10
Work in progress	172,972.63	326,824.19	-/-	-/-
Goods	4,604,860.16	3,988,133.99	1,427,220.00	903,000.00
Advance payments on inventories	7,271,393.10	9,276,166.66	6,842,150.00	9,276,166.66
Total	12,470,638.62	13,873,253.48	8,369,691.04	10,302,634.76

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

[4] Receivables and other assets

	ProSieben Group		ProSieben Media AG	
	Dec. 31, 1999 DM	Dec. 31, 1998 DM	Dec. 31, 1999 DM	Dec. 31, 1998 DM
Trade accounts receivable	105,807,790.69	64,016,083.32	65,503,294.81	38,316,604.72
[amounts due after more than one year]	-/-	-/-	-/-	-/-
Amounts due from group companies	218,565.08	1,200,726.01	179,488,883.68	193,899,778.20
[amounts due after more than one year]	-/-	-/-	-/-	-/-
Receivables from entities with which the enterprise is linked by virtue of participating interests	1,131,942.55	1,307,948.96	-/-	-/-
[amounts due after more than one year]	-/-	-/-	-/-	-/-
Other current assets	110,855,058.68	9,406,720.94	104,851,650.88	4,591,000.90
[amounts due after more than one year]	-/-	-/-	-/-	-/-
Total	218,013,357.00	75,931,479.23	349,843,829.37	236,807,383.82
[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.

The receivables from affiliated companies shown in the consolidated financial statements of ProSieben Media AG primarily consist of receivables due from Kabel 1 K1 Fernsehen GmbH, SZM Studios Film-, TV- und Multimedia-Produktions GmbH and ProSieben Digital Media GmbH.

The 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.

[5] Deferred income

Deferred income mainly includes licensing costs, advertising expenses, rental payments and enterprise allowances, which will only become expenditure items in the financial year 2000.

[6] Deferred taxes

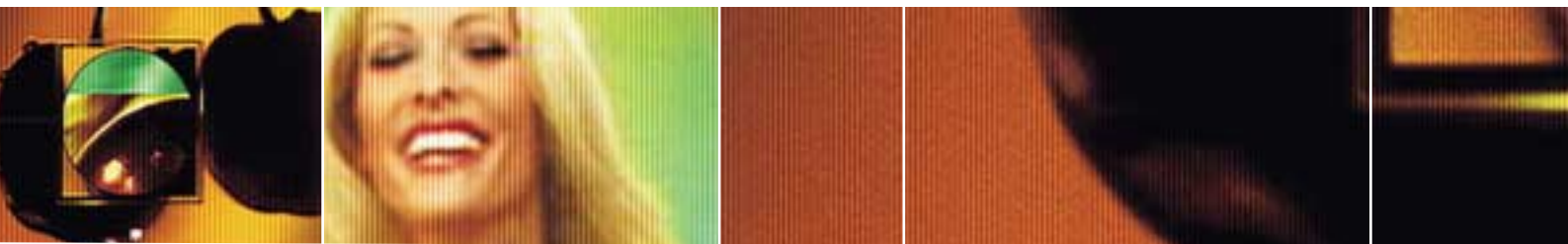
As a result of consolidation measures affecting net income, deferred taxes have been charged to capital. Calculations have been based on the estimated average profits tax charges for the Group. Tax accruals and deferrals are created only if the difference is expected to average out in the coming years.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

[7] Shareholders' equity

ProSieben Group equity performance						
	Subscribed capital DM	Capital reserves DM	Revenue reserves DM	Group net profit for the year DM	Third party capital interests DM	Total DM
December 31, 1998	175,000,000.00	484,900,000.00	-/-	262,019,024.93	-/-	921,919,024.93
Allocation to revenue reserves	-/-	-/-	79,000,000.00	-79,000,000.00	-/-	-/-
Dividend payment for 1998	-/-	-/-	-/-	-67,375,000.00	-/-	-67,375,000.00
Group profit for 1999	-/-	-/-	-/-	157,152,798.24	-/-	157,152,798.24
Other changes	-/-	-/-	-171,201.97	125,990.08	313,333.58	16,141.53
December 31, 1999	175,000,000.00	484,900,000.00	78,828,798.09	272,670,833.09	313,333.58	1,011,712,964.70

The subscribed capital at December 31, 1999 amounted to DM 175 million. The shares consist of restricted, non-par common shares made out to the bearer, and non-par bearer preference shares. They are each divided into 17.5 million shares. The non-voting preference shares receive a dividend from the net profit for the year in advance, which is DM 0.15 higher than that for ordinary shares, with a minimum dividend amounting to DM 0.15.

The capital reserves include the premium received from the share issue in the 1997 financial year and remain unchanged at DM 484.9 million.



The revenue reserves include the results of the Group companies for the 1998 financial year, as far as these have not been distributed as dividends or carried forward to the new accounting period.

Other changes to the equity capital performance include amounts from the consolidation of debts and the conversion of the foreign financial statements as well as third party capital interests. Third party capital interests relate to the minority interests in CM Community Media GmbH & Co. KG and ArtMerchandising & Media AG.

The 1999 retained earnings for ProSieben Media AG amount to DM 180,686,961.35 of which DM 83,000,000.00 have been allocated to other revenue reserves.

According to German commercial law, the parent company, ProSieben Media AG, can pay dividends to shareholders out of the company's retained earnings for the year but not out of the group profit. At the annual general meeting on May 30, 2000, the Executive Board and the Supervisory Board will propose a dividend of DM 2.30 for each non-par preference share, and DM 2.15 for each non-par ordinary share. The amount is based on the 1999 annual net profit, after deduction of revenue reserves, and corresponds to DM 77,875,000.00. DM 19,811,961.35 will be carried forward to the new accounting period.

[8] Accruals

	ProSieben Group		ProSieben Media AG	
	Dec. 31, 1999 DM	Dec. 31, 1998 DM	Dec. 31, 1999 DM	Dec. 31, 1998 DM
Accrued taxes	116,816,897.01	8,105,476.67	99,787,040.74	5,634,675.18
Provisions for anticipated losses	18,564,000.00	54,854,000.00	18,333,000.00	52,403,000.00
Provisions for outstanding purchase invoices	74,580,080.97	34,444,237.23	49,235,000.00	26,619,000.00
Other provisions	59,808,342.42	34,683,997.92	39,367,000.00	17,931,000.00
Total	269,769,320.40	132,087,711.82	206,722,040.74	102,587,675.18

The amounts accrued are those which are considered necessary, in accordance with sensible business practices.

The tax accruals consist primarily of trade tax on income and corporation tax. The sharp rise is due to the partially established results of the tax audit of the accounts for the financial years 1993 to 1996.

The other accruals include in particular provisions for interest on subsequent tax payments, due to the above mentioned tax audit of the accounts, compensation, unclaimed holiday leave, claims for damages and punitive damages, GEMA payments as well as provisions for litigation costs.

[9] Liabilities

ProSieben Group as at Dec. 31, 1999

	Up to 1 year DM	Remaining term of 1 to 5 years DM	More than 5 years DM	Total Dec. 31, 1999 DM	Total Dec. 31, 1998 DM
Bonds	-/-	-/-	250,000,000.00	250,000,000.00	250,000,000.00
Liabilities to banks	12,371.48	-/-	-/-	12,371.48	150,000,090.65
Total financial liabilities	12,371.48	-/-	250,000,000.00	250,012,371.48	400,000,090.65
Deposits received	87,511.82	750,000.00	-/-	837,511.82	1,524,166.43
Trade accounts payable	359,540,361.81	898,725.01	-/-	360,439,086.82	348,786,759.98
Liabilities to affiliates	463,152.98	-/-	-/-	463,152.98	22,854.72
Liabilities to companies in which there is a participating interest	60,561.00	-/-	-/-	60,561.00	51,254.00
Other liabilities	66,268,824.80	552,594.67	-/-	66,821,419.47	68,147,954.91
[of which for taxes]	[30,162,425.00]			[30,162,425.00]	[27,151,815.82]
[of which for social security]	[5,627,100.92]			[5,627,100.92]	[4,319,298.65]
Total	426,432,783.89	2,201,319.68	250,000,000.00	678,634,103.57	818,533,080.69
of which secured by real estate charges or other rights				-/-	[150,000,000.00]

ProSieben Media AG as at Dec. 31, 1999

	Up to 1 year DM	Remaining term of 1 to 5 years DM	More than 5 years DM	Total Dec. 31, 1999 DM	Total Dec. 31, 1998 DM
Bonds	-/-	-/-	250,000,000.00	250,000,000.00	250,000,000.00
Liabilities to banks	-/-	-/-	-/-	-/-	150,000,000.00
Total financial liabilities	-/-	-/-	250,000,000.00	250,000,000.00	400,000,000.00
Deposits received	-/-	750,000.00	-/-	750,000.00	750,000.00
Trade accounts payable	314,599,737.44	282,453.42	-/-	314,882,190.86	293,537,064.86
Liabilities to affiliates	35,881,316.84	-/-	-/-	35,881,316.84	24,571,847.33
Liabilities to companies in which there is a participating interest	24,561.00	-/-	-/-	24,561.00	-/-
Other liabilities	44,630,637.75	-/-	-/-	44,630,637.75	57,248,098.33
[of which for taxes]	[23,407,923.36]			[23,407,923.36]	[23,406,128.34]
[of which for social security]	[1,817,808.61]			[1,817,808.61]	[1,884,994.62]
Total	395,136,253.03	1,032,453.42	250,000,000.00	646,168,706.45	776,107,010.52
of which secured by real estate charges or other rights				-/-	[150,000,000.00]

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

The strong decrease in amounts due to banks is a result of the repayment of loans during the financial year in the amount of DM 150 million. Liabilities to affiliated companies shown in the financial statements for ProSieben Media AG are mainly related to N24 Gesellschaft für Nachrichten und Zeitgeschehen mbH, SZM Studios Film-, TV- und Multimedia-Produktions GmbH and ProSieben Club & Shop Gesellschaft für Marketing und Handelsservices mbH. Other liabilities include, for the most part, tax liabilities and liabilities arising from the deferral and accrual of interest.



[10] Contingent liabilities

	ProSieben Group		ProSieben Media AG	
	Dec. 31, 1999 DM	Dec. 31, 1998 DM	Dec. 31, 1999 DM	Dec. 31, 1998 DM
Contingent liabilities from guarantees	63,071,823.18	64,853,539.51	62,186,455.57	64,871,039.51
[amounts due to group companies]	-/-	-/-	-/-	-/-

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

[11] Other financial liabilities

ProSieben Group				
	Due within one year DM	Due within 2 to 5 years DM	Due after 5 years DM	Total DM
Programming assets	650,051,927.20	318,569,720.18	40,956,000.00	1,009,577,647.38
Leasing and long-term rental commitments	52,403,298.04	163,167,785.67	271,104,305.05	486,675,388.76
Royalties	84,710,287.00	228,048,941.00	128,523,979.00	441,283,207.00
Total	787,165,512.24	709,786,446.85	440,584,284.05	1,937,536,243.14

ProSieben Media AG				
	Due within one year DM	Due within 2 to 5 years DM	Due after 5 years DM	Total DM
Programming assets	616,708,427.20	318,569,720.18	40,956,000.00	976,234,147.38
Leasing and long-term rental commitments	39,979,113.12	147,895,881.09	270,893,001.28	458,767,995.49
Royalties	33,497,880.00	101,530,197.00	74,387,899.00	209,415,976.00
Total	690,185,420.32	567,995,798.27	386,236,900.28	1,644,418,118.87

In addition to the accruals, liabilities and contingent liabilities, other financial liabilities exist. These arise mainly from contractual agreements entered into before December 31, 1999 and relate to programming assets with licensing dates beginning after January 1, 2000 as well as royalties, leasing and long-term rental contracts.

[12] Revenues

	ProSieben Group		ProSieben Media AG	
	1999 DM	1998 DM	1999 DM	1998 DM
Advertising revenues	2,049,829,617.32	1,924,721,039.24	1,606,440,528.47	1,567,889,666.09
Other revenues	72,950,104.85	43,391,681.76	36,467,850.60	27,819,166.50
Total	2,122,779,722.17	1,968,112,721.00	1,642,908,379.07	1,595,708,832.59

The ProSieben Group's revenues, which amounted to DM 2.123 billion, 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 steep increase in other operating income relates almost entirely to the appreciation arising from a revaluation of the programming assets in 1999, which needed to be carried out for the first time in view 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 the release of provisions, income from exchange rate differences and income arising from the recovery of amounts due. The financial statements of ProSieben Media AG include under other operating income, additional income from services charged to companies within the Group.

[14] Programming and material costs

	ProSieben Group		ProSieben Media AG	
	1999 DM	1998 DM	1999 DM	1998 DM
Amortization of programming assets	873,082,547.92	855,109,142.28	736,307,487.86	724,249,768.19
Licenses, transmission fees and materials	119,313,433.03	111,108,717.23	71,301,290.61	78,696,409.45
Purchased services and purchased goods	261,916,081.04	159,124,236.20	272,723,344.00	187,189,623.97
Total	1,254,312,061.99	1,125,342,095.71	1,080,332,122.47	990,135,801.61



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

The sharp rise in the cost of programming and materials arises from the increase in unscheduled depreciation of programming assets on the one hand, as well as from the increased number of inhouse and commissioned productions as a percentage of the overall programs. Topical formats, such as talk shows and magazine formats, are generally broadcast only once. As a result, the cost of these programs is posted directly as an expense item and is not capitalized under programming assets.

[15] Personnel expenses

	ProSieben Group		ProSieben Media AG	
	1999 DM	1998 DM	1999 DM	1998 DM
Wages and salaries	193,644,821.41	160,323,449.25	79,638,769.74	81,978,424.30
Social security and pension costs and welfare expenses	27,289,913.19	23,170,490.92	10,055,563.03	10,329,011.24
Total	220,934,734.60	183,493,940.17	89,694,332.77	92,307,435.54

The increase in personnel expenses for the ProSieben Group is due to the sharp rise in the number of employees. The staff increase is a result of the company's expansion of the multimedia business segment and the set up of the news channel N24 Gesellschaft für Nachrichten und Zeitgeschehen mbH.

The decrease in personnel expenses for ProSieben Media AG arises mainly from the spin-off of the editorial news offices into the news channel N24 Gesellschaft für Nachrichten und Zeitgeschehen mbH and the spin-off of the marketing department into the new design agency SevenSenses Agentur für Mediendesign und Marketing GmbH.

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

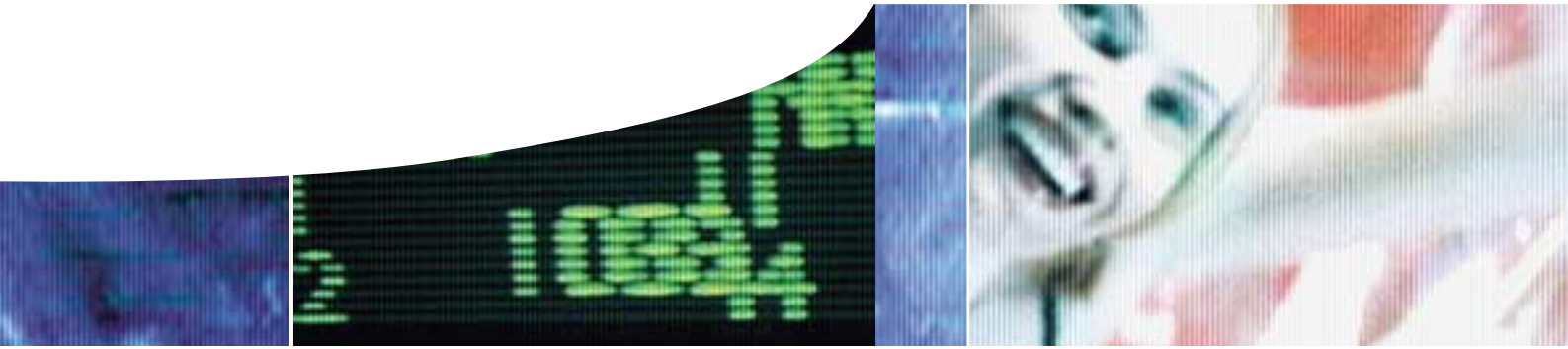
	ProSieben Group		ProSieben Media AG	
	1999 DM	1998 DM	1999 DM	1998 DM
Scheduled amortization and special provisions on intangible assets	37,910,645.09	31,221,970.04	3,012,556.00	3,471,576.00
Scheduled depreciation and special provisions on tangible assets	33,206,695.06	32,978,183.74	13,447,449.25	12,990,065.16
Unscheduled depreciation and special provisions on tangible assets	-/-	215,175.00	-/-	-/-
Total	71,117,340.15	64,415,328.78	16,460,005.25	16,461,641.16

The scheduled amortization and depreciation of intangible fixed assets in the Group include allowances for goodwill, which amount to DM 35,008,506.45.

[17] Other operating expenses

	ProSieben Group		ProSieben Media AG	
	1999 DM	1998 DM	1999 DM	1998 DM
Expenses relating to other periods	8,693,701.88	7,598,630.41	6,127,522.06	5,518,630.20
Maintenance expenses	13,580,646.18	9,787,698.82	8,548,819.98	6,561,729.91
Administrative expenses	58,504,551.51	55,085,512.14	40,897,270.09	46,801,672.98
Selling expenses	141,172,963.86	136,722,059.49	163,255,266.85	144,849,190.79
Other operating expenses	84,833,986.09	87,617,799.46	62,321,063.21	66,326,960.23
Total	306,785,849.52	296,811,700.32	281,149,942.19	270,058,184.11

The largest single items in administrative expenses relate to EDP expenditure, legal and consultancy fees and the cost of office furniture and equipment as well as technical consumables. 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 1999 financial statements of ProSieben Media AG. Significant single items under other operating expenses include rental expenditure, expenses for film subsidies and leasing costs for technical installations.



[18] Income from participating interests

	ProSieben Group		ProSieben Media AG	
	1999 DM	1998 DM	1999 DM	1998 DM
Income from participating interests	375,672.57	94,963.00	52,904,517.45	12,964,770.44
Income from transfer of earnings	-/-	-/-	8,095,878.76	5,276,902.28
Expenses from loss absorption	-/-	-/-	-10,393,835.03	-/-
Total	375,672.57	94,963.00	50,606,561.18	18,241,672.72

[19] Interest expense, net

	ProSieben Group		ProSieben Media AG	
	1999 DM	1998 DM	1999 DM	1998 DM
Other interest and similar income	1,988,576.57	2,590,932.06	16,085,929.27	9,164,548.97
Interest and similar expenses	-37,493,145.44	-39,621,270.64	-38,832,220.97	-39,471,017.06
Total	-35,504,568.87	-37,030,338.58	-22,746,291.70	-30,306,468.09

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

Significant items under interest expenses include interest paid for the bond issued in the previous year and interest expenditure relating to the tax audit of the accounts for the years 1993 to 1996, which amounted to DM 11.9 million.

[20] Other financial profit/loss

	ProSieben Group		ProSieben Media AG	
	1999 DM	1998 DM	1999 DM	1998 DM
Income from loans of financial fixed assets	78,018.53	4,932.91	72,596.20	669.61
Amortization of financial assets	-5,888,098.00	-2,499,999.00	-2,511,100.00	-2,499,999.00
Total	-5,810,079.47	-2,495,066.09	-2,438,503.80	-2,499,329.39

[21] Extraordinary profit/loss

Extraordinary expenses for ProSieben Media AG totalled DM 1.2 million in the 1998 financial year. This amount only includes one-off extraordinary expenditure for subsidiaries.

[22] Segment reporting

	Television	Multimedia	Merchandising	Services	Elimination	ProSieben Group
1999						
External revenues [DM '000]	1,983,541	81,972	38,510	18,757	-/-	2,122,780
Internal revenues [DM '000]	9,434	2,833	6,978	225,077	-244,322	-/-
Total revenues [DM '000]	1,992,975	84,805	45,488	243,834	-244,322	2,122,780
Operating profit [DM '000]	345,214	4,229	10,792	20,688	-40,508	340,415
1998						
External revenues [DM '000]	1,870,984	49,571	30,249	17,309	-/-	1,968,113
Internal revenues [DM '000]	11,499	2,426	8,483	188,137	-210,545	-/-
Total revenues [DM '000]	1,882,483	51,997	38,732	205,446	-210,545	1,968,113
Operating profit [DM '000]	319,723	12,501	4,295	16,644	-35,922	317,241
Changes						
Total revenues [DM '000]	110,492	32,808	6,756	38,388	-33,777	154,667
	6%	63%	17%	19%	-16%	8%
Operating profit [DM '000]	25,491	-8,272	6,497	4,044	-4,586	23,174
	8%	-66%	151%	24%	-13%	7%

In the year under review, the ProSieben Group's business activities fell into three business segments. Each unit achieved its income through the following activities:

- Television – Commercial television, production and film distribution.
- Multimedia – Internet, teletext, foreign advertising windows, e-commerce, Community TV and news agency.
- Merchandising – Marketing of merchandising products and Viewers' Club.

In addition, reports are provided for the Services division – advertising sales, studios, logistics and creative services – which primarily generates its revenues through intra-group activities.

Of the ProSieben Group's revenues, totalling DM 2.123 billion, around 96 percent are achieved in the Federal Republic of Germany. Consequently, no breakdown has been provided by segment or geographic location.

Other information

[23] Average number of employees during the year

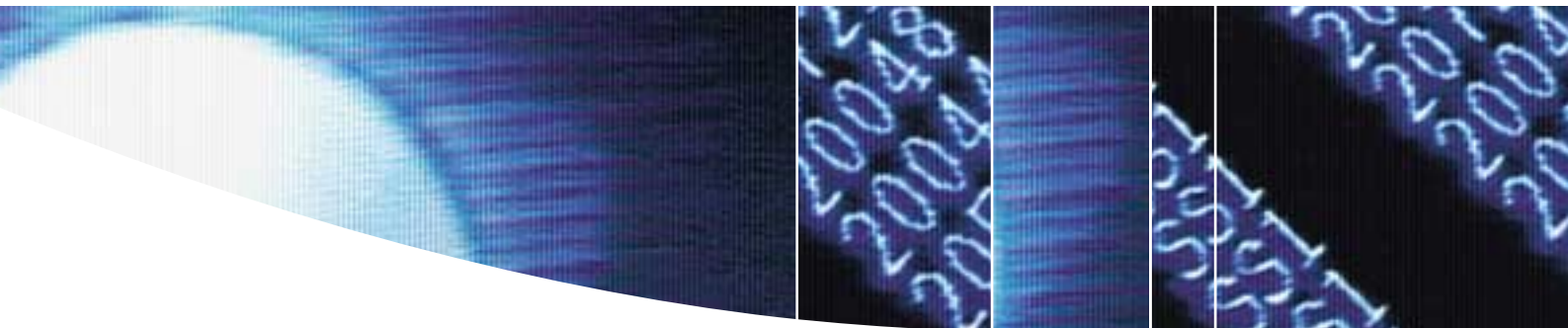
	ProSieben Group		ProSieben Media AG	
	1999 DM	1998 DM	1999 DM	1998 DM
Employees	1,605	1,312	582	580
Volunteers and trainees	132	80	80	50
Total	1,737	1,392	662	630

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

[24] Executive Board and Supervisory Board

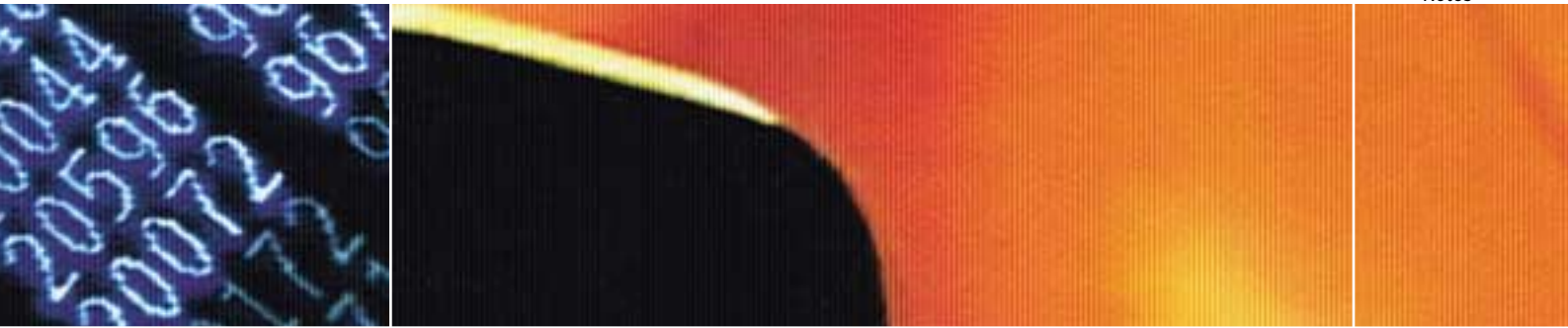
Members of the Executive Board and the Supervisory Board of ProSieben Media AG are listed on page 97 of this report.

In the year under review, expenses for remuneration for current members of the Executive Board at ProSieben Media AG totalled DM 6,366,365.13. Expenses for the Supervisory Board at ProSieben Media AG amounted to DM 511,793.00 in the year under review.



Major Subsidiaries and Associated Companies

Consec. no.	Company	Location	Country	Interest	Held via no.
Affiliated companies					
1	ProSieben Media Aktiengesellschaft	Unterföhring	Germany		
2	KABEL 1 K1 Fernsehen GmbH	Unterföhring	Germany	100%	1
3	MGM MediaGruppe München Werbeforschung und -vermarktung GmbH & Co. KG	Unterföhring	Germany	100%	1
4	MGM MediaGruppe München Werbeforschung und -vermarktung Verwaltungsgesellschaft mbH	Unterföhring	Germany	100%	1
5	MGD MediaGruppe Digital GmbH	Unterföhring	Germany	100%	12
6	SZM Studios Film-, TV- und Multimedia-Produktions GmbH	Unterföhring	Germany	100%	1
7	TELEDIREKT Vermarktungsgesellschaft für Fernsehempfang mbH	Unterföhring	Germany	100%	1
8	ProSieben Information Service GmbH	Unterföhring	Germany	100%	1
9	ProSieben Club & Shop Gesellschaft für Marketing- und Handelsservices mbH	Unterföhring	Germany	100%	1
10	PRO SIEBEN Home Entertainment GmbH Bild- und Tonträgervertrieb	Unterföhring	Germany	100%	1
11	Seven Scores Musikverlag GmbH	Unterföhring	Germany	100%	1
12	ProSieben Digital Media GmbH	Unterföhring	Germany	100%	1
13	SevenPictures Film GmbH	Unterföhring	Germany	100%	1
14	MM Merchandising München GmbH	Unterföhring	Germany	100%	1
15	SELCO Service-Gesellschaft für elektronische Kommunikation mbH	Unterföhring	Germany	100%	7 ¹
16	STARWATCH Navigation Gesellschaft für interaktive Kommunikation GmbH & Co. Produktions KG	Unterföhring	Germany	100%	1
17	STARWATCH Navigation Gesellschaft für interaktive Kommunikation Geschäftsführungs-GmbH	Unterföhring	Germany	100%	1
18	CM Community Media Verwaltungs GmbH	Cologne	Germany	100%	12
19	CM Community Media GmbH & Co. KG	Cologne	Germany	76%	12
20	ddp/ADN Allgemeiner Deutscher Nachrichtendienst GmbH	Berlin	Germany	100%	12
21	ADX Wirtschaftsnachrichten GmbH	Berlin	Germany	100%	20
22	Buchagentur Intermedien-GmbH	Unterföhring	Germany	100%	14
23	Buchagentur Intermedien-GmbH & Co. Marketing KG	Unterföhring	Germany	100%	14



Consec. no.	Company	Location	Country	Interest	Held via no.
24	SevenSenses Agentur für Mediendesign und Marketing GmbH	Unterföhring	Germany	100%	1
25	N24 Gesellschaft für Nachrichten und Zeitgeschehen mbH	Unterföhring	Germany	100%	1
26	MGS Media Gruppe Schweiz AG	Zurich	Switzerland	98%	12
27	MGA MediaGruppe Werbeforschung und -vermarktung GmbH	Vienna	Austria	100%	3
28	ddp Nachrichtenagentur GmbH	Unterföhring	Germany	100%	12
29	ArtMerchandising & Media AG	Unterföhring	Germany	70%	14
30	MUSEUM MASTERS INTERNATIONAL. LTD.	New York	USA	100%	29
Affiliated companies, not consolidated					
31	Merchandising Prag spol. s.r.o.	Prague	Czech Republic	100%	14
32	VG Satellit Gesellschaft zur Verwertung der Leistungsschutzrechte von Sendeunternehmen mbH	Bremen	Germany	100%	12
Associated companies - at equity -					
33	GI Gesellschaft für Informationstechnologie Aktiengesellschaft	Herford	Germany	50%	12
34	MAGIC MEDIA COMPANY TV-Produktionsgesellschaft mbH	Hürth	Germany	25.4%	1
35	RTL/ProSieben Schweiz Fernseh AG	Zurich	Switzerland	25%	1
36	IP Multimedia [Schweiz] AG	Zurich	Switzerland	23%	26
Other equity holdings					
37	LetsBuyIt.com N.V.	Amsterdam	Netherlands	25.1%	1
38	Berliner Pool TV Produktionsgesellschaft mbH	Berlin	Germany	33.3%	1
39	OBIS Gesellschaft für Online-Buchungs- und -Informationssysteme mbH	Unterföhring	Germany	20%	3
40	EPS Programm Service AG	Dübendorf	Switzerland	20%	16
41	MECOM Medien-Communications-Gesellschaft mbH	Hamburg	Germany	10%	20
42	myToys.de GmbH	Lotte	Germany	10.1%	26
43	versteigern.de Gesellschaft für Auktionen im Internet mbH	Berlin	Germany	10%	26
¹ ProSieben Media AG has a 100% holding in SELCO GmbH as a silent shareholder					

Status: December 31, 1999



Auditor's Opinion

ProSieben Media AG and
ProSieben Group

We have audited the 1999 financial statements, taking into account the accounting principles of Media Aktiengesellschaft, Unterföhring 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, 1999. 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 those statements, and to report our opinion to you.

We conducted our audit of the financial statements and consolidated financial statements in accordance with auditing standards generally accepted in Germany. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company and of the Group, consistently applied and adequately disclosed. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

No objections have been raised on account of our audit.

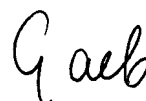
In our opinion, the financial statements and consolidated financial statements, which are based on accounting principles generally accepted in Germany, give a true and fair view of the asset, financial and earnings position of the Company and the Group and have been properly prepared in accordance with the German Commercial Code. The management report and group management report provide an accurate presentation of the state of affairs of the Company and the Group and accurately describe the risks relating to future developments.

Essen, February 25, 2000

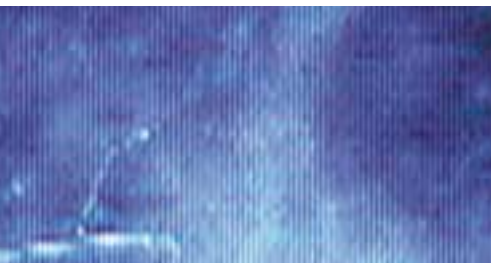
KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft



H.-J. Fröh
Accountant



A. Gaeb
Accountant



Supervisory Board and Executive Board

Supervisory Board

Hans Reischl [Chairman]

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/Austria

Allgemeine Kreditversicherung
Aktiengesellschaft, Mainz

Commerzbank AG, Frankfurt

Deichmann Schuhe GmbH & Co,
Vertriebs KG, Essen

KDV AG, Düsseldorf

WestLB AG, Düsseldorf

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

Prof. Dr. Hans-Joachim Mertens

Professor at the Johann Wolfgang Goethe
University, Frankfurt

Alfred Möckel [since July 7, 1999]

Member of the Executive Board at
BHF-BANK AG, Frankfurt

FRANKFURT-TRUST Investment-
Gesellschaft mbH, Frankfurt

Alte Leipziger Trust Investment-
Gesellschaft mbH, Oberursel

Deutsche Börse AG, Frankfurt

Borsig GmbH, Berlin

Gisela Schmitt

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

Wolfgang Strutz [until July 7, 1999]

Former Speaker of the Executive Board at
BHF-BANK AG, Frankfurt

BHF-BANK Aktiengesellschaft, Frankfurt

Deutsche Hypothekenbank [Actien-
Gesellschaft], Hannover and Berlin

KirchMedia GmbH & Co. KGaA, Unterföhring

Executive Board

Urs Rohner [Chairman]

Member of the Executive Board
since January 1, 2000,

Chairman of the Executive Board
since February 1, 2000

Management segment: Multimedia
Spaltenstein Holding AG,

Zurich/Switzerland

Spaltenstein Immobilien AG,
Zurich/Switzerland

Dr. Ludwig Bauer [Member of the Execu- tive Board since July 1, 1999]

Management segment: Television

Lothar Lanz

Management segment: Finance, Merchan-
dising and Services

MAGIC MEDIA COMPANY TV-Produktions-
gesellschaft mbH, Hürth

ArtMerchandising & Media AG, Unterföhring

LetsBuyIt.com N.V., Amsterdam/Nether-
lands

ARETÉ ENTERTAINMENT, INC., Sherman
Oaks, California/USA

Dr. Georg Kofler [until January 31, 2000]

Chairman of the Executive Board

H.O.T. Home Order Television AG, Ismaning

H.O.T. Italia S.R.L., Rome/Italy

Bayerische Hypo- und Vereinsbank AG,
Munich

Michael Wölflé [until October 31, 1999]

Member of the Executive Board

GI Gesellschaft für Informations-
technologie AG, Herford

IP Multimedia [Switzerland] AG,
Zurich/Switzerland

LetsBuyIt.com Sverige AB,
Stockholm/Sweden

MGS MediaGruppe Schweiz AG,
Zurich/Switzerland

RTL/ProSieben Schweiz Fernseh AG,
Zurich/Switzerland

Grey:

Seat on the supervisory board or on other con-
trolling bodies, in accordance with § 125, paragraph 1,
third sentence of the German Stock Corporation Act.



Report of the Supervisory Board

Ladies and Gentlemen,

The successful broadcasting start of the news channel N24 on January 24, 2000, marks the end of the set-up phase for the new station. The development of the ProSieben Group's third channel was one of the key tasks in the 1999 financial year. At the same time, the ProSieben Group accelerated its efforts in the further strategic development of the multimedia business segment. In essence, this involves linking the traditional television business to the new multimedia markets.

In the course of a total of five meetings, the Supervisory Board has kept itself informed on a regular basis and in great detail. The Executive Board has provided the committee with a verbal and written account of all relevant activities. Together, the Executive Board and the Supervisory Board discussed in detail all important strategic decisions affecting the 1999 financial year.

Over the last few months, a number of personnel changes took place in the company's management team. After more than eleven years as an executive member of the management team at ProSieben, Dr. Georg Kofler laid down his position as Chairman of the Executive Board on January 31, 2000, to set up his own media business. The Supervisory Board would like to thank Dr. Kofler for his exceptionally high contribution to the success of the entire ProSieben Group. His successor, Urs Rohner, took up his position as Chairman of the Executive Board on February 1, 2000.

Effective from July 1, 1999, the Supervisory Board appointed the long-term General Manager of Kabel 1, Dr. Ludwig Bauer, as a new member of the Executive Board. Dr. Bauer is responsible for the organizational unit television. On November 1, 1999, Michael Wölfle, responsible for Advertising Sales and Multimedia, left his position as Member of the Executive Board at ProSieben Media AG at his own request. The Supervisory Board would also like to thank Mr. Wölfle for his outstanding contribution to the success of the ProSieben Group over the last ten years.

In addition, the last financial year also saw a change at the Supervisory Board of ProSieben Media AG. Effective July 7, 1999, Mr. Wolfgang Strutz resigned his position as Member of the Supervisory Board. We would like to thank Mr. Strutz for his strong commitment and valuable contribution to the work of the Supervisory Board. At the annual general meeting, on July 7, 1999, the shareholders appointed Mr. Alfred Möckel, Member of the Executive Board at BHF-BANK AG, to the Supervisory Board at ProSieben Media AG.



The 1999 financial statements of ProSieben Media AG and the consolidated financial statements, which were prepared in accordance with German legal reporting rules, as well as the combined management report prepared for ProSieben Media AG and the Group, were audited by KPMG Deutsche Treuhand-Gesellschaft AG Wirtschaftsprüfungsgesellschaft, Essen, and received the auditor's unqualified approval. We have reviewed these documents and agree 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 given 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. We have approved and consequently adopted the annual financial statements and the management report audited by the auditor.

The Supervisory Board also accepts the recommendations of the Executive Board regarding the appropriation of profits. Subject to approval at the annual general meeting, the dividend for each preference share will be increased to DM 2.30 and the dividend for each ordinary share will be increased to DM 2.15.

The Supervisory Board would like to thank the Executive Board and all employees for their excellent achievements and remarkable commitment during the last financial year. The ProSieben Group is on the right course. The company fulfils all necessary requirements to continue its successful development in the future. We are convinced that the link of the traditional television business to the new multimedia markets offers the ProSieben Group major opportunities for growth.

Unterföhring, April 2000

On behalf of the Supervisory Board

A handwritten signature in black ink, which appears to read 'Reischl'.

Hans Reischl, Chairman

Five Year Review: Consolidated Balance Sheet for ProSieben Media AG

Aktiva

	Dec. 31, 1999 DM	Change from previous year	Dec. 31, 1998 DM	Change from previous year	
A. Fixed assets					
I. Intangible assets	149,179,377.46	5%	142,222,811.61	-16%	
II. Tangible assets	144,190,142.44	9%	132,338,057.79	-3%	
III. Financial assets	28,472,081.74	31%	21,786,594.42	531%	
	321,841,601.64	9%	296,347,463.82	-4%	
B. Programming assets	1,332,840,135.76	-7%	1,427,678,564.10	-2%	
C. Current assets					
I. Inventories	12,470,638.62	-10%	13,873,253.48	1,323%	
II. Receivables and other current assets	218,013,357.00	187%	75,931,479.23	-36%	
III. Securities	158,227.30	-/-	-/-	-/-	
IV. Cheques, cash, deposits with banks	57,840,005.19	50%	38,446,153.76	-56%	
	288,482,228.11	125%	128,250,886.47	-38%	
D. Prepaid and deferred items	4,602,883.57	14%	4,031,432.74	-56%	
E. Deferred taxes	16,172,924.85	-21%	20,379,547.25	43%	
Total assets	1,963,939,773.93	5%	1,876,687,894.38	-6%	

Passiva

	Dec. 31, 1999 DM	Change from previous year	Dec. 31, 1998 DM	Change from previous year	
A. Shareholders' equity					
I. Subscribed capital	175,000,000.00	0%	175,000,000.00	0%	
II. Capital reserves	484,900,000.00	0%	484,900,000.00	0%	
III. Revenue reserves	78,828,798.03	-/-	-/-	-/-	
IV. Retained earnings/accrued deficit	115,518,034.85	6%	108,923,027.13	241%	
V. Participation certificates	-/-	-/-	-/-	-/-	
VI. Consolidated net income for the year	157,152,798.24	3%	153,095,997.80	47%	
VII. Minority interest	313,333.58	-/-	-/-	100%	
	1,011,712,964.70	10%	921,919,024.93	16%	
B. Accrued liabilities	269,769,320.40	104%	132,087,711.82	-55%	
C. Liabilities	678,634,103.57	-17%	818,533,080.69	-9%	
D. Deferred items	3,823,385.26	-8%	4,148,076.94	167%	
Total liabilities and equity	1,963,939,773.93	5%	1,876,687,894.38	-6%	

	Dec. 31, 1997 DM	Change from previous year	Dec. 31, 1996 DM	Change from previous year	Dec. 31, 1995 DM
	169,943,982.71	-14%	197,735,128.06	-10%	220,910,473.22
	136,462,997.74	-6%	144,465,364.06	-13%	166,057,753.64
	3,452,886.78	-61%	8,797,905.74	375%	1,850,957.20
	309,859,867.23	-12%	350,998,397.86	-10%	388,819,184.06
	1,452,110,088.33	2%	1,425,992,281.98	14%	1,253,329,689.56
	975,141.20	-77%	4,227,836.75	167%	1,584,757.08
	118,790,739.71	-18%	145,193,711.66	25%	116,596,976.56
	-/-	-/-	-/-	-/-	-/-
	86,918,350.37	180%	31,093,539.60	-72%	109,216,460.85
	206,684,231.28	14%	180,515,088.01	-21%	227,398,194.49
	9,087,149.69	-37%	14,416,892.45	248%	4,146,041.02
	14,232,721.95	-/-	-/-	-/-	-/-
	1,991,974,058.48	1%	1,971,922,660.30	5%	1,873,693,109.13

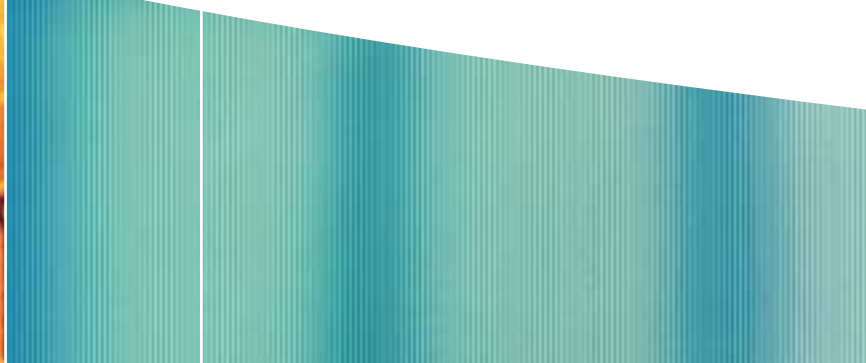
	Dec. 31, 1997 DM	Change from previous year	Dec. 31, 1996 DM	Change from previous year	Dec. 31, 1995 DM
	175,000,000.00	133%	75,000,000.00	0%	75,000,000.00
	484,900,000.00	547%	74,900,000.00	0%	74,900,000.00
	-/-	-/-	-/-	-/-	-/-
	31,934,904.10	-124%	-135,341,970.83	42%	-232,418,643.39
	-/-	-100%	150,000,000.00	0%	150,000,000.00
	104,468,197.66	-38%	169,154,947.05	75%	96,447,644.76
	-239,305.29	43%	-166,813.20	-313%	78,467.66
	796,063,796.47	139%	333,546,163.02	103%	164,007,469.03
	291,137,477.63	35%	214,926,819.52	49%	144,714,785.69
	903,220,773.31	-36%	1,421,494,752.06	-9%	1,563,092,152.41
	1,552,011.07	-21%	1,954,925.70	4%	1,878,702.00
	1,991,974,058.48	1%	1,971,922,660.30	5%	1,873,693,109.13



Five Year Review: Consolidated Statement of Income for ProSieben Media AG

	1999 DM	Change from previous year	1998 DM	Change from previous year	
1. Revenues	2,122,779,722.17	8%	1,968,112,721.00	6%	
2. Inventory increase/decrease	-153,851.56	318%	-36,766.64	-84%	
3. Other operating income	111,877,627.56	91%	58,658,713.68	14%	
4. Total	2,234,503,498.17	10%	2,026,734,668.04	6%	
5. Programming and material costs	-1,254,312,061.99	11%	-1,125,342,095.71	9%	
6. Personnel expenses	-220,934,734.60	20%	-183,493,940.17	-3%	
7. Amortization and depreciation	-71,117,340.15	10%	-64,415,328.78	-11%	
8. Other operating expenses	-306,785,849.52	3%	-296,811,700.32	-7%	
9. Operating result	381,353,511.91	7%	356,671,603.06	20%	
10. Capital investment income	375,672.57	296%	94,963.00	-85%	
11. Income from interest	-35,504,568.87	-4%	-37,030,338.58	-17%	
12. Other financial income	-5,810,079.47	133%	-2,495,066.09	-41,995%	
13. Financial result	-40,938,975.77	4%	-39,430,441.67	-11%	
14. Income from ordinary business activities	340,414,536.14	7%	317,241,161.39	25%	
15. Taxes on income	-177,426,714.62	8%	-164,547,281.05	15%	
16. Other taxes	-7,610,612.48	-1,993%	402,117.46	-107%	
17. Net income for the year	155,377,209.04	1%	153,095,997.80	47%	
18. Minority interests	1,775,589.20	-/-	-/-	-100%	
19. Consolidated net income for the year	157,152,798.24	3%	153,095,997.80	47%	

	1997 DM	Change from previous year	1996 DM	Change from previous year	1995 DM
	1,862,312,444.83	10%	1,691,859,715.57	15%	1,466,489,178.40
	-230,844.11	-120%	1,140,089.38	-/-	-/-
	51,441,300.08	-37%	81,478,313.29	54%	52,883,639.00
	1,913,522,900.80	8%	1,774,478,118.24	17%	1,519,372,817.40
	-1,035,001,898.44	-2%	-1,055,996,889.70	6%	-1,000,499,002.64
	-189,302,666.58	17%	-161,382,797.59	61%	-100,180,605.04
	-72,142,585.28	-12%	-82,229,681.81	29%	-63,543,615.16
	-319,570,017.13	29%	-247,128,691.38	22%	-202,365,619.78
	297,505,733.37	31%	227,740,057.76	49%	152,783,974.78
	654,828.81	14%	573,456.99	677%	73,804.41
	-44,738,562.32	-5%	-47,184,111.18	26%	-37,595,039.07
	5,955.47	-100%	-3,541,132.30	-7%	-3,819,726.69
	-44,077,778.04	-12%	-50,151,786.49	21%	-41,340,961.35
	253,427,955.33	43%	177,588,271.27	59%	111,443,013.43
	-143,499,033.47	2,021%	-6,765,795.75	-51%	-13,785,397.59
	-5,533,216.29	220%	-1,730,979.24	50%	-1,155,196.89
	104,395,705.57	-38%	169,091,496.28	75%	96,502,418.95
	72,492.09	14%	63,450.77	216%	-54,774.19
	104,468,197.66	-38%	169,154,947.05	75%	96,447,644.76



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 72, 78, 84, 88, 100

ADN → ddp

ADR [American Depositary Receipts] 32

Advertising investments 7 cont., 10, 18 cont., 25 cont.

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 15, 25, 69, 71, 75, 78, 80 cont., 90, 102 cont.

Annual general meeting 34, 65

ArtMerchandising & Media 11, 15, 21, 29, 52, 95

Bavarian Authority for New Media [BLM] 26, 62, 64

Capital to asset ratio 1, 14

Cash flow, cash flow per share 1, 13, 35, 76
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 3, 15, 20, 24, 30 cont., 48

Commerce 29, 45, 49, 77, 94
→ E-commerce, Content, Connectivity, Community.

Commission for the assessment of concentration in the media sector [KEK]
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 ministers-presidents of the German federal states.

Communities 21, 29, 45, 47, 49
→ Content, Connectivity, Commerce.
Important target groups which are clearly defined by similar interests. ProSieben utilizes the flexibility offered by new media tools to address communities which can be difficult to reach through traditional mass media.

Community TV 19, 30
A medium utilized by so-called communities, meaning user groups sharing similar interests. The ProSieben Group's Community TV offering 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 contents can be downloaded from a computer workstation and can be mixed as required, e:max has been classified as a tele-service rather than a television station in terms of media type.

Connectivity 29, 45, 47, 49

→ Content, Community, Commerce.

Connection to as many media users as possible, depending on awareness and technology. ProSieben uses the high degree of awareness of its brand for all multimedia sectors within the ProSieben Group.

Consolidated cash flow statement 68**Content** 29, 45, 47 cont.

→ Connectivity, Community, Commerce.

Production of contents. By consistently linking all areas of the company, the Pro Sieben Group has created the necessary basis to make maximum use of its contents, both from a multimedia and economic perspective.

Corporate sponsorship 62 cont.

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

Current assets 14, 68, 70 cont., 74 cont., 80, 100 cont.**ddp** 3, 4, 11, 13, 15, 20, 30, 45, 48 cont., 64, 77, 95**Deferred taxes** 68, 76, 83, 100**Dividend** 1, 9, 16, 35, 76, 84, 99

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, 9, 16, 35

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 interest and taxes] 1

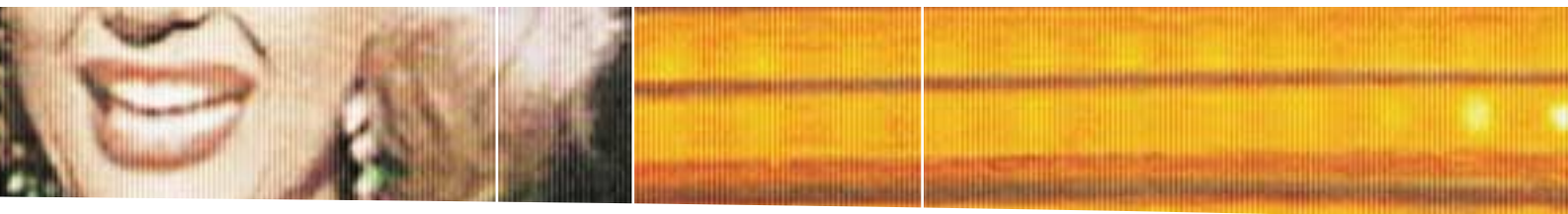
Ratio commonly used in the United States, which represents the net income for the year before taxes and interest.

E-commerce 8, 19 cont., 29 cont., 45 cont., 65

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

e:max 19 cont., 30, 48, 56**Employees** 1, 24, 60 cont., 93**Equity** 1, 14, 68, 72, 83, 100**EU television directive** 27 cont.

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 which can be shown during programs, are stipulated in the directive. The television directive can only be tightened or made more precise but can not be liberalized through German legislation. The current television directive is to be revised as of 2001.



Executive Board 2, 4 cont., 7, 93, 97

Fixed assets 14, 68, 70 cont., 74 cont., 80, 100 cont.

GfK Fernsehforschung [television research] 17, 23, 26, 43, 45

Subsidiary of the 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 12,000 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.

Group revenues 1, 4, 13, 88

Internet 4, 19 cont., 27, 29 cont., 34, 45 cont., 65

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, 11, 16 cont., 21, 25 cont., 37, 41 cont., 80, 94

LetsBuyIt.com 3, 8, 20, 30, 47, 65, 95

Live streaming 28, 39, 46

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

Market capitalization 35

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 17, 37, 39 cont., 65

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 32 cont.

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. ProSieben has been listed in the MDAX since March 23, 1998.

Media Authority Berlin-Brandenburg [MABB] 26

MediaGruppe Austria 30, 55, 94

MediaGruppe Digital 30, 55, 94

MediaGruppe München 3, 30, 55 cont., 94

Merchandising 7, 11, 51 cont., 92

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. The ProSieben subsidiary → MM Merchandising München operates in this business segment. The company owns licensing rights in the area of cartoon classics, top brands and the arts.

Mid caps 32

Company shares which are listed in the → MDAX.

MM Merchandising München 3, 21, 29 cont., 51 cont., 94

Multimedia 4, 7, 9, 11, 13, 19, 24, 29 cont., 45 cont.

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

Net income for the year 1, 16, 68 cont., 72 cont., 76, 92, 100, 102

Net reach 20

Users of a particular medium or several different media, expressed in terms of millions or as a percentage, which 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 service 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].

N24 3, 4, 7 cont., 13, 24, 28, 30, 37 cont., 43, 61, 64 cont., 95, 98

Online 8, 19 cont., 23, 27, 45, 52

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, 4

Shares with voting rights [→ preference shares]. At the moment, ProSieben Media AG has two ordinary shareholders: Kirch-Media GmbH & Co. KGaA and Rewe-Beteiligungs-Holding National GmbH.

Page accesses 19, 34, 46 cont., 53, 65

Important criteria to analyze the reach of online services. The number of visible contacts for a particular page of an online service on the Internet.

PDA [Personal Digital Assistants] 45

Handheld minicomputers, which can be operated with a small keyboard or a touch screen.

Personnel expenses → Wages and salaries

Preference shares 2, 32 cont.

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 ProSieben Media AG, each preference share receives a dividend of three percent of the nominal value, which is DM 0.15 more than the dividend paid for each equivalent ordinary share.

Price to cash flow ratio 35

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

Price to earnings ratio 35

Share price divided by the profit per share. The price:earnings 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 40, 42

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

Program investments 15, 73, 76, 88, 102

Programming assets 15, 68 cont., 72, 76, 81, 87, 100

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.

ProSieben Club & Shop 21 cont., 30, 53

ProSieben Digital Media 3, 10, 19, 29 cont., 45 cont., 61, 94

ProSieben, program 15, 24, 28, 37, 39 cont.

Result in accordance with DVFA/SG 1, 13, 35

Ratio devised by 'Deutsche Vereinigung für Finanzanalyse und Anlageberatung' [German association of financial analysts and asset managers, DVFA] and the 'Schmalenbach-Gesellschaft' [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. ProSieben uses the latest method of calculation laid down by the DVFA/SG methods commission.

Restricted registered shares 10

Shares registered by name, which can only be transferred with the agreement of the public company. In accordance with German media law, ProSieben → ordinary shares are all restricted.

Return on revenues 1, 4

Revenues → Group revenues

SevenSenses 22, 58

Share capital 2, 72, 83, 100

Share price 4, 9, 32 cont.

Small caps 34

Name for so-called second-line stocks listed on the stock exchange. SMAX was introduced in 1999 as a separate stock market segment for small cap companies.

SMS [Short Message Service] 4

Short messages with up to 160 characters, which can be exchanged over mobile phones.

Split screen advertising 28

Form of advertising on television available since April 1, 2000, whereby television programs and commercials are displayed simultaneously on the television screen in two separate windows.

State Broadcasting Treaty 27 cont.

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.

Statement of income 69, 73, 79 cont.

Supervisory Board 2, 93, 97 cont.

SZM Studios 3, 22, 30, 55 cont., 94

Target audience 8, 17, 23, 27, 37, 39 cont.

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.

Tax rate 1, 13

Technical coverage 7, 9, 25 cont., 28, 38

Number of households in percentage terms, able to receive a specific channel. Television programs can be received via terrestrial services, via cable or satellite. Nearly 13 percent of all television households use terrestrial reception, around 56 percent have already been connected to the cable network and approximately 31 percent receive their television programs via satellite [growing trend].

Teletext 19 cont., 47 cont.

Television stations use free airwaves 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.

Teleweb 48

A new standard which provides a link between the Internet and teletext services. From 2001, the new standard will enable companies to transfer the content and look and feel of the Internet to the television screen. The ProSieben Group is a member of the consortium driving the development of Teleweb.

Total assets 1, 13 cont., 72, 100 cont.

Wages and salaries 24, 89, 93, 102

WAP [Wireless Application Protocol] 4, 45, 47

Protocol used for the preparation of Internet pages specifically for display on mobile phones. The integrated browser does not display any graphics or animated objects.

ProSieben Media AG

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

E-mail: aktie@ProSieben.com
www.ProSieben.com