

## INVESTOR RELATIONS RELEASE

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# **Kabel Deutschland introduces Internet and Telephony via TV Cable in Rhineland-Palatinate and Saarland**

- Internet and telephony via TV cable for more than one million households
- Attractive promotional offers and permanently low prices
- Channel reallocation is prerequisite for more service

Unterföhring, July 25, 2005 – Kabel Deutschland, the largest cable network operator in Germany, is planning the widespread introduction of broadband internet access and telephony via TV cable in Rhineland-Palatinate and Saarland starting in mid October 2005. The upgrade of the cable network for interactive services will start beginning of August and should be completed by early 2006. In total, more than one million households in both German federal states will be able to use the new, easy, high performance services at attractive prices.

“We want to offer residents of both federal states an easier and lower priced alternative for their internet access and telephony starting in October 2005. With internet and telephony via TV cable, we will bring a high performance, reliable and cost effective product to the market. We will offer a true 'triple play' – TV, internet, and telephony from one source – with our proven cable quality at attractive prices,” says Roland Steindorf, Chairman of the Management Board and C.E.O. of Kabel Deutschland.

In both federal states, Kabel Deutschland will upgrade its existing cable network structure; thus, the marketing of broadband internet and telephony via cable will begin in mid October in Saarland and in many parts of Rhineland-Palatinate. In Kabel Deutschland’s coverage area, Rhineland-Palatinate and Saarland are among the federal states with the most direct cable customer relationships. After completion of the upgrade, approximately three-quarters of the cable households in both federal states will be able to use this easy alternative to DSL and traditional telephony.

In total, along the more than 30,000 kilometers of cable in both federal states (24,000 kilometers in Rhineland-Palatinate and 6,800 kilometers in the Saarland), approximately 11,000 amplifiers will be upgraded; more than 7,000 in Rhineland-Palatinate and approximately 3,500 in Saarland.

The investments in the network as well as the expenditures for advertising and service will amount to approximately €30 million in the current fiscal year (until the end of March 2006). The EBITDA guidance for the current fiscal year should not be compromised by this expansion.

### **Fast access – even for smaller communities**

In both federal states there will be an independent, widespread, and high performance broadband infrastructure for the first time in Germany which provides interactive digital services independent of telephone access.

In addition to cities, Kabel Deutschland will also supply smaller communities with fast access to the internet. Among the largest cities in the expansion area are Saarbruecken, Saarlouis, Neunkirchen, Ludwigshafen am Rhein, Trier, Kaiserslautern and Koblenz.

Kabel Deutschland will also provide many customers with broadband internet access for the first time, since these people live in areas where no DSL is available. This is the case in parts of Neuwied in Rhineland-Palatinate and parts of the capital of Saarland. For the residents of Mainz, the capital of Rhineland-Palatinate, the new offerings will initially not be available, due to the presence of Primacom in this area. Primacom is the operating company of the Mainz cable network responsible on the network level 4 for the offering of Internet and telephony services.

In addition to the upgrade of these two federal states, at least 15 cities will be supplied with the same offerings by the end of 2005, including Munich, Berlin, Hamburg, Leipzig, Kiel, and Bamberg.

### **Attractive promotional offers and permanently low prices**

To take advantage of Kabel Deutschland's offerings, a cable connection must exist in the home – even if it is not currently active. Once the cable network is upgraded, internet access or telephony via the cable network may be ordered at low prices.

“After the summer break, we will begin widespread marketing of internet and telephony services in Rhineland-Palatinate and Saarland – with attractive promotional offers and permanently low prices,” says Roland Steindorf. “Based on its own infrastructure, Kabel Deutschland will present a sustainable alternative to DSL.”

Starting in October, Kabel Deutschland will offer its customers a combination of broadband internet access and telephony without necessitating any additional telephone connections. It will still be possible to order internet access and telephony via the TV cable individually. Kabel Deutschland will provide more details on the pricing structure before marketing will commence.

About Kabel Deutschland

Kabel Deutschland (KDG) operates cable networks in 13 of Germany's states and supplies around 10 million connected TV households in Germany. Kabel Deutschland is Europe's biggest cable network operator. The company develops new packages for digital TV, high-speed Internet and additional services such as telephone connection via cable. KDG offers an open platform for digital TV for all program providers. It operates the networks, markets cable connections and ensures comprehensive service for all matters of cable connectivity. In fiscal 2004/2005 (year ending March 31, 2005), the company reported revenues of more than EUR 1 billion and had around 2,500 employees. In 2003, an investment consortium comprising Apax Partners, Providence Equity and Goldman Sachs Capital Partners took over Kabel Deutschland from Deutsche Telekom.

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