



ANNUAL SHAREHOLDERS' MEETING 2006

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ProSiebenSat.1 Media AG

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Remarks
at the Annual Shareholders' Meeting
of ProSiebenSat.1 Media AG

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Guillaume de Posch:

Ladies and Gentlemen,

On behalf of the Executive Board, permit me to extend a very warm welcome to the Annual Meeting of the shareholders of ProSiebenSat.1 Media AG. We're delighted that you, our shareholders and shareholders' representatives, have been able to join us here at the Wappenhalle of Messe München. And we'd also like to welcome the members of the press and other guests, as well as everyone who is following the broadcast of these remarks over the Internet.

Every two years, our news channel N24 gives a "Good News Award." Unfortunately, our own Company isn't eligible to compete. But we'd have a serious chance at a win. Because all the news I have for you today is good. Let me start with the most important:

1. The past year, 2005, was the most successful in our Company's history. We achieved every goal and set a record for earnings.
2. And the ProSiebenSat.1 Group has stayed on course for success this year, and kept growing. The first-half figures look very good.
3. Your trust in our ability to perform is paying off: the Executive Board and Supervisory Board will propose a substantially higher dividend of EUR 0.84 per share of preferred stock, and EUR 0.82 per share of common stock.

Let me explain the Group's performance in more detail.

The Group's revenues were up 8.4 percent in 2005, to EUR 1.99 billion. We kept a tight rein on costs as we worked. Which meant that we were able to translate our revenue growth into a very substantial growth in profits. EBITDA was up 30 percent, to EUR 419 million. Pre-tax profits were up 61 percent, to EUR 351 million. And earnings per share grew 59 percent, from EUR 0.64 to EUR 1.02.

The ProSiebenSat.1 Group has never shown a better result. Pre-tax profits for 2005 were three times those of 2001, on roughly the same revenues. No other comparison could give you a better idea of how vigorously this Company has repositioned itself.

And this success is continuing in the current year, as you'll see from the first-half figures that my colleague Lothar Lanz will be presenting in a moment.

The ProSiebenSat.1 Group, ladies and gentlemen, is now one of the most profitable companies in Germany. Our EBITDA margin climbed in 2005 from 17.5 percent to 21.0 percent. Our 11.1 percent return on revenues led the Frankfurter Allgemeine Zeitung to rank us just recently as number 13 among the 100 biggest companies in the country.



This success would have been impossible without the extraordinary dedication of the ProSiebenSat.1 Group's roughly 3,000 employees. And for that, I'd like to extend our heartfelt thanks to each of them. It's the commitment and creativity of our whole team that have placed the Group in such a splendid position. Without the ideas for shows like "Schillerstrasse," "TV total Bundestagswahl," or series like "Verliebt in Berlin," we would not be where we are today.

We can claim even more credit for last year's achievements because conditions were so difficult. Germany's gross domestic product grew 0.9 percent in 2005, even lower than expectations – which had not been high anyway. Consumer spending stagnated, with a direct impact on the TV advertising market. The TV market too hardly moved, growing only a marginal 0.5 percent net.

So we achieved our growth in revenues and profits in the face of a stagnating TV advertising market. Which only goes to show that we have chosen the right business model. And the right strategy.

Four factors were responsible for our success in fiscal 2005:

First, the rising popularity of our family of stations.

Sat.1, ProSieben, kabel eins, N24 and 9Live set a new audience record in 2005: a 30.5 percent share of the key demographic between the ages of 14 and 49. That's our best performance since 2001. We also gained almost a full percentage point from the year before. Our subsidiary SevenOne Media is the highest-profile marketer of advertising time in the country. Our colleagues there have been able to parlay our stations' audience gains into gains in the advertising market as well.

Our Free TV segment's revenues grew 5.9 percent, to EUR 1.86 billion, thanks almost entirely to higher advertising revenues. EBITDA rose 27 percent, to EUR 379 million, and operating earnings were up 32 percent, to EUR 354 million.

In other words, we have kept the promise I made to you here last year: our TV advertising revenues grew substantially faster than the market.

What programs have made our stations so strong? If you think back on 2005 in TV, you'll realize that many of your memories are images from our shows.

Every evening on Sat.1, some two million viewers track the fate of Lisa Plenske on our telenovela "Verliebt in Berlin." Early in September there'll be a grand finale and happy ending for this heroine of the everyday. "Schillerstrasse," with Cordula Stratmann, is roughly speaking the TV equivalent of squaring the circle: ambitious, very funny, and very successful. Major shows like "MegaClever" and "Promi ärgere dich nicht" have also roused enthusiasm among a large audience. And we mustn't forget the TV event of the year: "Die Luftbrücke" continued the tradition of great German television that was shaped by "Der



Tunnel” and “Das Wunder von Lengede.”

On ProSieben, you could also catch great American films and the best of U.S. TV during 2005. There were Hollywood blockbusters like “Spider Man” and “Men in Black II.” Everybody knows “Desperate Housewives” – they’ve also taken the German TV audience by storm. The elaborate productions “Tsunami” and “Supervulkan” – mixtures of documentary and fiction – made a convincing mark in prime time. And of course we can’t leave out Stefan Raab’s TV-total events in such sports as tobogganing and high diving.

On kabel eins the “best films of all time,” like “Highlander,” “A Few Good Men” and “The Name of the Rose,” earned super ratings. And “Crime Friday” has remained extraordinarily successful, with such series as “Without a Trace” and “Cold Case.”

Finally, our news station N24 is a window on the world’s current events. And a great deal happened last year. Just to mention a few of the major events that concerned us all, there were the tsunami, the election of a new Pope, the hurricane in New Orleans and the Bundestag elections. N24 always put you right there.

The success of our programming is also reflected in our business figures. Every one of our stations is running at a profit. Sat.1, kabel eins and N24 substantially improved their return on revenues last year against the year before. Sat.1 rose from 11.6 percent to 19.4 percent; kabel eins from 14.2 percent to 21.0 percent; N24 from 2.5 percent to 11.3 percent. We can permit ourselves to be very pleased with these figures. But the most profitable station of all – and I want to emphasize this – was once again ProSieben, with a return on revenues of 22.2 percent.

So the first factor for success was strengthening our core business free TV.

Television is programming. But television is also technology. In October 2005, the Governor of Bavaria flipped the switch to launch Sat.1 HD and ProSieben HD. The ProSiebenSat.1 Group thus became Europe’s first television corporation to broadcast channels in the new wide-screen HDTV format. Our subsidiary ProSiebenSat.1 Produktion did pioneering work here.

But there was also a second factor to our success: growth in our Diversification unit.

Our Diversification unit pools all our activities that are not directly related to TV advertising. In 2005, revenues we generated from third parties with our new business models climbed 58 percent, to EUR 179 million. EBITDA was up 77 percent, to EUR 39 million.

We achieved part of this gain through organic growth. Our multimedia subsidiary SevenOne Intermedia – with the support of our marketing company, SevenOne Interactive – has activities in teletext, the Internet, added-value telephone services, and mobile services. MM Merchandising also contributed its share with merchandising and license deals. MM works with the ancillary rights to our programs and brands, like “WE LOVE” and “Germany’s Next



Topmodel,” but also other brands like BMW Motorsport and Panasonic Toyota Racing.

Our internal film marketer, SevenOne International, sells our productions around the world. The team has just exported our “Galileo” knowledge magazine show to China. And our foreign station, ProSiebenSat.1 Welt, was launched in February 2005 and is earning subscriber fees in the United States and Canada. Our new subsidiary Starwatch Music works in cooperation with Warner Music Group to market artists under its own music label. These include ex-No Angel Sandy and the most successful German newcomer of the year, Roger Cicero.

Organic growth in the Diversification unit was strengthened substantially by acquisitions.

Which brings me to our third factor for success, 9Live. We acquired full ownership of the station last year, and have consolidated it since June 1, 2005. In the seven months from June through December, 9Live contributed EUR 54 million to the Group’s total revenues, and EUR 18.6 million to EBITDA. So our quiz station, which is financed not by advertising but by telephone charges, also played a substantial role in our success. In other words, it took less than a year to prove that our decision to acquire 9Live was the right one.

All in all, last fiscal year our revenues from new business models nearly doubled. Diversification contributed 9 percent of Group revenues in 2005, bringing us yet another step closer to our goal of reducing our dependency on the advertising market and making more efficient use of our resources.

A fourth factor for success was our rigorous financial management. Apart from the increase in revenues, lower net financial expenses also played a role in our excellent results. Lower interest charges and significantly lower other financing charges had a positive impact here.

Ladies and Gentlemen,

You, our shareholders, are reaping direct benefits from the ProSiebenSat.1 Group’s success. Our stock performed well last year. It closed out the year at EUR 16.35 – a 21 percent gain that significantly outperformed the Euro Stoxx Media index.

Our stock price last year was also affected by plans for Axel Springer AG to take over ProSiebenSat.1 Media AG. As you know, those plans were cancelled because of antitrust and media-law concerns.

But as shown by the rebound of our stock after the merger was cancelled in February of this year, the financial markets and our shareholders trust in the potential of the ProSiebenSat.1 Group just the way it is. We’ve also continued to receive a vote of confidence and support for our strategy from our principal shareholders, Haim Saban and the financial investors Hellman & Friedman, Bain Capital, Thomas H, Lee, Providence and Quadrangle, as well as Axel Springer AG.



I also want to thank you, our shareholders, very much for the confidence you showed last year in both this Company and its management.

As you know, ProSiebenSat.1 Media AG has long had a dividend policy that depends on earnings. Once again this year, our proposed dividend reflects our excellent results while taking due account of our needs for capital. Since we are not planning any major acquisitions for the near future, we have funds available for distribution. At today's meeting, the Executive Board and the Supervisory Board will propose a dividend of 84 Euro cents per share of preferred stock, and 82 Euro cents per share of common stock. The total distribution will be EUR 182 million, equivalent to 82 percent of our consolidated net profit for the year.

On the bottom line, ProSiebenSat.1 preferred shareholders made a gain of 21 percent on our stock's performance last year. Add to this the additional two percent for the dividend paid in 2005, and you get a return of 23 percent. Ladies and gentlemen, ProSiebenSat.1 stock was definitely a good investment in 2005. The dividend yield will improve again this year. Based on the 2005 closing price, and including the dividend payment, the yield comes to five percent.

Now before I tell you more about the outlook for the current year, I'd like to ask my colleague Lothar Lanz to explain the key figures for the first half and a few details of the Agenda.

Lothar Lanz:

Ladies and gentlemen, I too would like to welcome you cordially to our Annual Meeting. It's a pleasure to be able to present our results for the first half of 2006 – because I, too, have nothing but good news to report.

The ProSiebenSat.1 Group has enjoyed a successful first half in 2006. Our revenues grew and our earnings improved further for both the second quarter of the year and the full first half. Every unit of the Group contributed to this positive performance. Higher advertising revenues provided the main impetus for growth in the Free TV segment. Our Transaction TV segment is where we report our quiz station 9Live, which has been fully consolidated since June 2005. Growth in the Other Diversification segment was primarily organic.

Group revenues for the first half of 2006 rose 8.3 percent to reach EUR 1.016 billion. EBITDA – earnings before interest, taxes, depreciation and amortization – grew 18.2 percent, to EUR 225.5 million. Pre-tax profits gained 13.6 percent, to reach EUR 186.6 million.

Our better earnings position is reflected in every one of the key performance indicators for profitability, which rose to a high level. The EBITDA margin outperformed last year, rising from 20.3 percent to 22.2 percent. The consolidated net profit rose 13.9 percent, to EUR 114.2 million. The resulting earnings per preferred share are EUR 0.53, compared to



EUR 0.47 for the first half of 2005.

The ProSiebenSat.1 Group's operating costs rose moderately for the first half of 2006. The 6 percent increase in total costs for the half, to EUR 815.7 million, resulted almost entirely from the consolidation of 9Live. Another contributor was a slight increase in the consumption of programming assets.

Now, if you'll permit me, I'd like to briefly mention our individual stations. Sat.1 remained on its successful course. Revenues grew 7.5 percent, to EUR 425.2 million. Pre-tax earnings and EBITDA were up even more sharply. Pre-tax income gained 56 percent, to reach EUR 97.9 million. EBITDA was up 51 percent, to EUR 98.0 million. The station's high profitability shows clearly in the EBITDA margin, which climbed from 16.5 percent to 23.0 percent in the first half.

Revenues at ProSieben were down 9.5 percent for the first half, to EUR 348.1 million, largely as a result of internal sales of programming assets to other Group stations. Another cause for the decline is the weak ratings from last year, which particularly affected the first quarter. Pre-tax earnings came to EUR 58.8 million, 30.7 percent below last year's level. The decline in revenues for the half also pulled EBITDA down, by 30.3 percent, to EUR 58.6 million. The EBITDA margin for the first half came to 16.8 percent, compared to 21.8 percent a year earlier.

A quarter-on-quarter comparison shows that ProSieben's improved audience shares this year are beginning to have a positive effect on revenues. The station booked revenues of EUR 192.0 million for the second quarter, compared to EUR 192.3 million a year earlier. The EBITDA margin for the second quarter was 26.9 percent, compared to the prior-year period's 30.5 percent.

First-half revenues at kabel eins were up 16.8 percent to EUR 122.4 million, as the station continues to perform well. Better programming performance and good market acceptance lent important momentum to the station's success. The station's pre-tax income for the first half was EUR 31.6 million, 42.3 percent above the comparable period last year. EBITDA grew 45.2 percent, to EUR 31.8 million. The station's EBITDA margin outperformed last year's figure significantly, rising from 20.9 percent to 26.0 percent.

First-half revenues were up very nicely at N24, too, rising a total of EUR 2.9 million, or 7.3 percent, to EUR 42.8 million. Both pre-tax earnings and EBITDA increased proportionally to revenues. Pre-tax earnings grew EUR 1.0 million against the first half of 2005, to EUR 4.7 million. EBITDA was up EUR 0.9 million, to reach EUR 5.0 million for the half. The EBITDA margin was 4.7 percent, compared to the prior-year period's 10.3 percent.

The Diversification unit contributed a total of EUR 106.2 million in revenues to the Group figure. A major contributor here was quiz station 9Live, which brought in EUR 48.1 million in revenues to the Group. EBITDA at the Transaction TV segment was EUR 14.7 million.



Revenues at the Other Diversification segment were up 12.6 percent on the half, to EUR 68.7 million. EBITDA for the same period was up 22.2 percent to EUR 15.4 million.

Finally, as the last figure from the first-half financial statements, let me mention net financial debt. We reduced this figure even further as of June 30 of this year, to EUR 47.2 million, compared to EUR 392.5 million a year earlier.

As of July 31, 2006, we retired a EUR 200 million bond issue early. This high yield bond issue was placed in July 2002 with an 11.250 percent coupon – under what were very difficult conditions at the time. It was not really due to mature until July 2009. To benefit from lower interest rates, we took advantage of our first opportunity to retire it early. We repaid the bond in full from available funds, at a price of 105.625 percent of par, plus accrued interest.

To preserve our financing leeway, we are currently in the process of setting up a new revolving credit facility for EUR 500 million. The new line of credit will also replace our existing EUR 325 million line. So we can not only profit from more favorable conditions in the credit markets, but extend the term and thus improve our maturity profile.

Ladies and gentlemen, now permit me to address several Agenda Items that are awaiting your decision.

Agenda Item 6 concerns an amendment to the rules for convoking and participating in the shareholders' meeting. This is essentially an amendment of our articles and by-laws to comply with Germany's new Act on Corporate Integrity and Modernization of Shareholders' Rights of Appeal (known as the UMAG). At the same time, this resolution is intended to make it easier to grant proxy powers to representatives appointed by the Company.

Agenda Item 7 is likewise an amendment to bring our articles and by-laws into compliance with the new law. To expedite proceedings at shareholders' meetings, the chair is to be authorized to impose a reasonable time limit for shareholders' rights to ask questions and address the meeting.

Agenda Item 8 has to do with the Act on Disclosure of Executive Compensation, which requires companies listed on the stock exchange to disclose their executives' compensation individually in the future unless the shareholders' meeting resolves that the pertinent terms of the law are not to apply. The exemption from this new obligation is intended to preserve the Company's option not to disclose the individual compensation of its Executive Board members. The remuneration of the Executive Board is reported cumulatively in the explanatory notes to the Annual Report of ProSiebenSat.1 Media AG. The Company sees no significant informational gain in any further breakdown.

You can find details on all the Agenda Items in the invitation you have before you.

Item 9 of the Agenda is a resolution authorizing the Company to acquire its own stock. This authorization is intended to replace the authorization that last year's Annual Meeting granted



and that will expire at the end of this year. Like last year's authorization, which the Company has never exercised, the new authorization also allows us to buy common and/or preferred stock with a notional value of up to 10 percent of our Company's share capital. This authorization, too, has an 18-month time limit; in other words, it will expire on February 1, 2008.

The content of the authorization proposed to you for a resolution today likewise is essentially the same as last year's authorization. Like the earlier authorization, when treasury stock is used it allows preemptive rights to be excluded for fractional amounts, for those cases where stock is issued in return for contributions in kind, or where our listed preferred stock is issued in return for cash contributions at a selling price close to market price. Additionally, the Company would be able to retire treasury stock without a further authorization from the Shareholders' Meeting.

The Company will also be able to use its own preferred stock for stock options granted under a Long Term Incentive Plan that the Company has developed. The Long Term Incentive Plan is intended to benefit members of the Executive Board, management at subsidiaries, and other selected executives.

This plan is part of a competitive remuneration system that is intended to help us attract and keep qualified employees and build their loyalty to our Company. And by tying a portion of their remuneration to the performance of our stock's trading price, we can link their own personal interests even more closely to our shareholders' interests in boosting the Company's value for the long term.

The incentive target for the stock options issued under the Long Term Incentive Plan is that the trading price of our Company's preferred stock must rise at least 30 percent from the strike price. The strike price will be based on the market price at the end of the year preceding the year in which the options are issued. The Long Term Incentive Plan prescribes a graduated lock-up period of two or three years for exercising the options. These provisions are intended to ensure that the options are exercised only when the Company's value has increased substantially and sustainably.

For further details, let me refer you to the resolution motion itself under Agenda Item 9, and the written report from the Supervisory Board on Agenda Item 9, which has been printed up as part of the invitation to this meeting, and is also available for examination here in the auditorium.

Last year, the Company issued about 1.1 million stock options under the incentive plan. This year, it intends to issue another roughly 1.1 million stock options under the Long Term Incentive Plan.



Ladies and Gentlemen,

before I call Guillaume de Posch back to the podium for his survey of the current year, I'd also like to discuss the inter-company agreements with subsidiaries of ProSiebenSat.1 Media AG, which we submit for your approval today as required by law, under Agenda Items 10 and 11.

The Executive Board has provided detailed written reports on each of these contracts, and those reports are likewise available for examination here in the auditorium. But the law also requires an oral explanation, which I would now like to give you, as briefly as possible.

Three inter-company contracts have been signed between ProSiebenSat.1 Media AG, as the parent company in each case, and three of its wholly-owned subsidiaries.

There is one profit-and-loss transfer agreement with 9Live Fernsehen GmbH, and one management control and profit-and-loss transfer agreement each with ProSiebenSat.1 Erste Verwaltungsgesellschaft and ProSiebenSat.1 Zweite Verwaltungsgesellschaft.

Under a profit-and-loss transfer agreement, the affiliate undertakes to transfer all its profits to the parent company. A control and profit-and-loss transfer agreement additionally places the affiliated company under the management of the parent company. In return, the parent company must make up for any losses at the affiliate.

The profit-and-loss agreement with 9Live Fernsehen GmbH was signed largely for tax reasons. Its profit-and-loss transfer obligation is the prerequisite for establishing a parent-subsidiary relationship between the parties for purposes of corporate income tax and local business tax. This allows the income of 9Live Fernsehen GmbH to be ascribed to ProSiebenSat.1 Media AG for tax purposes. The result is that for the purposes of income tax, any profits or losses at 9Live Fernsehen GmbH can be offset against profits or losses from any Group company that is also covered by a parent-subsidiary relationship for tax purposes. It prevents situations in which one Group company has to pay tax on all of its profits while another Group company is making a loss that it will only be able to offset against its own profits in a later tax period – if ever.

The management control and profit-and-loss agreements with ProSiebenSat.1 Erste Verwaltungsgesellschaft and ProSiebenSat.1 Zweite Verwaltungsgesellschaft were also signed in part for tax reasons. Additionally, they facilitate uniform management of the Group by ProSiebenSat.1 Media AG. The right to manage the affiliate and issue directives, which is added under these agreements, makes it possible to coordinate these companies' own interests as closely as possible with the interests of the ProSiebenSat.1 Group as a whole. The contracts also make it easier to make optimum use of financial and cash resources within the Group.

As for the contents of the contracts themselves, they each cover the affiliates' obligation to transfer profits and the associated obligation of ProSiebenSat.1 Media AG to cover losses.



They also contain more detailed provisions about the term of each contract and the parties' rights to terminate the contract. The two control and profit-and-loss transfer agreements furthermore govern the additional contractual rights of ProSiebenSat.1 Media AG to issue directives.

For further details, please have a look at the written reports that have been submitted under Section 293a of the Stock Corporation Act. They too are available for examination here in the auditorium.

Ladies and gentlemen, my compliments for bearing with me and showing so much patience for the rather dry material I've just concluded with.

I'm sure things will become much more exciting now, when I ask Guillaume de Posch to give you a look at what's ahead in the current fiscal year. Thank you very much.

Guillaume de Posch:

Ladies and gentlemen, as Lothar Lanz just mentioned, 2006 has proved to be a very satisfactory year for us so far. Even though we held no rights for the Winter Olympics in February or the World Cup in June and July, we still showed healthy growth in the first half.

It is still impossible to say for sure how the German TV market will evolve during the rest of the year. The mood of the German economy has improved significantly since the year began. The economic research institutes have revised their forecasts upward. After last year's slack performance, consumer spending has risen. And according to a survey, consumer confidence is higher than it's been at any time in the past five years.

A variety of indicators, such as the Ifo business climate index, suggest that the upswing will continue in the second half.

But for us, the critical factor is how overall economic growth will affect the TV advertising market. Based on our present knowledge, we assume that net spending on television advertising will grow about two percent this year. That would mean the TV advertising market would perform about the same as the German economy is expected to do as a whole.

Developments in the second half of July and in August suggest that business conditions in the TV advertising industry are picking up again, after the pause for the World Cup. If that trend continues, the German TV advertising market could have still further potential in 2006. A more accurate projection will not be possible until the beginning of October.

Despite this year's major sports events, we are aiming to achieve slightly above-average growth in our advertising revenues. The growth rate for the Group's total revenues will be between four and five percent, assuming growth of two percent in the TV advertising market.



Alongside growth in the core business in TV, the Group's new business models in the Diversification unit and the new acquisition, 9Live, will provide for these gains. And since we still have a firm hold on costs, our profits also will improve more than proportionately.

We expect that activities in Diversification – the Internet, merchandising, licensing, music, added-value telephone services, mobile services – will perform better than average again this year. We are sure that 9Live will build further on its effective business model as an interactive brand. Above and beyond its own programming, 9Live also produces a variety of call TV shows for Sat.1, ProSieben and kabel eins, and thus generates additional revenues for the other stations.

Ladies and Gentlemen,

this year will not be just like any other year for the ProSiebenSat.1 Group: 2006 will play a special role in our corporate history. After lengthy preparations, this year we have actually taken the step into the digital future. The classic free TV provider has become a provider of up-to-the-minute TV services.

It is our belief that the future of communications will take place on the video screen. That way of expressing it is not our own – it comes from the head of a major media agency – but it hits the nail on the head.

We are convinced that the video screen is the medium of the future – the TV screen, the computer screen, the cell phone screen, the notebook screen. TV screens at home, at the airport, on the subway. Computer screens at the office, in the study, in the living room. Cell phone screens in town, at the beach, in the mountains. Even today, everyone has access to a screen everywhere, all the time.

What does that mean for a company like ours?

- Will audiences change?
- Will their uses change?
- And will free TV financed by advertising still be Mass Medium No. 1?

Ladies and gentlemen, digitization, with the concomitant omnipresence of video screens, offers far more opportunities than risks for the ProSiebenSat.1 Group.

That applies first and foremost for our core business free TV:

1. The average German watches TV for 211 minutes a day – in other words, more than three and a half hours. That's a lot. And it's increased more and more over the past ten years. By 36 minutes, to be precise. Which goes to show that TV is the medium that counts most with people.



2. Major station brands will actually gain value. The greater the range of programming, the more important focus becomes. A German household using TV can receive an average of 47 channels. Yet just five channels account for 80 percent of all use. As a rule, these are the major full-service channels: Sat.1, ProSieben, RTL, ARD and ZDF. The major TV channels will remain one of our society's strongest cultural binding forces.
3. Television will remain indispensable as the most important mass medium for the advertising industry. No other medium can reach so many people so fast. The impact of TV advertising has not declined. And there is no social gap between audiences for private and public broadcasters. Though ARD and ZDF would like it to be otherwise, every research study confirms the absence of any such difference.

So free TV is by no means a dying breed. Just the opposite.

Let me emphasize: commercial free TV will continue to be the ProSiebenSat.1 Group's core business, including as a basis for our new business models. Our prime strategic goal has been, and will still be, to strengthen our free TV stations further.

But how?

Attractive programming is essential to our stations' performance. We invest about a billion euros a year in programming. About half of that is for in-house or commissioned productions. We spend the other half on programming rights – most of them from Hollywood. Which means that we are not only one of the most important customers for German productions, but one of the most important business partners for Hollywood studios.

We have long-term contracts with virtually every major Hollywood studio, and with the major European film production companies – whether Disney, Paramount, Sony, MGM, Warner, Dreamworks, Spyglass, Hallmark, Pixar, Constantin, Senator or Tele München. We also have access to KirchMedia's extensive film library. We've just added yet another improvement in our already outstanding supply of programming: we now hold the rights to the entire series of Star Wars films. All six parts of Star Wars will be available on our stations.

And we guarantee: the ProSiebenSat.1 family of stations will remain the place to go for great films and the best series.

Thanks to our fine programs, our goal of maintaining our 30 percent share of the key demographic this year is still realistic – with or without the Olympics and World Cup.

A few days ago we presented our programs for the 2006-2007 TV season to the advertising industry. There were many new shows to present to our clients – and most importantly, many more new shows than our competitors in Cologne. Our presentation met with a very positive response. I'm certain you'll find yourselves very pleased with our stations' performance, not just as shareholders, but as TV viewers.



Let me offer just a few examples from our impressive line-up for 2006-2007.

On Sat.1, our prime access hit “Verliebt in Berlin” will be extended. We also hope that our second telenovela, “Schmetterlinge im Bauch,” will double the success of “Verliebt in Berlin.” Then there will also be new series from the USA. “Schillerstrasse” will remain a familiar address on German TV – and Cordula Stratmann will be returning to the show in September.

ProSieben is better prepared than ever for the 2006-2007 TV season. There will be new episodes of “Lost” and “Desperate Housewives.” On Saturdays, ProSieben will be focusing more on contests and other light entertainment: “Extreme Activity” with Jürgen von der Lippe is already off to a very good start. Stefan Raab will show up in “Schlag den Raab,” ProSieben’s equivalent to “Wetten, dass....” And then, of course, there will be films, films, and more films: “Bad Boys II” with Will Smith, “xXx” with Vin Diesel, “The Transporter,” “I Spy,” “The Crimson Rivers 2,” “S.W.A.T.,” “Pirates of the Caribbean: The Curse of the Black Pearl,” “The Matrix Revolutions,” “Der Wixxer,” “Kill Bill, Vol. 1,” “(T)Raumschiff Surprise” – and on and on.

On kabel eins, the emigrant series “Mein neues Leben” won over audiences at the first try. Starting today, the hit U.S. mystery series “Ghost Whisperer,” with Jennifer Love Hewitt, will strengthen the prime time lineup. And starting in September, “Crime Friday” will offer new episodes of “Cold Case,” “Without a Trace” and “Missing.”

If you’d like to know more about how to grow your nest egg, you mustn’t miss “Make Money –Die Markus Frick Show,” on N24. German TV has never before had this kind of stock market-focused show. Another debut this fall will be “Links-Rechts.” Pundits Hajo Schumacher and Hans-Hermann Tiedje are planning to bring controversy on German political talk shows back to life.

That’s a short survey of our core business. Let me now turn to our new activities.

We’ve been producing content for some time now. But so far we’ve only used that content one-dimensionally, for our own free TV stations. We have to adopt the goal of getting more out of our product. Digitization is one window of opportunity that is just now opening up. There will be many new distribution channels. And our strategic answer is to take advantage of them.

What have we done? And what has it accomplished?

- Early this year we signed agreements with the country’s major cable operators to have our group of channels distributed digitally. In other words, our programming is now available in both analog and digital format on cable nationwide.



- We were the first to sign up with DSL providers – T-Online, Telefónica and Hansenet, better known under the brand name Alice. Having our stations distributed on IPTV will expand our technical reach even further, and let us tap additional sources of revenue.
- It's our belief that cell phones will be an important distribution channel in the future. That's why we're continuing to expand the mobile availability of our programming.
 - We distribute about a dozen different programming schedules by way of every major mobile phone company, on UMTS.
 - In June, TV on cell phone was launched with the new DMB standard. Two of the four channels carried on DMB in Germany come from ProSiebenSat.1: N24 and a comedy channel.
 - Our stations Sat.1, ProSieben and N24 were included in the pilot project for DVB-H – another new standard for mobile TV.
 - We're serious about TV on the cell phone. That's why we're participating in the bidding for DVB-H frequencies in Berlin, Hamburg and Lower Saxony.

Ladies and gentlemen, Internet service providers are turning to a new triple-play business model: telephone, Internet and television all from a single source. But we too have a triple-play business model of our own: carrying television over

1. the familiar cable, terrestrial and satellite paths,
2. DSL, and
3. mobile phone.

But we're not just taking advantage of new pathways to distribute our existing stations. We're also developing new programming for viewers via these new openings.

- On June 1, 2006, we launched two pay TV channels. Sat.1 Comedy and kabel eins classics will be carried on pay cable. So we now have two more subscriber channels to join ProSiebenSat.1 Welt in the United States and Canada, and Germany's weather channel.
- And finally, our very latest innovation. Just last week, we launched our video on demand portal, maxdome, in a cooperative venture with United Internet. With 18 million active users for its 1&1, Web.de and GMX brands, United Internet is one of Germany's largest Internet providers. On maxdome, we join with them to offer an extensive range of films, comedies and series.
- For us, DSL is a new way of reaching viewers – especially the younger generation that has grown up with computers. maxdome taps a new market and an additional way of reaping economic benefits from our programming.



This year, our new services will account for about 12 percent of our revenues. Next year, we expect the share to rise to 15 percent, depending on how fast the digital infrastructure evolves. That is not a negligible figure. Especially because Diversification has far-reaching implications for the Group, above and beyond its contribution to revenues and profits.

And that importance is now also reflected in the composition of the Executive Board. Since August 1, 2006 – in other words, since yesterday – Dr. Marcus Englert has been the board member in charge of Diversification at ProSiebenSat.1 Media AG – so to speak, our Chief Diversification Officer. I'm delighted that he's here with us today. Marcus Englert has a great deal of experience in new media and a broad strategic perspective. I'm certain that in his new position he will make a major contribution toward shaping ProSiebenSat.1 as a provider of the latest in TV.

Our joint task will be to position our conventional free TV programming and our new services in such a way that they reinforce one another. That interdependency will call for a high level of networked effort that we must coordinate within the Group.

We're hard at work bringing an extra dimension to the mass medium of television, making it an individual medium. Our tag line "The power of television" looks toward our present and our future both. Our promise for both today and tomorrow is that the ProSiebenSat.1 Group will have first-class entertainment and the latest information – wherever you are, whenever you want it.

Thank you very much.