

Press Release

Bertelsmann continues successful performance in 1st half

- Operating EBIT grows to €714 million
- Repayment of buyback-related debt on plan
- Risk from Napster-related U.S. class action suit averted
- No. of employees rises above 100,000

Gütersloh, September 4, 2007 – In a favorable economic environment, Bertelsmann continued its successful business performance in the first six months of 2007. Revenues grew by 1.3 percent (adjusted), to €9.0 billion. Operating EBIT grew by 1.9 percent compared with the first six months of 2006, to €714 million. Adjusted for portfolio effects, first-half Operating EBIT was up 8.2 percent. Earnings growth accelerated considerably year-on-year during the second quarter.

Return on sales for the first half increased to 8 percent, which puts it above the 7.7 percent ROS seen in H'1/2006.

This solid performance was driven primarily by RTL Group, with increased income from TV advertising and a flourishing TV production business, and Gruner + Jahr slightly on the plus side. The media and communications services provider, Arvato, remained stable at a high level of profitability, while operating profits in the book publishing business (Random House) and the club business (Direct Group) did not reach the previous year's levels. In the BMG division, a significant performance improvement at Sony BMG mostly offset the loss of profits from recently sold BMG Music Publishing.

Bertelsmann AG Chairman & CEO Gunter Thielen said: "Bertelsmann had a gratifying first half. Most of our businesses are on plan after six months. We can safely say that Bertelsmann is on track. We are also pleased to have arrived at important out-of-court settlements in connection with Napster, which eliminates a potential significant risk for Bertelsmann's future."

Bertelsmann's net income for the first half amounted to €51 million, after €354 million for the first six months of 2006. First-half net income was considerably impacted by the Napster settlement agreements and other special items.

Bertelsmann AG's Chief Financial Officer Thomas Rabe emphasized: "We feel we are on the right track and can confirm our positive forecast for the year. We plan to grow our revenues and operating profit year-on-year. As planned, we have further paid down our economic financial debt to around €6.59 billion. We will come very close to meeting our internal debt targets again by the end of 2007."

Further growth in operations led to an increase in the number of employees to 101,009 at June 30, 2007 (December 31, 2006: 97,132).

Bertelsmann AG Chairman & CEO Gunter Thielen commented: "This is the first time in the company's history that we have crossed the 100,000 employee mark. We take this as further proof of Bertelsmann's strength. The commitment and contributions of our employees will ensure a successful, secure future for Bertelsmann."

Corporate Divisions:

The **RTL Group (Revenues: €2,891 million, Operating EBIT: €510 million)**, Europe's leading entertainment group, generated an increase in operating results during the first half-year. Key contributors here were the German RTL channel family, the M6 Group in France and the global production company Fremantle Media. Despite deconsolidating the holding in the French pay TV channel TPS, revenues were up to the record level of the first half-year of 2006. In Germany the RTL, Vox, RTL 2, Super RTL and N-TV channels gained viewer market share. In France, the operating result of the M6 Group improved strongly. The main M6 channel benefited from the TV advertising market being opened to retail companies. The M6 digital channel demonstrated dynamic growth, particularly W9, the home shopping activities and the M6 Mobile cell phone offer. Fremantle Media again developed positively.

Random House (Revenues: €832 million, Operating EBIT: 44 million), the world's largest trade book publishing group, registered a slight year-on-year decline in its first-half revenues and earnings. In a global book market with a slow-growth trajectory. The decline is due to the cost of investing in future growth, especially for new publishing businesses in the U.K., as well as the unfavorable US exchange rates. Random House outperformed the market in Germany and the U.K. Random House UK Group titles accounted for 30 percent of the Sunday Times bestseller lists. In the U.S., Random House, Inc. placed more than 100 titles on the New York Times bestseller lists. The July North America launch of the Random House audiobook of "Harry Potter and the Deathly Hallows" produced record-breaking sales. In Germany, Random House was successful with greater sales from several paperback imprints.

Europe's biggest magazine publisher **Gruner + Jahr (Revenues: €1,387 million, Operating EBIT: €116 million)** grew both its revenues and its operating result during the first half. In Germany, the core businesses achieved good results in horizontally developing advertising and sales markets. International revenues and profits rose significantly. Austria, Spain, Italy and Poland posted a good operating development. In China, the holding in the Boda media house generated growth. While "Gala" and "Capital" and their Internet portals performed well in France, start-up investments for the "Jasmin" woman's magazine, which has since been discontinued, negatively impacted the result. In Germany, G+J launched "Ebay-Magazin" and "Dogs" at kiosks, "Woman" was discontinued. With the start of numerous online projects and investments in the "Expand your Brand" activities, G+J advanced the development of its brands on a sustained basis. Prinovis, the gravure printing business, operated in conjunction with Arvato and Axel Springer AG, remains under strong price pressure.

The **BMG** division (**Revenues: €632 million, Operating EBIT: minus €3 million**), which primarily consists of the joint venture holding in Sony BMG, held its ground in what remains a very challenging market environment during the first six months of the year. The drop in revenues reflects the deconsolidation of BMG Music Publishing by the end of 2006, the market declining by 12 percent and exchange rate effects. These effects were largely cushioned by high-margin product sell-through and cost savings. The strong growth seen in digital formats proved unable to compensate for the decline in physical sales of roughly 20 percent. Sony BMG is countering this trend by expanding its digital business, broadening the revenue base, and further boosting its efficiency. A new application for the Sony BMG joint venture has been submitted to the EU. Bertelsmann expects a decision of the Commission in October 2007 and is confident that approval will be granted.

In the first six months of 2007, the media and communications services provider, **Arvato (Revenues: €2,243 million, Operating EBIT: €101 million)**, achieved a year-on-year revenues upturn. Despite a difficult general situation in many sub-markets, the operating result was up on the same period of the previous year. As a result of ongoing growth in the service business, the number of employees increased by roughly ten percent to almost 50,000 in the first six months. The services areas benefited from strong demand in the Service Center units, with a very good trend in Germany and France. This was underpinned by the continuing trend of outsourcing. In contrast, a decline was posted in cell phone repair business. The Print unit was impacted by a difficult market situation in gravure, due primarily to overcapacity. The Offset Printing unit in Germany developed positively. The Memory Media unit asserted its position in a difficult market environment.

In comparison to the equivalent period of the previous year, the **Direct Group (Revenues: 1,235 million €, Operating EBIT: minus €35 million)** posted lower revenues, also due to negative exchange rate effects. Portfolio effects impacted revenues positively. As of the end of June, the Direct Group reported a loss. In comparison to the previous year, the normal seasonal variation is intensified by the publication of high selling CDs and DVDs in the second half of the year. The generally declining CD market of the American music club business impacted negatively. There were also costs for the move of the English book club from London to Swindon. The portfolio was mostly impacted by the acquisition of a 50 percent holding in the American book club, Bookspan from Time Inc. In Europe, the Direct Group is continuing the combination of book club and book retail.

Key Financials at a Glance (in € millions)

	Jan 1, 2007 to Jun 30, 2007	Jan 1, 2006 to Jun 30, 2006 (adjusted)
Consolidated revenues	8,957	9,144
Operating EBIT in the divisions	733	741
Corporate/consolidation	(19)	(40)
Operating EBIT	714	701
Special items	(297)	(8)
EBIT (Earnings before financial result and taxes)	417	693
Net interest income	(122)	(57)
Other financial expenses	(83)	(99)
Income taxes	(161)	(183)
Net income	51	354
of which: profit attributable to Bertelsmann shareholders	(51)	258
of which: profit attributable to minority shareholders	102	96

Investments	506	553
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	at Jun 30 2007	at Dec 31 2006 (adjusted)
Economic financial debt*	6,588	6,760
Employees	101,009	97,132

Definition of Operating EBIT: Operating EBIT refers to earnings before financial result, taxes and special items.

* net financial debt plus pension provisions, profit participation capital and price paid for the GBL share package.

Division	Revenues		Operating EBIT	
	1/1 – 6/30/07	1/1/ – 6/30/06	1/1/ – 6/30/07	1/1/ – 6/30/06
RTL Group	2,891	2,854	510	471
Random House	832	859	44	48
Gruner + Jahr	1,387	1,374	116	111
BMG (total)	632	888	(3)	2
<i>BMG Music Publishing</i>	–	183	–	30
Arvato	2,243	2,202	101	96
Direct Group	1,235	1,264	(35)	13
Total for the divisions	9,220	9,441	733	741
Corporate/consolidation	(263)	(297)	(30)	(40)
Group total	8,957	9,144	714	701

About Bertelsmann AG

Bertelsmann is an international media company encompassing television (RTL Group), book publishing (Random House), magazine publishing (Gruner + Jahr), music (BMG), media services (Arvato), and media clubs (Direct Group) in more than 60 countries. Bertelsmann's claim is to inspire people around the world with first-class media and communications offerings – entertainment, information and services – and occupy leading positions in its respective markets. The foundation of Bertelsmann's success is a corporate culture based on partnership, entrepreneurial spirit, creativity, and corporate responsibility. The company strives to bring creative new ideas to market and create value.

Bertelsmann is comprised of the television channels, television production companies, and radio stations of Europe's largest entertainment group, RTL Group (RTL Television, M6, Five, Fremantle Media), and the more than 120 publishing houses of Random House, the world's largest trade book publisher (Alfred A. Knopf, Bantam, Goldmann). Gruner + Jahr is Europe's number one magazine publisher (Stern, Geo, Neon, Capital). The Sony BMG joint venture in the BMG division is synonymous with creativity and strong international music brands (Beyoncé, Dixie Chicks, Justin Timberlake, Christina Aguilera). The Arvato media and communications services division brings together distribution, service centers and customer-relationship management, state-of-the art printing manufacturing, storage media production, mobile services, and comprehensive IT services. Bertelsmann's direct-to-customer businesses are unified within the Direct Group: book, DVD, and music clubs (Der Club, France Loisirs), as well as book retailers in France and Portugal.

For further questions, please contact:

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