

**BERTELSMANN PROFIT PARTICIPATION CERTIFICATE:
CHANGEOVER TO EURO / OFFER FOR A VOLUNTARY EXCHANGE OF PROFIT
PARTICIPATION CERTIFICATES / CHANGE OF THE FISCAL YEAR**

Gütersloh, 7 December 2000 – The Executive Board of Bertelsmann AG has decided, with the approval of the Supervisory Board, to change the base currency of Bertelsmann profit participation certificates from DM to Euro effective 8 January 2001. The smallest denomination is one Euro-Cent.

Additionally, Bertelsmann offers the voluntary exchange of their profit participation certificates into new certificates with changed conditions (“Profit Participation Certificate 2001”) to all owners of profit participation certificates. The reason for this is the redefinition of the key financial benchmarks. Instead of employing the concept of return on total assets, the concept of BVA (Bertelsmann Value Added) and return on sales will serve as accounting benchmarks in the future. In the past, the profit participation certificate dividend payment was connected to the return on total assets of the Group.

The conditions of the profit participation certificate 2001, which are likely to be offered for exchange to investors at the start of 2001, include three essential changes, the most important being an alteration in the way the dividend is calculated. The dividend on the profit participation certificates will be 15 % of the base value of the certificates for each full fiscal year assuming the net income of the Group is adequate. The base value is 10 Euro. At the same time, claims for physical certificates will be excluded, as is common practice today.

In an ad-hoc memo from 17 March 2000, Bertelsmann had pointed out that AOL, Inc. and Bertelsmann have agreed to restructure their ownership interests in AOL Europe. The transaction involves using put and call mechanisms resulting in a cost of \$ 6.75 billion to \$ 8.25 billion to America Online in order to ultimately buy out Bertelsmann’s share in the coming years, if the options are exercised. This would have an effect on the financial statements of Bertelsmann and possibly the return on total assets. However, this effect can not be precisely calculated as of today. The new profit participation certificates will also share in a possible increase of the payment until 31 December 2002.

Bertelsmann AG has switched its fiscal year effective 31 December 2000 to coincide with the calendar year. The change of the entire Group’s fiscal year will be effected by 31 December 2001. The next dividend payment on both profit participation certificates will therefore be

made most likely in September instead of November 2001 for the full Group fiscal year 2000/01. In the year 2002, the payment is scheduled for the spring based on the six month-long abbreviated fiscal year of the Group.

Investors will be informed in January 2001 with a letter from their banks about the concise details of the changeover to the Euro and the offer for the exchange. At that point in time, details will also be available through a phone hotline and on the website of the company. Additional information about the exchange will be published in a timely fashion.

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