

# **English translation for convenience purposes only!**

## **Articles of Association of Bertelsmann AG\* in Gütersloh in the version as of May 17, 2010**

---

### **§ 1**

#### **Company Name and Registered Office**

The AG has the name

**Bertelsmann AG.**

The registered office of the Company is in Gütersloh.

### **§ 2**

#### **Company Object**

- (1) As the Group Holding, the Company manages a group of companies which transact business, in particular, in the following business fields:
- Book production and publishing, in particular, the operation of book publishing and trading companies and related companies;
  - Operation of printing houses and printing technology companies for the manufacture and sale of publishing, printing and electronic-technical products of all kinds; manufacture and sale of audio, data and video carriers of all kinds; the provision of services for printing house operations, publishers and companies of other branches;
  - Manufacture and sale of products within the fields of music and film as well as radio, television and other forms of electronic individual and mass communication, in particular, the manufacture and sale of music contributions and programs, of cinema and television movies as well as

---

\* German Stock Corporation (*Aktiengesellschaft*, abbreviated "AG"); Bertelsmann AG shall also be referred to herein as the *Company*.

of radio and television contributions and programs of all kinds; dissemination of radio and television programs and other electronic communications offerings as well as respective program segments as radio and television organizer and as provider of electronic communication services of all kinds;

- Publishing and sale of newspapers, magazines and other printed products of all kinds.
- (2) The Company can also transact business itself in the fields designated in para. 1 hereof, in particular, also individual business transactions. It shall be entitled to undertake all actions and measures which are related to the Company Object or which are appropriate directly or indirectly to serve such, also at upstream and downstream market levels. The same shall apply also for financing transactions and other legal transactions and measures which concern the Company as a holding company or which are in the interests of the companies managed by it.
- (3) The Company can incorporate, acquire and participate as shareholder in other companies, in particular, in such which have respective company objects which extend entirely or partially to the Company Object designated in para. 1 hereof. For the purpose of the investment of financial resources, the Company shall be entitled to participate as shareholder in companies of any kind. It can structurally change companies in which it is a shareholder, consolidate them under common management or restrict itself to their administration.
- (4) The Company can establish both domestic and foreign branches.

### **§ 3**

#### **Fiscal Year**

The fiscal year is the calendar year.

### **§ 4**

#### **Notifications**

All notifications of the Company shall be made in the electronic Federal Gazette (*elektronischer Bundesanzeiger*).

## **§ 5**

### **Share Capital**

- (1) The share capital of the Company amounts to € 1,000,000,000.00. It is divided into 83,760 individual share certificates (no par value shares) with the numbers 1 to 41,880, 46,921 to 51,108, 51,613 to 59,988 and 60,997 to 90,312 (each respectively inclusive).
- (2) The shares are bearer shares.

## **§ 5 a**

### **Capital Represented by Participation Certificates**

- (1) The nominal capital represented by participation shares amounts to Euro 301,329,017.75. It is divided into two different participation certificates (Securities Identification Numbers 522 990 and 522 994) with their respective participation certificate terms and conditions.
- (2) The participation certificates with the Securities Identification Number 522 990 are bearer certificates and have a basic amount of each Euro 0.01 (1 Euro Cent). They participate in the profits and losses of the Company. The participation certificates grant a claim to profits with priority over the profit shares of the shareholders whereby the dividend shall be determined according to the total return on equity of the Company and its domestic and foreign companies. The total return on equity is the relationship of the profit to the arithmetic mean of the assets at the beginning and the end of the fiscal year. Profits are the consolidated annual net profits plus the expenditures (after set-off with respective earnings) for taxes on income and for a voluntary profit participation of the employees in Germany as well as plus the expenditures for depreciation on goodwill. The assets correspond to the consolidated balance sheet total. Profits and assets shall be changed as follows: expenditures for the creation of intangible assets (except goodwill) shall be included as an asset entry on the balance sheet in deviation from § 248, para. 2, German Commercial Code (*Handelsgesetzbuch, HGB*) when such concerns expansion investments and if the expenditures within the framework of an investment plan exceed the amount of 1 % of the consolidated balance sheet total at the beginning of the fiscal year. The amount included as an asset entry shall be depreciated according to plan with respect to the useful life expectancy normal for the operation but, however, at the most after four years.

The owners of the participation certificates shall have a respective claim to dividends insofar as the annual net profit of the Company, increased by the profit carried forward and reduced by the losses carried forward and transfers to the statutory reserves, are sufficient. If such are insufficient, shortfalls shall increase the dividend claim of the successive year, if appropriate, later successive years, insofar as the annual net profit corrected pursuant to sentence 1 of the successive year or successive years is sufficient.

The net income shown on the balance sheet of the Company shall be excluded from distribution to the shareholders in the amount of the respective profit participation claim of the participation certificate owners (§ 58, para. 4, German Stock Corporation Act (*Aktiengesetz, AktG*)).

In the case of a negative total return on equity, the percentage with reference to the basic amount shall determine the loss participation of the participation certificates. A loss which is attributed to the capital represented by participation certificates shall be shown separately and shall be compensated for by dividends of the successive year.

The Company cannot terminate the participation certificates. The owners can terminate them but for the first time with effect as of June 30, 2017 and, thereafter, with effect as of the end of each fifth fiscal year interval. With termination of a participation certificate, the participation certificate shall be paid back with the weighted average of the issue price of all issues of participation certificates with these and the previous terms and conditions, increased by outstanding amounts and reduced by not-yet compensated losses. With dissolution of the Company, the claim to repayment shall become subordinate to the claims of all Company creditors which are not also so subordinate.

- (3) The participation certificates with the Securities Identification Number 522 994 are bearer certificates and have a basic amount of each Euro 10.00. They participate in the profits and losses of the Company. The participation certificates grant a profit share with priority to the shareholders' respective dividend claim and a repayment claim upon termination of the participation certificates.

Subject to sufficient consolidated annual net profits pursuant to sentence 6 of this paragraph, the dividend of the participation certificates for each complete fiscal year of the Group shall be 15 % of the basic amount. In the case of a partial accounting year of the Group, the dividend of the participation certificates shall be reduced pro rata temporis. Insofar as the consolidated annual net profits of the Company, reduced by the share of other shareholders within the meaning of § 307 HGB, are insufficient for the dividends of all types of participation certificates and, if appropriate, further performance-related equal ranking securities (together "Subordinate Issues") then the

dividend attributed to the participation certificates shall be reduced. The reduction of the dividend shall then occur in the proportional relationship in which the consolidated annual net profits of the Company, reduced by the share of the other shareholders stands in relationship to the total of the – not reduced on the basis of this or another comparable regulation in the terms and conditions of future Subordinate Issues – dividends of the owners of all subordinated issues. Compensation for the reduced profit share in the successive year shall not occur.

The dividend shall be distributed insofar as the annual net profit of the Company, increased by the profits carried forward and reduced by the losses carried forward and transfer to statutory reserves, are sufficient for the dividends of all types of participation certificates and, if appropriate, additional performance-related equal ranking securities of the Company. Should the amount be insufficient, shortfall amounts shall increase the profit distribution of the successive year or, if applicable, later successive years insofar as the annual net profits corrected pursuant to sentence 1 of the successive year or the successive years are sufficient.

The net income shown on the balance sheet of the Company shall be excluded from distribution to the shareholders in the amount of the profit participation claims of the participation certificate owners (§ 58, para. 4 AktG).

A participation of losses shall be determined according to a negative total return on equity, the percentage of which shall refer to the basic amount of the participation certificates. Negative total return on equity shall be the relationship of the losses to the arithmetic mean of the assets at the beginning and the end of the fiscal year of the Group. Losses are the consolidated net losses plus the expenditures (after set-off of respective earnings) for taxes on income and for a voluntary profit participation of employees in Germany. The assets shall reflect the consolidated balance sheet total.

Losses which are attributed to the capital represented by participation certificates shall be listed separately and compensated with priority before distribution to the capital represented by participation certificates by profit shares of the successive year. § 5 a, para. 2, subpara. 5 shall apply for the termination of the participation certificates.

- (4) The Company shall be authorized to purchase participation certificates itself.
- (5) The increase or decrease of the capital represented by participation certificates as well as the amendment to the terms and conditions for the participation certificates or supplements thereto shall require the approval of the Annual Shareholders' Meeting and the Supervisory Board.

## **§ 6**

### **Executive Board**

- (1) The Executive Board is comprised of several members, the number of which shall be determined by the Supervisory Board. It shall pass its resolutions with a simple majority. In the event of a tied vote, the vote of the Chairman shall be decisive.
- (2) Without prejudice to the regulations of the Standing Rules of Procedure of the Executive Board in the respectively valid version, the voting shall otherwise take place by means of the submission of the opinion of the Executive Board concerning measures of the shareholders which cause a reduction of the quota of their shares in the share capital in Bertelsmann AG or to a reduction of their respective voting participation at the Annual Shareholders' Meeting of the Company by means of written confidential voting ballots in which the respective voter is designated by name.
- (3) A member of the Executive Board should not be appointed for a term which extends beyond the end of the fiscal year in which the member of the Executive Board turns 60 years old. A person who is 65 years old cannot be a member of the Executive Board for a term which extends beyond the end of the fiscal year in which he/she turns 65.

## **§ 7**

### **Representation**

The Company shall be represented by two Executive Board members or by one Executive Board member jointly with a "*Prokurist*" (person vested with general commercial power of representation). In exceptional cases, the Supervisory Board can grant individual Executive Board members sole representation authority.

## **§ 8**

### **Supervisory Board**

- (1) The Supervisory Board shall be comprised of 15 members. The term of office of the Supervisory Board members shall be determined in compliance with the following paragraph with the appointment by the Shareholders' Meeting. Re-election shall be permissible.

- (2) Persons should not be appointed as members of the Supervisory Board who are more than 70 years old. Supervisory Board members who turn 70 in the course of a term of office should resign from the Supervisory Board at the close of the Annual Shareholders' Meeting following his/her 70<sup>th</sup> birthday. A Supervisory Board Member shall resign from the Supervisory Board at the latest at the close of the Annual Shareholders' Meeting following his/her 75<sup>th</sup> birthday.
- (3) The Supervisory Board shall be authorized to resolve on amendments to the Articles of Association which only relate to this version of the Articles of Association.

## **§ 9**

### **Election**

*The Supervisory Board shall elect from amongst its members a Chairman and a Deputy Chairman who are entrepreneurs. An entrepreneur within the meaning of the afore-mentioned sentence shall be such a person who – without operating a bank business – manages independently or as an employed manager commercial units of substantial size and who has or had directly an influence thereon in terms of structure and, thereby, is or was responsible in this context only to the shareholders or their authorized representatives.*

## **§ 10**

### **Voting**

- (1) *Supervisory Board meetings should be convened by the Chairman in writing or, in the case of his/her inability, by his/her Deputy Chairman, with observance of a notice period of three weeks, via telefax or via e-mail. With the calculation of the notice period, the day of the transfer and the day of the meeting shall not be counted. In urgent cases, the convening party can reduce the notice period and call the meeting by telephone.*
- (2) Resolutions shall require a simple majority of the votes cast. In the event of a tied vote, the vote of the Chairman shall be decisive.
- (3) *By order of the Chairman of the Supervisory Board or, in the case of his/her inability, the Deputy Chairman, resolutions and voting of the Supervisory Board can also be made in writing via telefax or by telephone. No right to object to this form of the passing of resolutions shall exist.*
- (4) Without prejudice to the regulations of the Standing Rules of Procedure of the Supervisory Board in the respectively applicable version and in deviation

from the above paragraphs, the voting shall take place by means of a submission of the opinion of the Supervisory Board concerning measures of the shareholders which cause a reduction of the quota of their shares in the share capital in Bertelsmann AG or to a reduction of their respective voting participation at the Annual Shareholders' Meeting of the Company by means of written confidential voting ballots in which the respective voter is designated by name.

## **§ 11**

### **Remuneration**

In addition to the reimbursement of their expenses, members of the Supervisory Board shall receive a remuneration plus applicable value added tax. Members of the Supervisory Board Committees shall, in addition, receive meeting attendance compensation plus applicable value added tax. The amount of the remuneration and the meeting attendance compensation as well as the method of payment shall be determined by the Annual Shareholders' Meeting.

## **§ 12**

### **Annual Shareholders' Meeting**

- (1) The Annual Shareholders' Meeting shall be convened by the Executive Board or by the Supervisory Board.
- (2) The voting right can be exercised by an authorized representative by proxy. In the case that neither a bank nor a shareholders' association are granted representation authorization, then the powers of attorney can be granted in a manner to be determined respectively by the Executive Board also including use of electronic media or via telefax. The details for the grant of powers of attorney shall be notified together with the convening notice of the Annual Shareholders' Meeting in the company business notices.

## **§ 13**

### **Chairman**

The Chairman of the Supervisory Board or his/her Deputy Chairman shall chair the Annual Shareholders' Meeting.

The Chairman shall lead the deliberations and determine the order of deliberation items.

## **§ 14**

### **Resolutions**

- (1) Resolutions of the Annual Shareholders' Meeting shall be made by means of a simple majority of votes and – insofar as a majority of shares is necessary – with a simple majority of the shares, unless otherwise mandatorily required by law.
- (2) Each share shall grant one vote.

## **§ 15**

### **Reserves**

The Executive Board and the Supervisory Board shall be authorized to allocate up to 50 % of the annual net profits to the free reserves with the determination of the annual financial statements.

With the establishment and cancellation of reserves, the legitimate interests of the owners of the participation rights for distributions of profits shall be taken into account.