



PRESS RELEASE

Kabel Deutschland accelerates growth in the internet and telephone business

- **Company figures of the second quarter (ended September 30, 2007) show successful development**
- **7 percent higher revenues and EBITDA increases by 16 percent compared to the previous year's same period**
- **"The acquisition of cable networks from the Orion Group will further stimulate competition in the broadband market," says Kabel Deutschland's CEO Adrian v. Hammerstein**

Unterföhring, November 29, 2007 – Kabel Deutschland, Germany's largest cable network operator, has significantly accelerated growth in the internet and telephone business in the second quarter of the fiscal year (ended September 30, 2007). As underlined by the quarterly figures released today, the company posted a total of 460,000 Revenue Generating Units (RGUs) in this business area at the end of the reporting period. Thus, the company more than doubled the previous year's figure (212,000) for the same time period. During the second quarter of the current fiscal year, Kabel Deutschland added 73,000 RGUs. The growth was approximately evenly split between the two products: Kabel Internet reported 245,000 RGUs on September 30, 2007 (117,000), Kabel Phone reported 214,000 RGUs (95,000).

"Today we offer the most competitive internet and telephone bundle packages with the highest download rates. Our marketing success shows that we are on the right track with this strategy, says Dr. Adrian v. Hammerstein, Chief Executive Officer of Kabel Deutschland. "In terms of technology, the cable network is ideally suited for broadband communication. It is our goal that ever more customers can take advantage of this potential."

As a consequence, since June 2007 Kabel Deutschland has also been marketing the high speed internet and telephone connection to households which do not use their cable connection for TV reception. Also, the company is continuing its investments in network upgrades. As of mid September, two million cable households in Lower Saxony have become marketable homes for Kabel Internet and Kabel Phone.

Also in the Pay TV business, Kabel Deutschland boosted the number of RGUs. The digital pay TV packages Kabel Digital Home and Kabel Digital International posted 731,000 RGUs. In the previous year this figure was 601,000.

The number of cable access subscribers dropped from 9.530 million at September 30, 2006 to 9.069 million at the end of the reporting period. Despite revenues in this access business stayed approximately stable.

Due to the success in the new business sectors, total revenues of Kabel Deutschland increased in the second quarter to EUR 294.1 million. This corresponds to a 7 percent rise compared to EUR 274.2 million reported in the previous year. Subscription based revenues increased from EUR 238.7 million in the previous year's period by 8.5 percent to EUR 260.3 million for the reported quarter. Compared to previous year's same period, monthly average revenue per user (ARPU) rose from EUR 7.67 to EUR 8.23 by over 7 percent in the second quarter of the current fiscal year.

Earnings before interest, taxes, depreciation and amortization (EBITDA as adjusted¹) increased from EUR 95.2 million in the previous year's same period to EUR 110.7 million in the second quarter of the current fiscal year. This represents an increase of over 16 percent. EBITDA margin rose from 34.7 percent to 37.7 percent. The net result of the second quarter improved by about EUR 13 million compared to the previous year's same period to yield EUR 3.1 million (-9.8 million).

In order to take advantage of the current growth in the broadband market, Kabel Deutschland will increase its capex volume to about EUR 330 million in the current fiscal year. As in the past, most of this amount will be invested in network upgrade and in the new products.

Kabel Deutschland made a significant step forward by acquiring cable networks from the Orion Group at the end of September. This acquisition to a large extent overcomes the artificial separation of the cable network levels.

"The acquisition of these cable networks from the Orion Group will further stimulate competition in the broadband market", says Kabel Deutschland's CEO, Adrian v. Hammerstein. "As soon as we have FCO clearance, many of these customers will have the first-time possibility of surfing on the world wide web and telephoning via TV-cable. Germany needs the consolidation in the cable market to allow a true competition between the infrastructures of cable and DSL. Not only the users profit from such competition, but the entire economy as well."

The closing for taking over the cable networks of the Orion Group is anticipated in spring 2008 after FCO clearance.

¹ Earnings before interest, taxes, depreciation, amortization, non-cash compensation related to our Management Equity Programs and restructuring expenses

About Kabel Deutschland

Kabel Deutschland (KDG) operates cable networks in 13 German states and supplies its services to more than 9 million connected TV households in Germany. Kabel Deutschland is Germany's largest cable network operator. The company develops and markets new triple play offers for digital TV, high-speed Internet and telephone connection via cable. KDG offers an open digital TV platform for all program providers. The company operates the networks, markets cable connections and provides comprehensive services for all matters of cable connectivity. In fiscal year 2006/2007 (12 months ended March 31, 2007), Kabel Deutschland reported a total revenue of approx. EUR 1.1 billion. The company has around 2,700 employees.

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