



## 2007 ANNUAL MEETING

### Remarks

Guillaume de Posch,  
Chairman of the Executive Board  
ProSiebenSat.1 Media AG, and

Lothar Lanz,  
Chief Financial Officer  
ProSiebenSat.1 Media AG

Munich, July 17, 2007

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Do not release until the speech begins



Ladies and Gentlemen,

On behalf of the Executive Board, allow 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 valued shareholders and their representatives, have been able to join us here at 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.

I'm very pleased to be able to present yet another chapter of the ProSiebenSat.1 Media AG success story to you today. And I dare say it's the most important chapter in our corporate history to date.

At the end of June, we signed the contract to acquire the SBS Broadcasting Group, meaning that the ProSiebenSat.1 Group is now a pan-European media corporation. I'll come back to this point in the second part of my remarks. But for now I'd like to offer you a little teaser.

### *Trailer*

The SBS merger is where our Group's future lies. I'll start out by reporting what we accomplished last year. Let me start right away with the three most important points:



1. The ProSiebenSat.1 Group had a very successful fiscal 2006. Our Company reported record earnings for the third time in a row.
2. Your confidence in us is paying off. The dividend has increased once again in comparison to previous years. The Executive Board and Supervisory Board are proposing a dividend of 89 euro cents per share of preferred stock, and 87 euro cents per share of common stock.
3. In KKR and Permira, the ProSiebenSat.1 Group has investors as its principal shareholders who have opened up new strategic prospects and attractive growth opportunities for the Group.

Let me turn to the economic results from fiscal 2006. I'll mention only the most important figures here. You can find the full figures in our annual report, which is also available for examination here at the meeting.

The Group's revenues were up 5.8 percent, to EUR 2.105 billion. Once again last year, 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 15.8 percent, to EUR 484 million. The pre-tax profit grew 10.3 percent, to EUR 387 million. Earnings per preferred share improved to EUR 1.11, compared to EUR 1.02 for the previous year.



And this welcome trend has continued in the current year, as you'll see from the figures from the first few months of the year, which my colleague Lothar Lanz will be presenting in a moment.

Profitability has improved further in 2006. The EBITDA margin rose two percentage points in 2006, to 23.0 percent. In 2003 this figure was only 10.4 percent. This leap offers an impressive demonstration of how vigorously your Company has grown.

The Company's success is the product of the joint efforts and deep dedication of all ProSiebenSat.1 Group employees. For that I would like to thank each of them individually.

Growth was propelled by both of the Group's units – Free TV, which is financed by advertising, and the Diversification unit, where we pool all our new activities.

In Free TV, we took advantage of the economic upswing to increase our TV advertising revenues. It is especially gratifying that we further improved the Group's profitability. Sat.1 and kabel eins reported EBITDA margins of 24 percent and 27 percent for 2006. Like ProSieben, they are now among the most profitable TV stations in the German market.

Our family of free TV stations – Sat.1, ProSieben, kabel eins and N24 – earned a combined audience share of 29.4 percent last year. Incidentally, when I speak of audience shares, I always mean the



key demographic between the ages of 14 and 49 that is so important to the advertising industry. The 29.4 percent figure for 2006 was down nearly a whole percentage point from a year earlier. Why?

For one thing, sports.

On TV, 2006 was a year of sports. You'll certainly recall the Winter Olympics in February, and of course even more, the soccer World Cup in June and July. This caused some setbacks for our family of stations, since ARD, ZDF and RTL held the rights.

But a closer look at our stations' individual figures shows that Sat.1 bore the brunt of the loss of audience share. ProSieben and kabel eins each lost only 0.1 percentage point against the previous year. Our news station, N24, actually picked up 0.3 percentage points. But Sat.1 lost a full percentage point – and because of the station's audience structure and broad positioning, that's certainly a result of sports – in part. But unfortunately, not sports alone.

A weakness in Sat.1 programming was and remains another cause. Last September's continuation of the telenovela "Verliebt in Berlin" was unable to regain the momentum of the Alexandra Neldel era. The result was ratings losses in the all-important prime access segment. Additionally, several new series lagged behind expectations, including "Schmetterlinge im Bauch" and "Stadt, Land, Mord."



The station's new head, Matthias Alberti, took office at the beginning of the year with the aim of moving Sat.1 back into the lead.

In the past few weeks and months, he and his team have developed a concept to grow the station's audience share, and to lend the Sat.1 brand a broader positioning, bringing it closer to the viewer again. Another part of the concept is to preserve the economic stability of Sat.1, and to use resources more efficiently where possible. The Sat.1 management team has reviewed every show for performance and profitability. The imminent reform of the Sat.1 schedule will replace some programs that do not meet expectations. Unfortunately, that will also have personal consequences for the employees who work on those shows. But – and this is important to me – we will deal with them with every appropriate degree of fairness.

Matthias Alberti's primary interest is to get Sat.1 moving again – in the right direction, making it as strong as possible. By investing in programming we invest in the future of Sat.1. The channel has been developing new programs and formats like never before.

Our goal is to offer our viewers the best in entertainment and up-to-date information. And notwithstanding the difficulties at Sat.1, our family of stations kept that promise last year, and will do so again this year. Our shows are your TV events. Let me offer only a couple of examples looking back over 2006, but also forward to 2007.



In 2006 Sat.1 excited audiences with soccer – not only Sönke Wortmann’s “Wunder von Bern,” but a real “kick”: the Champions League finals between FC Barcelona and Arsenal London was one of the spring ratings hits in 2006. Spring 2007 continued the soccer trend on Sat.1, with three German teams in the UEFA Cup. I’m delighted that the UEFA Champions League will be coming home to us as well: starting this fall, Sat.1 will be carrying 13 Wednesday games live.

And the first steps implemented by Matthias Alberti and his team are taking hold. “Das weiss doch jedes Kind,” the knowledge show with Cordula Stratmann, made its debut Friday before last with a sensational audience share of 22.5 percent. Other programming changes are on the way: “Millionäre undercover – Die Glücksbringer,” as much comedy as you could want, 20 new TV movies, and appealing free TV feature film premieres like “Miss Congeniality 2” and “The White Massai.” Alexandra Neldel will be returning to Sat.1 this fall in the new multi-part “Zodiak – Der Horoskop-Mörder.” Good news too for the big community of fans of “Navy CIS” on Sunday evenings: a new season is all set to go in September.

## ProSieben

Under the leadership of Andreas Bartl, ProSieben has found its way back to its accustomed place in the premium class. Top quality “Young Entertainment.” “Schlag den Raab” has allowed the station



to do the near-impossible: to launch a Saturday evening show in the same category as “Wetten, dass..?”. New seasons are already in the planning. With “Germany’s next Topmodel-by Heidi Klum,” one of the most successful shows of the past few years returns for a third season in January 2008. Katharina Witt will present not only “Stars auf Eis” this winter, but a German adaptation of the U.S. hit “Biggest Loser” this spring. Boris Becker will interview stars on ProSieben, and Uri Geller will look for someone to follow in his footsteps in “The Successor.” For comedy fans, there will be new seasons of “Stromberg,” “Dr. Psycho” and the “Märchenstunde.” And don’t forget top series like “Grey’s Anatomy” and “Brothers and Sisters.” Not to mention feature films. With “Pirates of the Caribbean: The Curse of the Black Pearl,” ProSieben carried the most successful feature film on any German TV station in 2006. We expect the pattern to continue in 2007, with such films as “Ocean’s 12,” “Harry Potter and the Prisoner of Azkaban,” and “Star Wars: Episode III.”

#### Kabel eins

Under Guido Bolten’s management, kabel eins has been more and more successful at bringing out its own ideas and productions. The cult show “Quiz Taxi” will take excursions to Mallorca, new episodes of the emigrant docudrama “Mein neues Leben” will continue to earn ratings well above average, and the “Männer allein daheim” is likely to achieve a TV “vertical lift-off,” showing how much potential there is in emergency situations. In series too, kabel eins has become anything but a second-run venue: it will be carrying the first





runs of new seasons of “Ghost Whisperer,” “King of Queens,” “Medium,” and more – including “Las Vegas” and “The Shield.” Anyone who’s fond of movies will also be right at home on kabel eins next season – for example, with “The Truman Show,” “About Schmidt,” and “My Best Friend’s Wedding.”

## N24

Our news station N24, headed by Torsten Rossmann, widened its lead ahead of its Cologne competitor in 2006. Its audience share of 1.1 percent last year was almost twice that of n-tv. Particular contributors here were the expansion of the morning news segment and new talk shows like “Rechts-Links” with Hajo Schumacher and Hans-Hermann Tiedtje. On August 25, N24 will show a documentary special, “Diana – meine Geschichte” – the true story of journalist Andrew Morton, who as most of you know recorded a series of audio tapes of Princess Di. Starting in July, “Süddeutsche Zeitung TV Magazin” will offer a new Thursday evening show, and this fall “N24 und Meer” will be showing a series of special reports on marine technology in Germany.

N24 has big plans for the future. The aim is to make the station a multimedia news brand. The latest news – available immediately everywhere. To achieve its goal, N24 will be revolutionizing its whole way of doing things. We’ll be putting N24 on an entirely new, modern technical platform, with efficient workflows and a linking of TV and multimedia editorial staffs. This is a critical step toward



N24's future as Germany's leading news brand. Our ambition is for it to become Europe's most up-to-date news station.

As you can see, ladies and gentlemen, our family of stations has a great deal to offer in both the near and farther future.

And as you know, viewers do not pay a cent for our programming. We are financed through advertising. Our advertising time sales company, SevenOne Media, has done a splendid job of capitalizing on our stations' performance. With a gross advertising market share of 43 percent in 2006, we are the nation's largest commercial TV group. Higher advertising revenues helped the entire Free TV segment grow 3.9 percent.

Our new lines of business sped up the pace of growth at the Group still further. Total Group revenues grew 5.8 percent in 2006. Just for comparison, externally generated revenues at the Diversification unit grew 33 percent. Even after adjustment for the effects of the consolidation of 9Live, the gain was still 16 percent, far above average.

These growth rates provide further confirmation of the validity of our strategy of tapping the growth potential of new markets for the ProSiebenSat.1 Group. All in all, last year we generated 11.3 percent of our revenues through our new business models, considerably more than only two years earlier. In 2004, only 6.1 percent of our revenues came from new sources.



In 2006 we at last took the step into the digital future. We ensured that our programming will have digital distribution, and we put new services on the market, like our two pay TV channels – Sat.1 Comedy and kabel eins Classics. Our station 9Live – which also acts as a service provider for the entire group – is the market leader in call TV. We've also done pioneering work in mobile TV, where we are the largest provider, with several different TV services for cell phones. In association with United Internet, we put the Maxdome video-on-demand portal onto the market. Although this is a new market for us, just a short time after its launch Maxdome is already the most extensive video-on-demand service in Germany.

The Internet is a core focus for our new activities. ProSiebenSat.1 Network, which handles all the Group's Web sites, is now Germany's second-largest online network. We've strengthened that network through acquisitions. Last year, we took over a German version of YouTube, MyVideo, and a German version of MySpace, Lokalisten.de. This past spring, an interest in billiger.de, one of Germany's leading price search engines, was added.

You might ask why.

Moving pictures of all kinds are our core business. In that sense, for us a site like MyVideo is a self-evident direction in which to expand our activities. It also fits well with our strategy of putting our content on as many platforms as possible. It allows us to serve new usage habits and reach new user groups.



But the Diversification unit also grew organically. Our multimedia subsidiary SevenOne Intermedia – with the support of our marketing company, SevenOne Interactive – expanded its activities on the Internet and in teletext, added-value telephone services, and mobile services. MM MerchandisingMedia 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 subsidiary Starwatch Music works in cooperation with Warner Music Group to market artists under its own music label. These include the girl band Monroe, whose first single debuted at number 1 of the charts and Eurovision Song Contest competitor Roger Cicero, one of Germany’s leading artists. Our international film marketer, SevenOne International, sells our productions around the world – as I am speaking, Managing Director Jens Richter has concluded a deal with NBC on the successful format “The Successor” starring Uri Geller.

You, our shareholders, are reaping direct benefits from the ProSiebenSat.1 Group’s success. Our stock performed very nicely in 2006. It closed out the year at EUR 24.85, its highest close since March 2001. And with a 52 percent gain against the prior year, ProSiebenSat.1 stock significantly outperformed the relevant stock indexes.



Our stock price last year was also affected by new takeover speculation, after Axel Springer AG gave up its plans in February to take over a majority interest in the Group.

We're very pleased that our shareholder situation was cleared up at the end of the year, with excellent results for both the Company and its shareholders. In KKR and Permira, the ProSiebenSat.1 Group has principal shareholders who will support our strategy on the German TV-market: Strengthening our core business Free-TV, positioning our Company in the digital world and diversifying our revenue sources. Over the past 24 months, we have come to the conclusion that further growth potential of our core business Free-TV is rather limited in Germany. This is why we have studied ways and means to grow in different ways. In this context, KKR and Permira have provided us with a new approach concerning SBS. Several times in the past, we had already been interested in SBS Broadcasting Group – so eventually, we reexamined a combination of the two Groups. I will get back to this matter in the second part of my speech. We're delighted that our new shareholders have shown such confidence in our strategy – and we're delighted that we will now be able to pursue that strategy on a European level.

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



That confidence is paying off. Once again this year, the Company will be paying out most of its net surplus as dividends. At today's meeting, the Executive Board and Supervisory Board will propose a dividend of 89 euro cents per share of preferred stock, and 87 euro cents per share of common stock. The total distribution will be EUR 193 million, or 80 percent of the consolidated net surplus.

On the bottom line, ProSiebenSat.1 preferred shareholders reaped a value gain of 52 percent due to the positive development of our stock's performance last year. Add that to the 5.4 percent paid due to dividend in 2006, and you get a return of about 57 percent. Ladies and gentlemen, ProSiebenSat.1 stock was definitely a good investment in 2006. Despite an increased stock price the dividend yield has remained on a high level again this year. Based on the 2006 closing price, and including the dividend payment, the yield comes to 3.6 percent.

Ladies and gentlemen, at the end of fiscal 2006, the ProSiebenSat.1 Group was in an excellent position. But after our years of successful restructuring and dynamic growth in the German market, it was high time to find new prospects for the Group, and to choose new directions for a successful future. We have found these prospects in our merger with the SBS Broadcasting Group. I'll be reporting on that shortly. But first I'd like to ask my colleague Lothar Lanz to explain more details of the key figures from the first quarter of 2007, along with a few items on the agenda.



*Lothar Lanz:*

Ladies and gentlemen, I too would like to welcome you cordially to our Annual Meeting. It's a pleasure to explain developments from the first few months of the current year.

The ProSiebenSat.1 Group had a very good first quarter. Revenues and earnings rose again. Both units of the Group contributed to this positive performance. Higher advertising revenues provided the main impetus for growth in the Free TV segment, which enjoyed the favorable effects of a tailwind from the growing economy. The Diversification unit was driven mainly by the online business, pay TV and video on demand.

Consolidated revenues grew 7.7 percent in the first quarter, to EUR 501 million. EBITDA – earnings before interest, taxes, depreciation and amortization – grew 16.1 percent, to EUR 82 million. Pre-tax profits gained 34.7 percent, to reach EUR 68 million.

All the profitability performance figures reflected our improved earnings. The EBITDA margin rose to 16.4 percent, compared to 15.2 percent for the same quarter last year. The consolidated net profit rose 32.2 percent to EUR 41 million. The resulting earnings per preferred share are EUR 0.19, compared to EUR 0.14 for the first quarter last year.



Unfortunately I have no details for you today on business for the second quarter. We will not be releasing the figures until August 22. But the second quarter will show the impact of a one-time effect. In April and May last year – in other words, before the World Cup – our TV advertising revenues were far above average. The reason was that companies did not want to see their advertising compete with the World Cup. A related consequence was that June revenues were below average. These factors affecting last year's figures that serve as a comparison mean that our advertising revenues will not show any growth for the second quarter. This, however, had already been taken into account in our annual planning.

Let me return to the first-quarter figures, and speak for a moment about net financial debt. Debt was down again as of March 31 of this year, to EUR 90 million, compared to EUR 255 million on March 31 of 2005. I should note that our low financial debt provided an excellent basis for the execution of the acquisition of the SBS Broadcasting Group which occurred early in July.

Mr. de Posch will return to this topic in more detail in just a moment. Here I'd like to provide a few comments on the technical financial aspects of the transaction. The total transaction came to EUR 3.3 billion – less than many analysts expected. The EBITDA multiple for the transaction is in line with comparable transactions in the media sector. The financial market also gave the deal its blessings. At least that's how we interpret the fact that the price of ProSiebenSat.1 stock rose significantly – and against the market trend - on the day we announced the transaction.





We expect that the transaction will increase adjusted earnings per share. Synergy effects should come to EUR 80 to 90 million per year, two-thirds in cost synergy and one-third in additional revenue potential. The synergies should be fully in place from 2010 onward.

The transaction will be financed entirely out of a new secured syndicated line of credit with a duration of seven respectively eight years. The means are furnished by several banks and institutional investors. Our debt level leaves us enough leeway for the Group's further operational and strategic expansion. Our credit agreement also includes a new revolving credit facility for EUR 600 million. In August 2007, we'll be carrying out an early redemption of an outstanding EUR 150 million bond issue with an ultimate maturity of May 2009.

I'm sure that you as shareholders will be pleased to know that we plan to maintain our dividend policy, with a high distribution quota.

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

Item 6 is about supplementary elections for the Supervisory Board. Here we have to elect twelve new members to the board today. The Supervisory Board will be submitting an amended motion to you today, which includes four nominees that differ from the board's motion as published in the Federal Gazette. The candidates' names



and other information for the amended resolution on Agenda Item 6 were distributed to you together with the agenda at the entrance and are available for your inspection at the desk where you request the floor and also at the information desk.

Agenda Item 7 is an amendment to the Articles of Incorporation concerning the convocation and preparation of Supervisory Board meetings. The aim is to make the Supervisory Board's work more flexible by shortening the required notice periods.

Agenda Items 8 and 9 also deal with changes to the Articles of Incorporation. They revise the rules for compensation of the Supervisory Board and allow us to transmit information to shareholders via telecommunications.

Item 10 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 on February 1, 2008. Like last year's authorization, which the Company has never used, the new authorization 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 January 16, 2009.

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 can retire treasury stock without a further authorization from the Shareholders' Meeting.

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

The performance target for the stock options is that the trading price of our Company's preferred stock must increase at least 30 percent above 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.

Under the Long Term Incentive Plan, which was adopted as part of the authorization to acquire Company stock at the Shareholders' Meeting of May 13 of 2005, stock options were issued in 2005 and



2006 following each year's annual meeting. At the time of announcement of this year's meeting, on June 5, 2007, option beneficiaries held a total of 1,127,500 stock options, each carrying the entitlement to buy one share of preferred stock; 59 percent of the options are held by members of the Executive Board of ProSiebenSat.1 Media AG, and 41 percent by other executives. All these figures are for stock options issued in 2006. The options issued in 2005, which could not have been exercised until May 2007, were called in by the Company by paying out the cash value of the option.

For further details, let me refer you to the resolution motion itself under Agenda Item 10, and the written report from the Supervisory Board on Agenda Item 10, which has been printed up as part of the invitation to this meeting, and is also available for examination here in the auditorium.

Ladies and gentlemen,

before I call Guillaume de Posch back to the podium for his survey of the acquisition of the SBS Broadcasting Group, I'd also like to discuss the inter-company agreements with subsidiaries of ProSiebenSat.1 Media AG, which we submit for your approval today under Agenda Item 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.

These are five control and profit-and-loss transfer agreements, all identical, that ProSiebenSat.1 Media AG has signed as the parent company with five wholly-owned subsidiaries: ProSiebenSat.1 Dritte, Vierte, Fünfte, Sechste and Siebte Verwaltungsgesellschaft.

One reason for these agreements is taxes. Another is that they facilitate uniform management of the Group by ProSiebenSat.1 Media AG. The right to manage each affiliate and issue directives 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.

Three of the subsidiaries with which ProSiebenSat.1 Media AG has signed such agreements have not conducted operations of their own so far, but simply manage their own assets. These are ProSiebenSat.1 Fünfte, Sechste and Siebte Verwaltungsgesellschaft mbH. There is no firm date or plan for specifically what future business operations these companies will conduct.



ProSiebenSat.1 Dritte and Vierte Verwaltungsgesellschaft mbH were used as acquisition companies in the recent acquisition of the SBS Group. ProSiebenSat.1 Dritte Verwaltungsgesellschaft mbH acquired about 80 percent of the SBS Group, and ProSiebenSat.1 Vierte Verwaltungsgesellschaft mbH acquired about 20 percent. Hence both companies now act as intermediate holding companies for the SBS Group. The SBS Group had around EUR 1 billion in revenues in 2006, and an EBITDA of around EUR 200 million.

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. They also cover ProSiebenSat.1 Media AG's contractual right 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.

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

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 explain the new pan-European ProSiebenSat.1 Group. Thank you very much.



*Guillaume de Posch*

Ladies and gentlemen,

the results from last year and from operations in the first quarter of this year, as Mr. Lanz has just explained, clearly show that ProSiebenSat.1 Media AG has changed fast, and has still been able to continue its success story even after switching owners.

Our stations' motto, "The power of television," applies for both the present and the future of ProSiebenSat.1 Media AG. First-class entertainment and up-to-the-minute information – whenever the consumer wants them, and wherever the consumer goes.

"Wherever the consumer goes" is something that we now mean more literally than ever. Because at the end of June 2007 we have taken a giant step into the future. We'll be able to offer our content to a far larger audience, beyond our stations' former boundaries.

As I have already explained to you in the first part of my speech, we have examined the combination of ProSiebenSat.1 and SBS in detail. We have reached the conclusion that this transaction is of high strategic importance to the Group. By combining ProSiebenSat.1 and SBS, we achieve:

1. the internationalization and diversification of our markets





2. the strengthening of revenue growth and margin potential in the face of rising competition in the media sector
3. a Positioning as the strongest content provider – a “content powerhouse.”

We, the Board of ProSiebenSat.1, are convinced that the combination with SBS is the right perspective for the company. We want to realize this transaction and have asked the Supervisory Board for their support.

At the end of June, we made our acquisition of SBS Broadcasting Group public. In early July, we have already completed the transaction. We have now become a pan-European media group. ProSiebenSat.1 and SBS complement each other geographically, economically and in terms of content, to form a unique European media corporation.

You only need to look at the figures to see it:

- By combining ProSiebenSat.1 Media AG and SBS Broadcasting Group, a new Company is created, with revenues of EUR 3bn and an EBITDA of about EUR 700m
- Following the merger with SBS, the new ProSiebenSat.1 Group is active in 13 European countries.
- The Group now has 24 free TV stations, 24 pay TV stations, 22 radio stations, and more.



- The Group is the largest commercial Free TV operator in Germany, Austria and Switzerland and the second largest commercial Free TV operator in the Netherlands, Belgium, Norway, Sweden and Hungary.
- The Group reaches more than 77 million TV-households.

In other words, it will be Europe's second-largest television corporation.

For four years in a row now, your ProSiebenSat.1 Group has stood out for its profitable growth. Four years in which have continuously improved the Company's structure and integrated new units. Now we are turning into a pan-European Group. Let me explain to you in detail why this is appropriate - for the Company and its entire shareholders.

### *1. Internationalization*

Two main considerations were behind our strategic decision to continue internationalizing the Group.

First, the crisis in the advertising market in 2001 and the years afterward dealt our Company a hard blow. Even though this downtrend is now over in Germany, we want to be less dependent on cyclical movements in the German advertising market.



Second, growth in our core business of free TV is running up against natural boundaries in the German-speaking region, because we can no longer expand through acquisitions in free TV.

We have a perfect partner in SBS. The merger will allow us to tap new markets in Europe, and to expand our core business in free TV substantially. Most significantly, it will also open up the growth markets of Eastern Europe to us, allowing us to significantly reduce our dependence on particular national advertising markets. Now it's no longer 100 percent of our revenues that will come from Germany – only 70 percent.

And we'll be diversifying our revenue sources more than geographically. The share from the Diversification unit – the revenues we don't derive from TV advertising – will also grow significantly. For the combined Group, in 2006 – as of a pro forma calculation – Diversification accounted for 17 percent of revenues – the figure for ProSiebenSat.1 by itself was only 11.4 percent.

## *2. Strengthening revenue growth and margin potential in the face of rising competition in the media sector*

Ladies and gentlemen,

The ProSiebenSat.1 Group, as a pan-European media corporation, is well equipped for tough competition in the international media



market. But with an EBITDA margin of 22.2 percent for the combined Group in 2006, we're only in the middle of the field in comparison to all European media companies – though we're ahead of the RTL Group.

Our goal is to open up and boost our EBITDA margin to between 25 and 30 percent. We have to become more profitable, so that we can invest in new activities like online and new programming in our future and advance the Group further.

We can't afford to save on successful and strategically important programming. Just the opposite. Meaning we have to become more efficient in other areas. To identify potential areas of synergy with SBS, we prepared a meticulous analysis of the ProSiebenSat.1 Group's structures and activities.

Ultimately we found – quite separately from the synergies from the merger – that we could be more efficient at a number of points. We've decided to make the most of these potential savings. This will mean certain job cutbacks. We'll carry them out taking advantage of natural attrition, with the greatest possible degree of fairness and social awareness. I also want to add that this will be a temporary effect. In the medium term, the further expansion of the Group's business activities will mean expanded hiring, including in Munich.



Our aim is to invest only as many resources as absolutely necessary in administration and central coordination – and as much as we possibly can in creativity and content.

I'd like to make one thing perfectly clear: The whole array of future measures, as the reform of the Sat.1 schedule as well as economic measures within the Group have been taken by the Management of the Group. And let me explicitly add that those measures have not been forced on us by our private equity partners KKR or Permira. We are serious about turning the ProSiebenSat.1 Group into a leading European TV-corporation that operates from Germany – innovative, efficient and growth-oriented. We are well aware of the hard work this will entail.

*3 Positioning as the strongest content provider – a “content powerhouse.”*

Ladies and gentlemen,

Out of Unterföhring here near Munich, in the future we'll be running a major player in the European media industry. Today we have a firmly established regional presence in all 13 countries where the Group operates, and many different successful program concepts. We know our markets thoroughly, and have outstanding local management structures out in the field.

We have a reach of 200 million people, and thus enjoy a much greater critical mass. Our Company's success depends on mining



the Group's creative potential properly. Our activities are all about content. We must and will offer our European audiences good, appealing programming, to make us successful. As a European group, we have more opportunities. But also need to take advantage of them.

We believe there is substantial potential for pooling strengths. We can generate programming and content for our stations better and more effectively by using economies of scale. And of course that will also lower our costs.

In a pan-European alliance, we can develop program concepts for numerous countries concurrently. Successful shows can be produced under one roof, and thus more cost-effectively.

As a European media group, we'll essentially be working simultaneously on both a centralized and a decentralized basis. The broadcasting companies in the individual countries will be largely autonomous. But they'll profit from the efficiency advantages of an integrated group structure. In other words, from the centralization of certain operations like purchasing, advertising time sales, and financing. The underlying motto is: Think local, act global.

Let me emphasize once again, ladies and gentlemen – the decision to form a leading media group in Europe with SBS largely comes from the desire to enhance our Group's performance overall and equip ourselves for the future of the media market. Or in other



words, if we, as Europeans, are not able to build strong European media groups, others will do it instead.

Ladies and gentlemen,

The merger with SBS is a major step in the corporate development of the ProSiebenSat.1 Group. The new Company has a priceless structural advantage – we own all of our primal subsidiaries. Now the challenge is to create not just Europe's second-largest media group, but a group that is networked at all levels. With a single shared goal – to draw enthusiastic viewers for our programming, in Germany, Austria and Switzerland, in the Netherlands and Belgium, in Denmark, Norway, Sweden and Finland, and in Hungary, Rumania, Bulgaria and Greece.

My colleagues on the Executive Board and I are optimistic that with your support, we will certainly handle this challenge successfully.

Thank you very much for your attention.