



**Explanations regarding agenda item 7 and agenda item 8**

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**at the Annual General Meeting for the 2014 financial year**

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– Check against delivery –

Ladies and gentlemen,

As mentioned earlier, let me now provide some explanations on points 7 and 8 of our agenda today.

Under Agenda Item 7, the approval of the Annual General Meeting is to be obtained for the **control and profit transfer agreements** that ProSiebenSat.1 Media AG has entered into with various Group companies, namely SevenOne Investment (Holding) GmbH, ProSiebenSat.1 Siebzehnte Verwaltungsgesellschaft mbH, ProSiebenSat.1 Achtzehnte Verwaltungsgesellschaft mbH, and ProSiebenSat.1 Neunzehnte Verwaltungsgesellschaft mbH.

Together with the management of the respective Group companies, the Executive Board of the company has drawn up written reports on these agreements, and these reports are also available for inspection in the hall here today. However, the law additionally requires an oral explanation, which I would now like to give you.

In the control and profit transfer agreements, ProSiebenSat.1 Media AG is the controlling enterprise, while each of the Group companies named is involved as a dependent company. The Group companies named are all wholly owned subsidiaries of ProSiebenSat.1 Media AG.

- SevenOne Investment (Holding) GmbH is the holding company of ProSiebenSat.1 Accelerator GmbH and also of SevenOne Capital (Holding) GmbH; SevenOne Investment (Holding) GmbH does not have its own operating business.
- ProSiebenSat.1 Siebzehnte Verwaltungsgesellschaft mbH, ProSiebenSat.1 Achtzehnte Verwaltungsgesellschaft mbH, and ProSiebenSat.1 Neunzehnte Verwaltungsgesellschaft mbH are all shelf companies, the activities of which are currently limited to the management of their own assets; how and when

these companies will launch an operating business is not yet certain at the moment.

The control and profit transfer agreements are motivated by tax reasons. They create the precondition for the establishment of a consolidated tax group for corporate income tax, trade tax and value added tax purposes between ProSiebenSat.1 Media AG as the parent company and the specified Group companies as the respective affiliates. As a consequence of the consolidated tax group, the tax result determined at the level of the affiliate is apportioned to the parent company for the purposes of corporate income and trade tax. As a result, profits and losses of the affiliate for the purposes of corporate income and trade tax can be offset against losses and profits of the parent company and other affiliates. For the purposes of value added tax, only ProSiebenSat.1 Media AG is regarded as an entrepreneur within the meaning of the Umsatzsteuergesetz (German Value Added Tax Act) as a consequence of the consolidated tax group; all of the services performed by the specified Group companies for third parties are therefore apportioned for value added tax purposes to ProSiebenSat.1 Media AG, while services between ProSiebenSat.1 Media AG and the Group companies in question are regarded as internal services that are not liable to value added tax. The consolidated tax group thus serves to create an efficient tax structure in the Group, as it allows the results of the Group companies involved to be consolidated also for tax purposes.

This kind of consolidated tax group has not previously existed between ProSiebenSat.1 Media AG and the specified companies, as these were first formed in the past year or at the beginning of this year.

The contents of the control and profit transfer agreements are extensively defined by law.

- Section 1 of the agreements subjects the relevant Group companies, irrespective of their legal independence, to the management of ProSiebenSat.1 Media AG.
- Accompanying that is also the right of ProSiebenSat.1 Media AG to obtain information, which is regulated in section 2 of the agreements and according to which it can inspect the business records of the relevant Group companies at any time.
- In addition, the agreements contain in section 3 the obligation of the relevant Group companies to transfer all of their profits to ProSiebenSat.1 Media AG.
- Corresponding to that, section 4 refers to the obligation of ProSiebenSat.1 Media AG, which is prescribed as mandatory by law in a profit transfer agreement, to compensate any losses incurred by the relevant Group companies.
- Section 5 regulates the entry into effect and the term of the agreement. It stipulated a fixed minimum term of five years and thus meets a statutory requirement for the establishment of a consolidated tax group for income tax purposes.
- Finally, section 6 of the agreement contains the usual final provisions.

For further details, may I refer you to our written reports on the control and profit transfer agreement, which – as I already mentioned – as displayed in the hall here today.

Ladies and gentlemen,

I now come to item 8 of the agenda. Here you are being asked to approve the **planned conversion of ProSiebenSat.1 Media AG into a European company – or SE**, as it is called. The company would accordingly trade under the name **ProSiebenSat.1 Media SE** in the future.

The Executive Board has also drawn up a detail written conversion report on this project, which is also available for inspection here in the hall. I would very much like to take this opportunity to give you a brief explanation of the conversion, as the law also stipulates.

The SE legal form is a supranational legal form for stock corporations with their registered office and headquarters in the EU or one of the other signatory states of the European Economic Area.

The ProSiebenSat.1 Group is an international group of companies, the business operations of which extend to a number of European countries. The planned change of legal form of ProSiebenSat.1 Media AG from an Aktiengesellschaft, or stock corporation, under German law to the legal form of the SE, which is known throughout Europe, will facilitate the business presence of the company abroad and thus cater to the internationally focused growth strategy in the digital field.

The legal form of the SE also allows here the dual system of a German stock corporation to be continued in which the Executive Board acts as the management body and the Supervisory Board serves as the supervisory body. This possibility is also to be made use of for the future ProSiebenSat.1 Media SE. The internal structure of the company and the competencies of the organs of the company will

therefore not change or change only to a minor degree as a result of the conversion into an SE.

The conversion of the company into an SE is to be carried out by way of a change of form. It therefore does not entail either the dissolution of the company, or the foundation of a new legal entity. Rather, the legal and economic identity of the company is not affected by the conversion.

The same applies for the equity interests of the shareholders in the company, which remain unchanged. The shareholders will therefore hold an interest in ProSiebenSat.1 Media SE after the conversion as they did previously in ProSiebenSat.1 Media AG. This means in particular that the shareholders will have an interest in the company after the change of form to the same extent and with the same number of registered no-par shares as they did immediately before the change. The stock market listing of the shares in the company and the related securities identification numbers also remain unchanged. After the conversion takes effect, the depositary banks will convert the shares in our company that they hold on behalf of our shareholders from shares in ProSiebenSat.1 Media AG into shares in ProSiebenSat.1 Media SE. The shareholders will not have to take any action to this end. The precise time of the conversion will be announced by the company a good time in advance.

The basis of the planned conversion that will change the form of the company is set out in the conversion plan drawn up by the Executive Board in accordance with the statutory regulations. The conversion plan and the articles of association of ProSiebenSat.1 Media SE attached to it as an annex requires the approval of the Annual General Meeting, which is intended to be obtained here today. The resolution approving the conversion requires a majority of three quarters of the

share capital with voting rights that is represented in the vote. The conversion will become effective upon the subsequent registration of ProSiebenSat.1 Media SE in the commercial register.

The conversion plan and the articles of association of ProSiebenSat.1 Media SE are explained in detail in the Executive Board's written conversion report, so I am taking the liberty of restricting myself to some particular aspects here.

To begin with, the conversion plan sets out the conversion changing the form of the company into an SE. In addition, it decides among other things that the company will bear the name "ProSiebenSat.1 Media SE", and it makes clear that the equity interests of the shareholders in the company will remain unchanged.

In the design of the constitution of ProSiebenSat.1 Media SE, use will be made – as I explained earlier – of the option to retain to the dual system consisting of an executive board and a supervisory board. Like the Supervisory Board of ProSiebenSat.1 Media AG, the future Supervisory Board of ProSiebenSat.1 Media SE will consist of nine members, all of whom will be elected by the Annual General Meeting. The election of the members of the first Supervisory Board of ProSiebenSat.1 Media SE is envisaged in agenda item 9 of today's Annual General Meeting.

As a requirement for the change of form into an SE, the law stipulates that a process for involving the employees is also conducted. The goal of the process is to conclude an agreement on the participation of the employees in the future SE. This process, the implementation of which is described in more detail in the conversion plan, was initiated by the Executive Board in October 2014 and completed with the conclusion of an appropriate agreement in February 2015. The

agreement is attached as an annex to the conversion plan. It provides for an SE works council at the future ProSiebenSat.1 Media SE, which will bear the name “European Employee Board”, to safeguard the rights of the employees to be informed about and be given a hearing in cross-border affairs. The composition and rights of this board are regulated in more detail in the agreement.

This concludes my explanations on agenda item 8 and the conversion of our company into an SE that is proposed there. For further details, may I refer to our written conversion report, which you can also inspect here in the hall.

Thank you for your attention.