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**ProSiebenSat.1 Media AG**

with its registered seat in Unterföhring  
Medienallee 7, D-85774 Unterföhring  
registered with Munich District Court, HRB 124169

ISIN

**Common stock: DE 0005754659**

**Preferred stock: DE 0007771172**

**Dear Shareholders,**

we herewith cordially invite you to our

**Annual Meeting of Shareholders,**

on Wednesday, August 2, 2006, at 10:00 a.m.,

at the “Wappenhalle” of Messe München, Konrad-Zuse-Platz 8, D-81829 Munich,

**Agenda**

- 1. Presentation of the adopted Financial Statements and approved Consolidated Financial Statements for the fiscal year 2005, the Management Report for ProSiebenSat.1 Media AG and for the ProSiebenSat.1 Group, and the Report of the Supervisory Board for the fiscal year 2005.**

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**2. Resolution on the use of distributable net income for the fiscal year 2005**

The Executive Board and the Supervisory Board propose to use the distributable net income of

EURO 333,863,123.92

as follows:

Distribution of a dividend of EURO 0.84  
per bearer share of preferred stock:

EURO 91,894,824.00

Distribution of a dividend of EURO 0.82  
per registered share of common stock:

EURO 89,706,852.00

Balance to be carried forward to the new accounting period

EURO 152,261,447.92

**3. Formal approval of acts of the Executive Board for the fiscal year 2005**

The Executive Board and Supervisory Board propose that the members of the Executive Board be granted formal approval for their activities in the fiscal year 2005.

**4. Formal approval of acts of the Supervisory Board for the fiscal year 2005**

The Executive Board and Supervisory Board propose that the members of the Supervisory Board be granted formal approval for their activities in the fiscal year 2005.

**5. Appointment of auditors for the fiscal year 2006**

The Supervisory Board proposes the appointment of the Essen branch of KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft, as auditors for the Company and the Group for the fiscal year 2006.

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**6. Resolution amending Articles 13 paragraph 3 and 14 of the Articles of Incorporation to adjust the regulations on the calling of shareholders' meetings as well as the attendance of shareholders' meetings**

The "*Gesetz zur Unternehmensintegrität und Modernisierung des Anfechtungsrechts (UMAG)*" (Act on Corporate Integrity and Modernization of the Law of Avoidance) of September 22, 2005 (German Federal Law Gazette 2005 part I No. 60, p. 2802) modified, *inter alia*, the legal provisions governing the period for calling shareholders' meetings as well as the requirements to be met by shareholders desiring to attend such shareholders' meeting. Therefore, the provisions of Articles 13 and 14 of the Articles of Incorporation shall be adjusted to reflect these amended legal provisions. In this context, it is also intended that by concurrently inserting a provision regulating the representation of shareholders at the shareholders' meeting into Article 14 of the Articles of Incorporation, the granting of power of attorney to proxies designated by the Company shall be facilitated.

The Executive Board and the Supervisory Board therefore propose to resolve as follows:

- a) Paragraph 3 of Article 13 of the Articles of Incorporation shall be suspended and reworded as follows:

"The period for calling the shareholders' meeting shall be governed by the legal provisions."

Paragraphs 1 and 2 of Article 13 of the Articles of Incorporation shall remain unchanged.

- b) Article 14 of the Articles of Incorporation shall be suspended and reworded as follows:

**"Article 14  
Attendance**

- (1) Shareholders shall only be entitled to attend the shareholders' meeting and exercise the voting right at such meeting if, before the shareholders' meeting, they have registered in accordance with the following more detailed provisions and, in case their shares are bearer shares, submitted proof of their right to attend such meeting.
- (2) The registration shall be in text form in German or in English.
- (3) Shareholders whose shares are bearer shares must prove their right to attend the shareholders' meeting by submitting, together with the registration, special proof of their share ownership; such proof

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shall be established in text form in German or in English by the institution maintaining the securities account. Such proof must relate to the beginning of the 21st day before the shareholders' meeting. In case of doubt concerning the correctness or authenticity of such proof, the Company shall be entitled to demand suitable further proof. If such proof is not provided or not provided in the proper form, the Company is entitled to reject the shareholder.

- (4) The registration and the document furnishing proof of entitlement shall be received by the Company no later than on the 7th day before the shareholders' meeting, at the address communicated for that purpose in the invitation; the calculation of the period shall be governed by the legal provisions. In the publication of the invitation of the shareholders' meeting, the Executive Board may, instead of the above period, provide for a shorter period between the day of the shareholders' meeting and the last day available for registration; in that case, the shorter period set by the Executive Board for receiving the registration and the document furnishing proof of entitlement shall be decisive. Any further shortening of such period by law remains unaffected.
- (5) The notice of meeting convening the shareholders' meeting may specify further details concerning the registration and the document furnishing proof of entitlement.
- (6) Shareholders may have proxies represent them at the shareholders' meeting and have them exercise the voting right on their behalf. The power of attorney granted to such proxies shall only be made in writing. Proxies designated by the Company may be granted power of attorney also by telefax or by using electronic media, if this has been provided for by the Executive Board in the notice of meeting."

### **7. Amendment of Article 15 of the Articles of Incorporation supplementing the regulations on the chairing of the shareholders' meeting**

With a view to ensuring that shareholders' meetings can be speedily conducted, the "*Gesetz zur Unternehmensintegrität und Modernisierung des Anfechtungsrechts (UMAG)*" (Act on Corporate Integrity and Modernization of the Law of Avoidance) furthermore created the possibility to stipulate in the Articles of Incorporation that the person chairing the shareholders' meeting shall be authorized to establish reasonable temporal limits for the shareholders' right to put questions and address the shareholders' meeting. It is intended to make use of

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that possibility by supplementing Article 15 of the Articles of Incorporation accordingly.

The Executive Board and the Supervisory Board therefore propose to resolve as follows:

In Article 15 of the Articles of Incorporation, the following new paragraph 3 shall be added after paragraph 2:

"The person chairing the shareholders' meeting may establish reasonable temporal limits for the shareholders' right to put questions and address the shareholders' meeting. In particular, the chairperson shall be entitled to fix, at the beginning of the shareholders' meeting or during its course, reasonable time frames for the entire shareholders' meeting, for deliberations on the individual items of the agenda or for the individual contributions made by askers and speakers."

The current paragraph 3 of Article 15 of the Articles of Incorporation shall become paragraph 4 and otherwise remain unchanged.

### **8. Resolution pursuant to sec. 286 para. 5 of the German Commercial Code regarding the exemption from the duty of individualized disclosure of executive compensation**

The "*Gesetz über die Offenlegung der Vorstandsvergütungen (VorstOG)*" (Act on Disclosure of Executive Compensation) of August 3, 2005 (German Federal Law Gazette 2005 part I No. 47, p. 2267) provides that in future the compensation paid to members of the executive board of a listed stock corporation must be mandatorily disclosed in an individualized manner in the financial statements and consolidated financial statements or the respective management report as stipulated in detail in the correspondingly amended provisions of the Commercial Code, unless the shareholders' meeting resolves that the provisions on individualized disclosure shall not be applied. The exemption from this new duty shall enable the company to continue to refrain from disclosing the compensation of individual members of the executive board.

The Executive Board and the Supervisory Board therefore propose to resolve as follows:

- a) The information required under Sec. 285 sentence 1 No. 9 lit. a) sentences 5 to 9 of the (German) "*HGB*" (Commercial Code) as well as Sec. 314 para. 1 No. 6 lit. a) sentences 5 to 9 of the Commercial Code shall not be disclosed in the Financial Statements and the Consolidated Financial Statements of the Company.

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- b) This resolution shall be applied the last time on the Financial Statements and Consolidated Financial Statements for the last fiscal year of the Company ending before January 1, 2011.
  - c) Voluntary disclosure of the compensation of individual members of the Executive Board by other means is permissible.
- 9. Resolution authorizing the acquisition of treasury stock, and the use of treasury stock with an exclusion of preemptive rights, for the purpose of servicing stock options, among other purposes**

In accordance with sec. 71 para. 1 No. 8 of the German Stock Corporation Act, the Annual Meeting of Shareholders of May 13, 2005 authorized the Company to acquire treasury stock in the amount of up to 10% of the share capital. This authorization, which would expire on November 12, 2006, shall be replaced by a new authorization.

The Executive Board and the Supervisory Board therefore propose to resolve as follows:

- a) The Company is authorized to acquire its own common and/or preferred stock on or before February 1, 2008, in the total amount of up to 10 % of the Company's share capital at the time of the authorization. The existing authorization of May 13, 2005, to acquire treasury stock, is to be cancelled as of the time when the present authorization takes effect, to the extent that the existing authorization has not been exercised.
- b) Common stock is to be acquired by means of a tender offer in compliance with Sec. 53a of the German Stock Corporation Act. The price per share of common stock offered by the Company (not including incidental costs of acquisition) shall not be more than 20 % above or more than 20 % below the trading price of preferred stock. The defining trading price for this purpose shall be the arithmetic average of the closing prices of the Company's preferred stock in trading on the XETRA system (the electronic securities trading system of Deutsche Börse AG) or a comparable successor system on the last five days of trading on the Frankfurt Stock Exchange prior to the offer. If the defining trading price undergoes substantial changes after the tender offer is made, the offer may be adjusted accordingly. In that case, the average trading price for the five trading days prior to the announcement of the adjustment shall be used as a basis. The tender offer may stipulate further conditions. If the volume of shares tendered exceeds the specified repurchase volume, acceptance must be in proportion to the shares tendered; preferred acceptance of smaller lots of tendered shares, up to 100 shares per shareholder, may be stipulated.

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Preferred stock is to be acquired via the market, or by means of a public tender offer directed to all holders of preferred stock. In the case of acquisition on the market, the price per share of preferred stock paid by the Company (not including incidental costs of acquisition) shall not be more than 10 % above or more than 20 % below the trading price. The defining trading price for this purpose shall be the arithmetic average of the closing prices of the Company's preferred stock in trading on the XETRA system (the electronic securities trading system of Deutsche Börse AG) or a comparable successor system on the last five days of trading on the Frankfurt Stock Exchange prior to the obligation to purchase the stock. If the stock is purchased via a public tender offer, the offered price per share (not including incidental costs of acquisition) shall not be more than 20 % above or more than 20 % below the trading price. The defining trading price for this purpose shall be the arithmetic average of the closing prices of the Company's preferred stock in trading on the XETRA system (the electronic securities trading system of Deutsche Börse AG) or a comparable successor system on the last five days of trading on the Frankfurt Stock Exchange prior to the publication of the offer. If the defining trading price undergoes substantial changes after the tender offer is published, the offer may be adjusted accordingly. In that case, the average trading price for the five trading days prior to the public announcement of the adjustment shall be used as a basis. The tender offer may stipulate further conditions. If the volume of shares tendered to the Company exceeds the specified repurchase volume, acceptance must be in proportion to the shares tendered; preferred acceptance of smaller lots of tendered shares, up to 100 shares per shareholder, may be stipulated.

- c) This authorization may be exercised for any legally permitted purpose, and in particular in pursuit of one or more of the purposes listed below. Purchase for purposes of trading in the Company's own stock is prohibited. If treasury stock is to be used for one or more of the purposes listed under d) and e) below, the shareholders' preemptive rights shall be precluded. Moreover, in the event that it sells treasury stock otherwise than on the market, the Company may preclude the shareholders' preemptive rights for fractional amounts, subject to the consent of the Supervisory Board.
- d) Subject to the consent of the Supervisory Board, the Company is authorized to do the following:
  - (i) To sell its own preferred stock for cash in a manner otherwise than on the open market or by an offer directed to all shareholders, and in particular to sell preferred stock to institutional investors or use it to obtain admission to foreign stock exchanges, provided the selling price per preferred stock is not materially below the market

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trading price of the Company's preferred stock at the time of sale. The defining trading price for this purpose shall be the arithmetic average of the closing prices of the Company's preferred stock in trading on the XETRA system (the electronic securities trading system of Deutsche Börse AG) or a comparable successor system on the last five days of trading on the Frankfurt Stock Exchange prior to the establishment of an obligation to sell. The proportional value of the share capital issued as preferred stock and sold under this authorization, along with the proportional value of the share capital issued as new stock out of the authorized capital with a preclusion of shareholders' preemptive rights under sec. 186 para. 3 sentence 4 of the Stock Corporation Act, shall all together not exceed 10 % of the share capital in existence as of the date of this authorization.

- (ii) To sell or otherwise transfer treasury stock in return for performance in kind, particularly in the acquisition of companies, portions of companies or equity interests in companies, or in corporate mergers, or in the acquisition of other assets, including rights and receivables.
- e) Subject to the consent of the Supervisory Board, the Executive Board is furthermore authorized to use treasury stock to service stock options which are to be or have already been issued under the stock option plan (the "**Long Term Incentive Plan**") described below, for members of the Executive Board of ProSiebenSat.1 Media AG and members of the management as well as other selected executives of ProSiebenSat.1 Media AG and its dependent Group companies; with regard to stock options which are to be or have already been issued to the members of the Executive Board of ProSiebenSat.1 Media AG, this authorization is granted to the Supervisory Board alone.

The Long Term Incentive Plan must conform to the following material points:

### (1) **Stock options**

The Long Term Incentive Plan comprises the issue of a total of up to 7.50 million stock options - including the stock options already issued in 2005 - for the purchase of stock of ProSiebenSat.1 Media AG. Each stock option carries the right to purchase one preferred stock of ProSiebenSat.1 Media AG stock. The options will be issued by the Executive Board, subject to the consent of the Supervisory Board; options to be issued to members of the Executive Board of ProSiebenSat.1 Media AG will be issued by the Supervisory Board alone. The options may also be assumed by a

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bank, subject to the obligation that they will be transferred in accordance with the instructions of ProSiebenSat.1 Media AG to authorized beneficiaries holding a sole authorization to exercise the associated purchase rights. The number of issuable options will be increased by the number of outstanding options that expire unexercised. Shareholders will have no preemptive rights.

### **(2) Authorized beneficiaries**

The stock options are intended to be granted exclusively to members of the Executive Board of ProSiebenSat.1 Media AG, members of management and other selected executives of ProSiebenSat.1 Media AG and its dependent Group companies. The individual beneficiaries and the number of stock options to be granted to them will be decided by the Executive Board of ProSiebenSat.1 Media AG or – where the Executive Board members themselves are concerned – by the Supervisory Board.

In all, the following may be issued:

- Up to 4.65 million options to members of the Executive Board of ProSiebenSat.1 Media AG,
- Up to 1.40 million options to members of the management of dependent Group companies,
- Up to 0.90 million options to other selected executives of ProSiebenSat.1 Media AG, and
- Up to 0.55 million options to other selected executives of its dependent Group companies.

### **(3) Issue periods**

The stock options may be issued in one or more yearly tranches. Stock options are to be issued between January 1 and March 31 of each issue year. The first issue of stock options under the Long Term Incentive Plan took place in 2005, and the last issue of stock options under this authorization will be in 2007. In 2005 and 2006, stock options may also be issued within three months after the respective Annual Meeting of Shareholders.

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### **(4) Exercise periods**

Stock options may be exercised only after the expiration of a vesting period (the “Vesting Period”) of two years for the first third of the options issued in a given tranche, and three years for the remaining two-thirds of those options. This Vesting Period is to commence on January 1 of the year in which the pertinent options are issued. Furthermore, the statutory lock-up period of two years from the grant date of the options must have expired at the time of exercise.

If unexercised, stock options will expire without compensation six years after the January 1 of the year in which they were issued. The options may be exercised only during the 20 days of trading on the Frankfurt Stock Exchange subsequent to the publication of quarterly reports or the annual financial statements of ProSiebenSat.1 Media AG. The general provisions of the German Securities Trading Act are not to be affected.

### **(5) Strike price**

Each stock option carries the right to purchase one preferred stock of ProSiebenSat.1 Media AG stock in return for payment of a “strike price.” The strike price is the weighted average closing auction price of ProSiebenSat.1 preferred stock in trading on the XETRA system (or a comparable successor system) over the past 30 days of trading on the Frankfurt Stock Exchange prior to January 1 of the year in which the stock options are issued. In the event that the weighted average closing auction price of ProSiebenSat.1 preferred stock in trading on the XETRA system (or a comparable successor system) over the past 30 days of trading on the Frankfurt Stock Exchange prior to the exercise date exceeds the strike price by more than 200 %, the strike price is to be increased by the amount in excess of 200 %.

### **(6) Incentive target**

As incentive target, the Long Term Incentive Plan is to specify that the stock’s trading price at the time of exercise of the stock options exceeds the strike price by at least 30 %. The deciding figure for this purpose shall be the weighted average closing auction price of ProSiebenSat.1 preferred stock in trading on the XETRA system (or a comparable successor system) over the past 30 days of trading on the Frankfurt Stock Exchange prior to the exercise date of the respective stock options.

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**(7) Other provisions**

The right to exercise stock options under the Long Term Incentive Plan is unassignable, and may be transferred only by testamentary disposition or by intestate succession.

Furthermore, in case of termination of employment, provisions may be incorporated as to whether and under what conditions stock options will lapse or the vesting period is to be adjusted.

The Long Term Incentive Plan may incorporate other provisions, particularly for the eventuality of a conversion of preferred stock into a different stock category as well as anti-dilution provisions in case of a change in the share capital of ProSiebenSat.1 Media AG or of other measures leading to a dilution of the value of the options; in order to avoid a dilution, among others, the strike price and/or the incentive target may be adjusted. The Long Term Incentive Plan may also incorporate provisions for the eventuality of a change in control and delisting of ProSiebenSat.1 Media AG, and in such cases provide in particular for the Vesting Period to be shortened or for stock options to lapse in return for payment of a cash settlement.

Subject to the consent of the Supervisory Board, the Executive Board may define the further details for the granting of stock options and the issuing of stock. Where the Executive Board itself is concerned, the Supervisory Board alone shall hold this authorization.

- f) The Executive Board is authorized, subject to the consent of the Supervisory Board, to retire treasury stock in whole or in part, with no further resolutions of the shareholders' meeting. Treasury shares of common stock may be retired without a simultaneous retirement of at least the same number of treasury shares of nonvoting preferred stock only if the proportional value of the resulting total number of outstanding shares of nonvoting preferred stock does not exceed half the share capital. Stock is to be retired by the simplified method through a capital reduction, or by keeping the share capital unchanged, thereby increasing the notional portion of the share capital associated with the remaining shares pursuant to Sec. 8 (3) of the Stock Corporation Act.
- g) This authorization may be exercised in full or in portions, on one or more occasions, by the Company or by entities dependent upon the Company or entities in which the Company holds a majority interest. The authorization may furthermore be exercised by third parties for the account of the Company, or for the account of the entities dependent upon the Company

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or entities in which the Company holds a majority interest. In the event of purchase on the stock exchange, the Company may also make use of derivatives if the above restrictions are obeyed.

- h) The above resolution authorizing the use of treasury stock with an exclusion of preemptive rights shall also apply for treasury stock purchased under the authorization of the Annual Meeting of Shareholders of May 13, 2005, to acquire treasury stock, provided that the latter authorization has been used before being replaced by this authorization.

**10. Resolution approving a profit-and-loss transfer agreement concluded with 9Live Fernsehen GmbH**

ProSiebenSat.1 Media AG, as the dominating company, entered into a profit-and-loss transfer agreement with 9Live Fernsehen GmbH, having its registered seat in Ismaning and registered with the Commercial Register of the Local Court of Munich under HRB 160056, as subordinated company, on June 6, 2006.

ProSiebenSat.1 Media AG holds all shares in 9Live Fernsehen GmbH and is therefore its sole shareholder.

The material content of the profit-and-loss transfer agreement between ProSiebenSat.1 Media AG (the Parent Company) and 9Live Fernsehen GmbH (the Subsidiary) is as follows:

- ***Profit transfers***

The Subsidiary undertakes to transfer its entire profit as calculated under the pertinent requirements of the German Commercial Code to the Parent Company, subject to the requirements of the laws applicable to stock corporations.

If a reasonable businessperson would judge that such a measure is justified in business terms, the Subsidiary may transfer amounts from its net income for a given year to retained earnings. Any revenue reserves formed during the life of the agreement are to be released at the Parent Company's request, and to be used to either make up losses or to be transferred as profits.

Income from the release of other reserves may not be transferred or used to make up losses for a year; the same applies to any earnings brought forward from other periods as of the inception of the agreement.

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- *Loss absorption*

The Parent Company is required to make up any loss for the year otherwise incurred during the term of the agreement. This applies only insofar as such a loss has not been made up by withdrawing amounts deposited during the life of the agreement into other revenue reserves. The provisions of § 302 German Stock Corporation Act apply mutatis mutandis.

- *Entry into effect and duration of agreement*

The agreement is subject to the consent of the Parent Company's shareholders' meeting and the Subsidiary's shareholders' meeting, and is to take effect upon registration with the Commercial Register of the Subsidiary.

The agreement applies retroactively as of January 1, 2006. The agreement may be terminated by notice of cancellation with a notice period of four weeks to the end of the fiscal year of the Subsidiary, however, not earlier as to the end of December 31, 2010. If the agreement is not terminated by notice of cancellation, it is to be extended until the end of the respective subsequent fiscal year of the Subsidiary.

This provision is not to affect the right to terminate the agreement without notice for good cause.

The Executive Board and the Supervisory Board propose to resolve as follows:

The profit-and-loss transfer agreement between ProSiebenSat.1 Media AG, as dominating company, and 9Live Fernsehen GmbH with its registered seat in Ismaning, as subordinated company, dated June 6, 2006, is approved.

**11. Resolution approving control and profit-and-loss transfer agreements concluded with each of ProSiebenSat.1 Erste Verwaltungsgesellschaft mbH and ProSiebenSat.1 Zweite Verwaltungsgesellschaft mbH**

ProSiebenSat.1 Media AG, as the parent company, on June 6, 2006 entered into a control and profit-and-loss transfer agreement with each of the following subsidiaries, as respective subordinated company:

- ProSiebenSat.1 Erste Verwaltungsgesellschaft mbH, having its registered seat in Unterföhring, registered with the commercial Register of the Local Court of Munich under HRB 162447; and

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- ProSiebenSat.1 Zweite Verwaltungsgesellschaft mbH, having its registered seat in Unterföhring, registered with the commercial Register of the Local Court of Munich under HRB 162455.

Each of the above companies is wholly owned by ProSiebenSat.1 Media AG, which is therefore their sole shareholder.

The material content of the control and profit-and-loss transfer agreements between ProSiebenSat.1 Media AG, for the one part (the Parent Company), and ProSiebenSat.1 Erste Verwaltungsgesellschaft mbH and ProSiebenSat.1 Zweite Verwaltungsgesellschaft mbH, respectively, for the other part (the Subsidiary) is as follows:

- ***Management and directives***

The Subsidiary agrees to be managed by the Parent Company, and is to act solely according to the latter's instructions in conducting its business activities. The personal responsibility of the Subsidiary's managing directors for complying with the requirements of law is not to be affected.

- ***Rights to information***

The Parent Company is authorized at any time to examine the books and other business documentation of the Subsidiary. The Subsidiary's management is furthermore required to provide the Parent Company with information about the Subsidiary's affairs, and to report to the Parent Company on business performance.

- ***Profit transfers***

The Subsidiary undertakes to transfer its entire profit as calculated under the pertinent requirements of the German Commercial Code to the Parent Company, subject to the requirements of the laws applicable to stock corporations.

If a reasonable businessperson would judge that such a measure is justified in business terms, the Subsidiary may transfer amounts from its net income for a given year to retained earnings. Any revenue reserves formed during the life of the agreement are to be released at the Parent Company's request, and to be used to either make up losses or to be transferred as profits.

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Income from the release of other reserves may not be transferred or used to make up losses for a year; the same applies to any earnings brought forward from other periods as of the inception of the agreement.

- ***Loss absorption***

The Parent Company is required to make up any loss for the year otherwise incurred during the term of the agreement. This applies only insofar as such a loss has not been made up by withdrawing amounts deposited during the life of the agreement into other revenue reserves. The provisions of § 302 German Stock Corporation Act apply mutatis mutandis.

- ***Entry into effect and duration of agreement***

The agreement is subject to the consent of the Parent Company's shareholders' meeting and the Subsidiary's shareholders' meeting, and is to take effect upon registration with the Commercial Register of the Subsidiary.

The agreement applies retroactively as of the begin of the first fiscal year of the Subsidiary. Rights of management and direction and rights to information, however, do not apply retroactively.

The agreement may be terminated by notice of cancellation with a notice period of four weeks to the end of the fiscal year of the Subsidiary, however, not earlier as to the end of the first fiscal year that ends at least five full years after the begin of the first fiscal year of the Subsidiary. If the agreement is not terminated by notice of cancellation, it is to be extended until the end of the respective subsequent fiscal year of the Subsidiary.

This provision is not to affect the right to terminate the agreement without notice for good cause.

The Executive Board and the Supervisory Board propose to resolve as follows:

- a) The control and profit-and-loss transfer agreement between ProSiebenSat.1 Media AG, as dominating company, and ProSiebenSat.1 Erste Verwaltungsgesellschaft mbH, having its registered seat in Unterföhring, as subordinated company, dated June 6, 2006, is approved.

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- b) The control and profit-and-loss transfer agreement between ProSiebenSat.1 Media AG, as dominating company, and ProSiebenSat.1 Zweite Verwaltungsgesellschaft mbH, having its registered seat in Unterföhring, as subordinated company, dated June 6, 2006, is approved.

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**Report of the Executive Board in compliance with Sec. 71 para. 1 No. 8 Sentence 5 and Sec. 186 para. 4 Sentence 2 of the German Stock Corporation Act on Item 9 of the Agenda:**

In compliance with Sec. 71 para. 1 No. 8 Sentence 5 in conjunction with Sec. 186 para. 4 Sentence 2 of the German Stock Corporation Act, the Executive Board submits the following written report to the Annual Meeting of Shareholders convened for August 2, 2006, on the authorization, proposed for resolution under item 9 of the agenda, for the acquisition of treasury stock and for the preclusion of the shareholders' preemptive rights in case the acquired stock is resold:

The Executive Board and the Supervisory Board propose that the Company shall be authorized to acquire its own stock on or before February 1, 2008, in the total amount of up to 10 % of the Company's current share capital. This authorization shall replace the authorization for the acquisition of treasury stock that was granted by the Annual Meeting of Shareholders held the preceding year, *i.e.*, on May 13, 2005, which would expire on November 12, 2006. The latter authorization has not been exercised up to the date of the notice of this year's Annual Meeting of Shareholders.

The repurchase of treasury stock on the basis of the authorization, proposed for resolution under Item 9 of the agenda, may be handled through a private tender offer, in the case of common stock, and through the open market or a public tender offer to all shareholders, in the case of preferred stock.

The principle of equal treatment of all shareholders under Sec. 53a of the German Stock Corporation Act shall be observed in the acquisition of treasury stock. In the case of preferred stock, the proposed stock acquisition via the market or via a public tender offer complies with this principle. If a public offer is oversubscribed, acceptance must be by quota. Preferred acceptance may be stipulated for small lot of up to 100 tendered shares per shareholder; this option will also serve to avoid fractions and minor remainders in determining the quotas to be repurchased, and thus facilitate the technical handling of the purchase. The Company's common stock cannot be bought on the market at present, since that stock is not traded on any stock exchange. Hence a repurchase can be conducted

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only through a private tender offer to the common shareholders; in such a case, equal treatment for all common shareholders shall be ensured. The authorization's reference to the applicability of Sec. 53a of the German Stock Corporation Act makes this explicit. For common stock as well, acceptance must be by quota if the offer is oversubscribed. For the same reasons as with preferred stock, preferred acceptance may also be stipulated for small lot of up to 100 tendered shares per shareholder.

In utilizing the acquired treasury stock, the Company shall be authorized to preclude shareholders' preemptive rights under certain circumstances, subject to the consent of the Supervisory Board: First, shareholders' preemptive rights may be precluded for fractional amounts under a tender offer to shareholders. This is necessary in order to make a transfer of acquired treasury stock technically feasible under such offer, and serves to make it possible to exercise the authorization in round figures. The treasury stock excluded from shareholders' preemptive rights as free fractions will be realized either by sale on the market or in some other way on the best possible terms for the Company.

The Company shall furthermore be authorized, subject to the consent of the Supervisory Board, to preclude shareholders' preemptive rights for purchased treasury shares of preferred stock having a total associated proportional value of 10 % of the share capital registered at the time of the resolution of the Annual Meeting of Shareholders on August 2, 2006, if that stock is sold for cash at a figure not significantly less than the average trading price. The deciding figure for this purpose shall be the trading price of the Company's preferred stock on the last five days of trading on the Frankfurt Stock Exchange prior to the final setting of the selling price by the Executive Board, as determined on the basis of the arithmetic mean of the closing auction prices of the Company's stock in trading on the XETRA system (or a comparable successor system). The legal basis for this preclusion of preemptive rights is Sec. 71 (1) No. 8 in conjunction with Sec. 186 (3) Sentence 4 of the German Stock Corporation Act. Any discount from the defining market price will presumably be no more than 3 %, and in no case more than 5 % of that market price. This ability to preclude preemptive rights is intended to enable the management to offer the Company's stock, if applicable, to additional shareholder groups, thereby expanding the number of shareholders for the Company's benefit, while at the same time achieving the highest possible proceeds from the sale and reinforcing capital equity to the highest extent by setting the price as close to the market price as possible. Due to the ability to act more rapidly a higher cash inflow to the Company can be achieved compared to the execution of a purchase offer to all shareholders with observance of their preemptive rights. Although Sec. 186 (2) Sentence 2 of the German Stock Corporation Act permits the purchase price to be published at the latest three days prior to the expiration of the subscription period, even in that case a market risk exists because of the volatility of stock markets – specifically, a risk that trading prices may change within a matter of days – which may result in a deduction of safety margins in setting the selling price, and thus in terms being not close to the

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market. Furthermore, if the Company grants preemptive rights, it will not be able to respond quickly to favorable market conditions, because of the length of the subscription period. For these reasons, the proposed authorization is in the Company's and its shareholders best interest. Since the selling price for the treasury stock to be sold must be based on the market price and the authorization has only a limited scope, the shareholders' interests are fairly protected. Shareholders have the option of maintaining their relative stakes by acquiring further stock through the market.

Furthermore, the proposal is to authorize the Company to transfer the acquired treasury stock as consideration for purposes of acquiring performances in kind. The category of stock to be used for this purpose will depend on the terms of the respective transaction. In order to ensure the transfer of the applicable stock to the provider of the performance in kind, it must be possible to preclude the shareholders' preemptive rights in this case as well.. Such preclusion of preemptive rights is necessary in this case for the following reasons: The Company is under competition from many different directions. In its shareholders' best interest, the Company must be able at any time to act quickly and flexibly. This ability also includes the option of acquiring companies, portions of companies, or equity interests in companies, merging with other companies, as well as acquiring other assets, including rights and receivables such as attractive programming for ProSiebenSat.1 Media AG's chain of stations, in order to improve the Company's competitive position. In particular cases, the best possible implementation of this option for the benefit of the shareholders and the Company may be to acquire a company, a portion of a company, or an equity interest in a company, or another asset, in return for stock of ProSiebenSat.1 Media AG. Practical experience has shown that the owners of attractive properties up for acquisition often request stock of the acquiring company as consideration for a sale. To acquire such assets as well, the Company must have the ability to furnish its own stock as consideration. This purpose is served, on the one hand, by the Authorized Capital approved by the Annual Meeting of Shareholders in 2004. On the other hand, however, the Company shall have the ability to use its repurchased treasury stock as a currency for acquisitions. At present there are no specific plans for an acquisition in which this option would be exercised. If specific opportunities to acquire assets arise, the Executive Board will carefully examine whether it should exercise the authorization to pay with treasury stock. It will do so only if the acquisition of a company or an equity interest in return for stock in our Company is in the Company's well-established best interest. Only in such case the Supervisory Board will grant the requisite permission for treasury stock to be used for this purpose. The Executive Board will report on the details of the exercise of this authorization at the shareholders' meeting that follows any acquisition for stock of ProSiebenSat.1 Media AG in return.

Instead of a resale, the Executive Board shall also be authorized to retire treasury stock with no further resolution by the shareholders' meeting required. In this case, the Executive Board shall also be authorized to carry out the retirement

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without altering the share capital, per Sec. 237 (3) No. 3 of the German Stock Corporation Act. In that event, the amount of share capital associated with the remaining shares will increase as a consequence of the retirement, pursuant to Sec. 8 (3) of the Stock Corporation Act.

Finally, subject to the consent of the Supervisory Board, the Executive Board and, where the Executive Board itself is concerned, the Supervisory Board, shall also be authorized to use acquired treasury stock, excluding the shareholders' preemptive rights, in order to serve stock options issued under the Long Term Incentive Plan, whose material key figures are provided in the draft resolution under Item 9 of the agenda.

The Long Term Incentive Plan, an almost identical version of which was already submitted to the Annual Meeting of Shareholders of May 13, 2005, for approval within the context of the resolution authorizing the acquisition of treasury stock, is a stock option-based incentive program. On the basis of that Plan, the Company, subsequent to last year's Annual Meeting of Shareholders, issued for the first time stock options carrying the right to purchase one preferred stock each to the members of the Executive Board as well as other executives of ProSiebenSat.1 Media AG and of its dependent Group companies. Taking into account the options which have been lapsed or redeemed in the meantime in connection with the termination of employment of beneficiaries, a total number of 1,089,854 stock options carrying the right to purchase one preferred stock are outstanding at the date of convocation of the Annual Meeting of Shareholders. Thereof a total number of 580,488 stock options are held by members of the Executive Board of ProSiebenSat.1 Media AG, a total number of 224,879 stock options are held by managing directors of dependent Group companies, a total number of 133,902 stock are held by other executives of ProSiebenSat.1 Media AG and a total number of 150,585 stock options are held by other executives of dependent Group companies.

It is intended that treasury stock acquired under the authorization, proposed for resolution under Item 9 of the agenda, for the acquisition of treasury stock may be used both for serving the stock options already issued in 2005 and for serving stock options to be issued in future under the Long Term Incentive Plan. The total number of the stock options available under the Long Term Incentive Plan remains unchanged.

Today it is indispensable for a company like ProSiebenSat.1 Media AG to be able to offer an attractive, results-based remuneration package. A management incentive program is an integral part of any competitive remuneration system. It will enable the Company to retain or attract qualified employees and strengthen their ties to our Company. The Long Term Incentive Plan serves to make an attractive remuneration program available to a larger number of executives, and thus link our executives' personal interests more closely to our shareholders' interest in increasing the value of our stock. Connecting a portion of executive's

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remuneration to the development of our Company's value on the stock market is intended to ensure a lasting, long-term increase in our enterprise value. For that reason, the stock options may be exercised only if the incentive target specified in the Long Term Incentive Plan has been met – namely, if the stock's trading price at the time of exercise exceeds the strike price by at least 30 %. By tying the incentive target to the price of our Company's stock, it is ensured that management works as broadly as possible to increase our stock's value. Linking this performance-based component solely to the value performance of ProSiebenSat.1 stock is also appropriate despite the different recommendations of the German Corporate Governance Code, because for lack of comparable domestic or foreign competitors, it is impossible to form any peer group for the ProSiebenSat.1 Group that might offer a meaningful yardstick for comparing the performance of the stock of ProSiebenSat.1 Media AG. The lack of a peer group is a consequence partly of the unusual characteristics of the TV advertising market, and partly of the fact that ProSiebenSat.1 Media AG is the only German Free TV corporation listed on the stock exchange.

The strike price for the stock options is the weighted average closing auction price of ProSiebenSat.1 preferred stock in trading on the XETRA system or a comparable successor system over the past 30 days of trading on the Frankfurt Stock Exchange prior to January 1 of the year in which the stock options are issued. In order to protect the beneficiaries, this strike price may be adjusted in case of a change in the share capital and other measures leading to a dilution of the value of the options.

The intent in setting a price increase of at least 30 % compared to the strike price as the incentive target is to produce an appropriate motivating effect for our executives, while at the same time taking our shareholders' interests into account. In conjunction with the graduated Vesting Periods for the options, this arrangement is to ensure that the options may be exercised only when there is a substantial and sustained increase in the Company's value. Moreover, by issuing stock options in up to three annual tranches, beginning with the options issued in 2005, it is intended to strengthen management's loyalty to our Company. All in all, the Long Term Incentive Plan will result in fair, performance-based remuneration for our management team. The increase in the strike price – namely in the event that the weighted average closing auction price of ProSiebenSat.1 preferred stock in trading on the XETRA system (or a comparable successor system) over the past 30 days of trading on the Frankfurt Stock Exchange prior to the exercise date exceeds the strike price by more than 200 % – also ensures that extraordinary performance does not result in an unfair advantage (a price cap) in the remuneration components specified under the Long Term Incentive Plan.

Because of the intent of the Long Term Incentive Plan described above, the treasury stock used for this purpose cannot be offered to shareholders, but only to the Plan's authorized beneficiaries. The Executive Board and the Supervisory Board believe that in contrast to paying an equivalent amount in cash, using

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treasury stock to serve options under the Long Term Incentive Plan will enhance beneficiaries' identification with our Company's business performance – a consequence that is very much in the best interest of our Company and its shareholders. By issuing treasury stock instead of new stock to fulfill these option commitments, and by obligating the beneficiaries to pay the strike price to the Company, the otherwise emerging dilution effect for the shareholders can, in particular, be counteracted.

The Executive Board will report in the Annual Business Report on the exercise of its authorization to use treasury stock for servicing stock options respectively.

The resolution submitted to the Annual Meeting of Shareholders authorizing the use of treasury stock with an exclusion of preemptive rights is also intended to apply to any treasury stock that may still be acquired under the authorization of the Annual Meeting of Shareholders of May 13, 2005, to acquire treasury stock until this year's authorization takes effect.

Global authorizations, such as the one submitted for a resolution under Item 9 of the agenda, which include various options for excluding preemptive rights, are common practice – allowing for characteristics of the individual companies involved – both nationally and internationally.

Upon weighing all the above circumstances, the Executive Board believes that it is objectively justified and fair to the shareholders to preclude preemptive rights in the above mentioned cases for the reasons described above.

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### **ATTENDING THE ANNUAL MEETING OF SHAREHOLDERS**

#### **1. Holders of registered shares of common stock**

Holders of registered shares of common stock are entitled to attend the Annual Meeting of Shareholders if they register their shares of common stock to our Company no later than Friday, July 28, 2006;

#### **2. Holders of bearer shares of preferred stock**

With commencement of the Act on Corporate Integrity and Modernization of the Law of Avoidance (UMAG), the requirements to be met by holders of bearer shares in order to be entitled to attend the Annual Meeting of Shareholders have changed. Until the amendment of our Articles of Incorporation to be resolved upon in the course of this year's Annual Meeting of Shareholders takes effect, the following two **parallel** options set out under a) and b) below are available to the holders of

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bearer shares in order to meet the requirements for the right to attend the Annual Meeting of Shareholders:

**a) Attendance right by depositing shares**

Holder of bearer shares of preferred stock are entitled to attend the Annual Meeting of Shareholders if they deposit their shares of preferred stock no later than at the beginning of the 21st day before the Annual Meeting of Shareholders, i.e. no later than Wednesday, July 12, 2006, 00:00 hours, with the Company or Deutsche Bank AG, Frankfurt am Main, until the conclusion of the Annual Meeting of Shareholders.

Bearer shares of preferred stock are also deemed duly deposited if, with the approval of the depository, they are frozen for said depository at other financial institutions until the conclusion of the Annual Meeting of Shareholders.

Bearer shares of preferred stock may also be deposited with a German notary or with a central securities clearing and deposit bank. In that case we request that the certificate issued by that notary or bank be submitted to the Company no later than Friday, July 28, 2006.

**b) Attendance right by submitting proof of the shareholding**

Furthermore, holders of bearer shares of preferred stock are entitled to attend the Annual Meeting of Shareholders if they provide the Company with a special proof of their share ownership, established in text form by the bank maintaining their securities account, at the following address:

ProSiebenSat.1 Media AG  
c/o Deutsche Bank AG  
– General Meetings –  
D-60272 Frankfurt am Main  
Fax: +49 - 69 - 910 - 86045

Such proof must relate to the beginning of the 21st day before the Annual Meeting of Shareholders, i.e., to Wednesday, July 12, 2006, 00:00 hours, and must be received by the Company at the above address no later than on Wednesday, July 26, 2006.

Provided the above-mentioned requirements for attending the Annual Meeting of Shareholders having been met, the holders of shares of common stock and preferred stock entitled to attend the Annual Meeting of Shareholders shall be sent tickets for the Annual Meeting of Shareholders.

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### **EXERCISE OF VOTING RIGHT/PROXIES**

Only holders of common stock are entitled to exercise the voting right. Holders of preferred stock are not entitled to vote, except in certain instances specified by law.

Shareholders who do not wish to attend the Annual Meeting of Shareholders themselves may instruct an individual or a shareholders' association to act as their proxy at the Annual Meeting of Shareholders and, if the shareholder has voting rights, to exercise those rights.

### **DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents are available to shareholders for inspection at the offices of ProSiebenSat.1 Media AG (Medienallee 7, D-85774 Unterföhring, Germany), as of the date of convocation of the Annual Meeting of Shareholders:

- the Financial Statements and the Consolidated Financial Statements of ProSiebenSat.1 Media AG, as well as the summarized Management Report of the Company and the summarized Consolidated Management Report for the fiscal year 2005;
- the Report of the Supervisory Board for the fiscal year 2005;
- the Executive Board's proposal for the use of profits;
- the report pursuant to sec. 71 para. 1 No. 8 of the German Stock Corporation Act in conjunction with sec. 186 para. 4 sentence 2 of the Stock Corporation Act made by the Executive Board on Item 9 of the agenda (as part of the invitation to the Annual Meeting of Shareholders);
- regarding the profit-and-loss transfer agreement between ProSiebenSat.1 Media AG and 9Live Fernsehen GmbH:
  - the profit-and-loss transfer agreement dated June 6, 2006;
  - the joint report pursuant to sec. 293a of the German Stock Corporation Act made by the Executive Board of ProSiebenSat.1 Media AG and the management of 9Live Fernsehen GmbH on the profit-and-loss transfer agreement;
  - the Financial Statements and Consolidated Financial Statements and the Management Reports of ProSiebenSat.1 Media AG for the past three fiscal years;

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- the Financial Statements and, if existent, the Management Reports of 9Live Fernsehen GmbH (formerly: 9Live Fernsehen Verwaltungs GmbH and EUVIA Media Verwaltungs AG, respectively) for the past three fiscal years;
- the Financial Statements and, if existent, the Management Reports of 9Live Fernsehen AG & Co. KG (formerly: EUVIA Media AG & Co. KG) for the past three fiscal years;
- regarding the control and profit-and-loss transfer agreement between ProSiebenSat.1 Media AG and ProSiebenSat.1 Erste Verwaltungsgesellschaft mbH and the control and profit-and-loss transfer agreement between ProSiebenSat.1 Media AG and ProSiebenSat.1 Zweite Verwaltungsgesellschaft mbH, respectively:
  - the respective control and profit-and-loss transfer agreement dated June 6, 2006;
  - the respective joint report pursuant to sec. 293a of the German Stock Corporation Act made by the Executive Board of ProSiebenSat.1 Media AG and the management of ProSiebenSat.1 Erste Verwaltungsgesellschaft mbH and the management of ProSiebenSat.1 Zweite Verwaltungsgesellschaft mbH, respectively, on the respective control and profit-and-loss transfer agreement;
  - the Financial Statements and Consolidated Financial Statements and the Management Reports of ProSiebenSat.1 Media AG for the past three fiscal years;
  - the Opening Balance Sheet of ProSiebenSat.1 Erste Verwaltungsgesellschaft mbH and of ProSiebenSat.1 Zweite Verwaltungsgesellschaft mbH, respectively.

The above documents will also be made available at the Annual Meeting of Shareholders itself. Upon request, copies of the above documents will be sent to any shareholder without delay, free of charge.

The documents concerning the profit-and-loss transfer agreement between ProSiebenSat.1 Media AG and 9Live Fernsehen GmbH are also available for inspection on the premises of 9Live Fernsehen GmbH (Münchener Straße 101f, D-85737 Ismaning, Germany) as of the date of convocation of the Annual Meeting of Shareholders.

The documents concerning the control and profit-and-loss transfer agreement between ProSiebenSat.1 Media AG and ProSiebenSat.1 Erste Verwaltungsgesellschaft mbH and the control and profit-and-loss transfer agreement between ProSiebenSat.1 Media AG and ProSiebenSat.1 Zweite Verwaltungsgesellschaft mbH, respectively, are also available for inspection on the premises of ProSiebenSat.1 Erste Verwaltungsgesellschaft mbH and the premises of ProSiebenSat.1 Zweite Verwaltungsgesellschaft mbH, respectively (in each

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case Medienallee 7, D-85774 Unterföhring, Germany) as of the date of convocation of the Annual Meeting of Shareholders.

**SHAREHOLDER INQUIRIES/ OPPOSING MOTIONS**

We request shareholders who have questions on or motions for the Annual Meeting of Shareholders to direct them exclusively to the following address:

ProSiebenSat.1 Media AG  
Aktieninformation  
Medienallee 7, D-85774 Unterföhring  
Fax: +49 - 89 - 9507 - 1159  
email: hauptversammlung@ProSiebenSat1.com

Motions in opposition to the proposals of the Executive Board and Supervisory Board on the items of the agenda, with explanations of reasons, that are received at the above address by Wednesday, July 19, 2006, 24:00 hours, will be published immediately on receipt at the Web address [http://www.ProSiebenSat1.com/investor\\_relations/hauptversammlung](http://www.ProSiebenSat1.com/investor_relations/hauptversammlung). Any statements of position by the management on the opposing motions will likewise be published at that Web address after July 19, 2006.

Unterföhring, June 2006

**The Executive Board**