

# **Terms and Conditions of Issuance of Profit Participation Certificates**

## **(Terms and Conditions of Issuance of Genussscheine 2001)**

### **§ 1 Issuance of Profit Participation Certificates („PPCs“)**

The Articles of Association of Bertelsmann AG – hereinafter referred to as „The Company“ – provide for the creation of profit participation capital by issuance of PPCs.

### **§ 2 Form of Profit Participation Certificates**

- (1) PPCs are made out to bearer. The par value of each PPC is EUR 10,--.
- (2) A PPC holder's claim to the issuance of physical certificates of PPCs is excluded. The Company is authorized to issue physical certificates for PPCs. In this case the Company is entitled to combine multiple PPCs in one certificate.

### **§ 3 Rights of Holders of Profit Participation Certificates and Distinction versus Shareholders Rights**

- (1) The PPCs confer a right to distribution (§ 4) ranking with priority to the shareholders' right to dividends and a right to repayment upon termination of the PPCs (§ 15). The profit participation capital participates in losses incurred by the Company (§ 5).
- (2) The PPCs represent creditors' rights and do not carry shareholders' rights, in particular no rights to attend, to participate or to vote in general shareholders' meetings of Bertelsmann AG.
- (3) The PPCs rank equal to PPCs previously issued by the Company with regard to their participation in losses and the subordination of their repayment in the event of the Company's dissolution.

### **§ 4 Determination of Profit Share and Profit Distribution**

- (1) The profit share of a PPC for each full fiscal year of the Bertelsmann group amounts to 15 percent of its par value provided that the consolidated annual net income as determined according to paragraph 2 is sufficient. In case the Bertelsmann group applies a short fiscal year, the profit share of the PPCs will be pro-rated accordingly.
- (2) Should the consolidated net income of the Bertelsmann group, reduced by the interest attributable to other shareholders (as such term is used in § 307 German Commercial Code), be not sufficient to meet the aggregate profit shares of all classes of PPCs and possibly other profit-dependent equally ranking securities (see § 12 below) (together „subordinated issuances“), the profit share attributable to the PPCs will be diminished accordingly. Such diminution of the profit share will be effected according to the ratio of the group's consolidated net income (after deducting interests attributable to other shareholders), to the - not diminished (pursuant to this section 4 (2) or similar provisions that may be contained in the terms and conditions of future subordinated issuances) - total profit share of the holders of all subordinated issuances. The Company does not provide any compensation for such diminution in subsequent years.
- (3) The profit share is to be distributed on condition that the net income of the Company, increased by any profits carried forward and reduced by any losses carried forward and contributions to the statutory reserves, is sufficient for the distribution of the profit shares for all classes of PPC's and possibly other profit-dependent and equally ranking securities of the Company. If this is not sufficient,

any shortfalls shall increase the distribution in the following year, and if need be in subsequent years thereafter, provided that the net income for the following year or the subsequent years (after giving effect to the adjustments set out in sentence 1 above) is sufficient for such increase.

## **§ 5 Determination of Share of Loss**

- (1) The share of loss is determined according to the rate of a negative return on total assets. The percentage of which will be applied to the par value of the PPCs. The negative return on total assets shall be defined as the ratio of loss to the arithmetic average of the assets at the beginning and at the end of each relevant fiscal year of the Bertelsmann group. Loss is the consolidated net loss increased by expenses (i) due for income taxes (after deduction of income tax reimbursements) and (ii) for voluntary profit-sharing schemes for employees in Germany. Assets shall be defined as the consolidated balance sheet total.
- (2) Any loss attributable to the profit participation capital shall be accounted for separately and - prior to a distribution on the profit participation capital - equalized by profit shares in subsequent years.

## **§ 6 Audit by the External Auditor**

The Company will arrange for its external auditor to examine whether the profit share and the distribution (§ 4) as well as the share of loss (§ 5) have been determined in compliance with these Terms and Conditions of Issuance. The external auditor will issue an audit certificate on the results of this audit.

## **§ 7 Company's Accounting Policy**

The Company undertakes to take into account the equitable interests of the holders of PPCs to receive profit distributions when preparing the annual financial statements of companies affiliated with the Company and particularly when building or undoing reserves.

## **§ 8 Distributions**

Distributions will fall due on the first banking day following the Annual General Meeting of Shareholders. They will be made at one of the paying agents designated pursuant to § 9.

## **§ 9 Paying Agents**

The names and addresses of the agents at which the profit distributions will take place, at which the notice of termination (§ 15 para 2) can be lodged and at which repayments (§ 15 para 3) will be made (paying agents) will be announced together with the notice of distribution, such announcement having effect until notice of the subsequent profit distributions.

## **§ 10 Information of Holders of Profit Participation Certificates**

For purposes of information on its financial position the Company will furnish an annual report (including the annual consolidated financial statements) and an interim report, published as at the middle of the financial year. The Company will take all necessary measures to allow holders of PPCs to take notice of these documents. Furthermore, any holder of PPCs is entitled to receive such reports directly from the Company.

## **§ 11 Acquisition of Own Profit Participation Certificates**

The Company is entitled to acquire its own PPCs. It may not exercise any voting rights out of its own PPCs at a general meeting of the holders of PPCs.

## **§ 12 Further Issuances**

- (1) Subject to the approval of its General Meeting of Shareholders, the Company may issue additional PPCs on the same or different terms and conditions as well as further profit-dependent and equally ranking securities. The Company will determine the content and the terms of such different Conditions of Issuance in accordance with what it deems appropriate in light of the respective conditions prevailing on the capital markets.
- (2) New PPCs with Terms and Conditions of Issuance identical with the old may not be issued for an amount below par value. An amount in arrears pursuant to § 4 para 3 sentence 2 or a non-equalized loss pursuant to § 5 para 2 will be attributed to each new PPC at the same rate as attributed to each old PPC before.

## **§ 13 Change in the Tax Treatment of Profit Participation Certificates**

- (1) In case the tax treatment in connection with PPCs should change, the Company will be entitled to adjust these Conditions to the changed circumstances in its reasonable discretion by a unilateral declaration of intention (§ 315 German Civil Code).
- (2) If corporate income tax on the Company's level should be levied upon profit distributions on PPCs such adjustment will be effected by a reduction of the profit distribution by the applicable rate of such corporate income tax.

## **§ 14 Alteration of Terms and Conditions of Issuance of Profit Participation Certificates**

- (1) Any right vested by these PPCs may only be altered with the approval of a general meeting of the holders of PPCs that has to be convened by the Company's Executive Board at Guetersloh or at the location of any German stock exchange with one month prior notice by publication in the Federal Gazette ("Bundesanzeiger"). The convening notice must state the name and registered office of the Company, the time and place of the meeting and the conditions governing attendance at the meeting and the exercise of voting rights. The wording of any proposed alteration shall be enclosed.
- (2) An alteration of provisions of the Terms and Conditions of Issuance of PPCs requires its approval with a majority of 75 % of the votes cast. Each EUR 10,-- par value shall confer one vote.
- (3) Each resolution passed at the meeting shall be in notarized form. § 130 subsections 2 to 4 German Stock Corporation Act shall apply.
- (4) The status of the PPCs will not be affected by an increase or reduction in the Company's share capital.
- (5) Alterations of these Terms and Conditions of Issuance of PPCs concerning their wording only may be undertaken by the Company subject to the consent of the Supervisory Board.

## **§ 15 Termination of Profit Participation Certificates**

- (1) The Company may not terminate the PPCs.
- (2) Holders may terminate their PPCs. The PPCs may be terminated for the first time with effect as of 30st June 2017 and thereafter as of the end of every fifth

- financial year. The notice period is two years. Notice of termination shall be lodged in writing with the Company or a paying agent (§9).
- (3) Terminated PPCs are to be paid back. The repayment amount will be the weighted average of the issuance prices of all of profit participation capital issued under these or any prior Terms and Conditions of Issuance, increased by amounts in arrears pursuant to § 4 para 3 sentence 2 and reduced by non-equalized losses pursuant to § 5 para 2. The repayment amount will be determined as per the day, per which the PPC will be terminated. Repayment will be due on the first banking day following the repayment date. Repayment will be provided at one of the paying agents designated pursuant to § 9.
  - (4) A repayment will not affect profit distributions for fiscal years preceding any repayment pursuant to § 4 para 3 sentence 2.
  - (5) Repayment amounts not claimed may be deposited by the Company for the holders' benefit with the local court of Guetersloh ("Amtsgericht Guetersloh") together with a waiver of the Company's right to reclaim such deposited amounts.
  - (6) In the event of the Company's dissolution the PPCs shall be repaid in the amount determined pursuant to para 3. The right to repayment shall be subordinated to all not equally subordinated claims by the Company's creditors. The profit participation capital does not share in any liquidation proceeds of the Company.

## **§ 16 Notices**

- (1) Company notices concerning the PPCs will be published in the Federal Gazette ("Bundesanzeiger").
- (2) Notice shall be given of
  - distributions together with the auditor's certificate,
  - the paying agents pursuant to § 9,
  - an increase or reduction of the profit participation capital,
  - the alteration of the Terms and Conditions of Issuance of PPCs pursuant to §§ 13 and 14,
  - the calling of a meeting of the holders of PPCs.
- (3) A notification of the individual holders of PPCs is not required. For the validity of any such notice a publication in the Federal Gazette ("Bundesanzeiger") shall be deemed sufficient.

## **§ 17 Miscellaneous**

- (1) The place of performance shall be Guetersloh. Governing law shall be the laws of the Federal Republic of Germany.
- (2) In case individual provisions of these Terms and Conditions of Issuance of PPCs should prove to be invalid or unenforceable, the other provisions will remain valid. Otherwise, such provision that comes closest to the intention manifested in these Conditions and that is valid and enforceable shall apply.

Bertelsmann  
Aktiengesellschaft

Guetersloh, January 2001

The German language Terms and Conditions of Issuance shall be legally binding only. The provision of this English translation has been made solely for convenience purposes.

# **Ad-hoc release pursuant to Section 15 WpHG**

## **Release concerning the interpretation of the assessment bases for profit and loss participation in the Terms and Conditions for the Issuance of Profit Participation Certificates of 2001**

Gütersloh, August 28, 2009 – Bertelsmann AG has resolved for clarification purposes that, in accordance with the treatment in the Terms and Conditions for the Issuance of Profit Participation Certificates of 1992 (ISIN DE 0005229900), in determining the share of earnings (share of profits as defined in Section 4, paragraphs 1 and 2) and share of losses as defined in Section 5 of the Terms and Conditions for the Issuance of Profit Participation Certificates of 2001 that are allocated to the profit participation certificates of 2001 (ISIN DE 0005229942), the consolidated annual net income shall be adjusted for impairments of goodwill that negatively affect earnings. This may raise the assessment basis for determining the profit share in favor of the holders of profit participation certificates 2001 and may positively affect the assessment basis for determining the share of loss in favor of the holders of profit participation certificates 2001.

The adjustment for impairments of goodwill applies to the consolidated annual net income but not to the profit distribution provision in Section 4, paragraph 3 of the Terms and Conditions for the Issuance of Profit Participation Certificates of 2001, which pertains solely to the annual net income of Bertelsmann AG.

Further details will be published in the announcement concerning the interpretation of the assessment bases in the Terms and Conditions for the Issuance of Profit Participation Certificates of 2001, scheduled to appear on September 1, 2009, in the electronic version of the Federal Gazette (*Bundesanzeiger*) and in the Financial Times Deutschland.

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# Bertelsmann

AKTIENGESELLSCHAFT

Gütersloh

— Wertpapier-Kenn-Nummern

522 990, 522 991 —

## Bekanntmachung über die Ausschüttung auf das Gewinnkapital

An die Inhaber unserer Genussscheine im Gesamtbetrag von DM 996 925 730,- wird aufgrund der Genussscheinbedingungen für das Geschäftsjahr 1998/99 ein Gewinnanspruch in Höhe von 15% des Grundbetrages der Genussscheine, das sind DM 15,- je Genussschein im Grundbetrag von DM 100,- ausgezahlt.

Genau § 4 der Genussscheinbedingungen sieht sich die Ausschüttungshöhe nach der erzielten Gesamtkapitalrendite, die nach § 4 Abs. 2 a) auf Basis des Konzernjahresüberschlusses ermittelt wird, im Geschäftsjahr 1998/99 zwischen — internationalen Gegebenheiten folgend — erstmals die Abschreibungen auf Firmenwerte aus Konzidierung zu Lasten der G + V erfasst und an ihm bisher unmittelbar mit den Rücklagen verrechnet, wodurch der ausgewiesene Konzernjahresüberschuss sinkt. Die Gesellschaft hat beschlossen, künftig bei der Berechnung der Ausschüttung auf die Genussscheine nach § 4 Abs. 1 der Genussscheinbedingungen die Ergebnisbelastungen durch die Firmenwertabschreibungen wieder zu berücksichtigen.

Genau § 6 der Genussscheinbedingungen hat der Abschlußprüfer unseres Unternehmens die Zerfütigung des Gewinnantrags und des Gewinnanspruchs geprüft. Über das Ergebnis dieser Prüfung hat der Abschlußprüfer folgenden Bestätigungsvermerk erteilt:

Genau § 6 der Genussscheinbedingungen bestätigen wir als Abschlußprüfer der Bertelsmann AG, daß der Gewinnantrag und der Gewinnanspruch für das am 30. Juni 1999 beendete Geschäftsjahr nach § 4 und § 5 der Genussscheinbedingungen mit 15% ermittelt wurden, wobei zugunsten der Genussscheininhaber die Abschreibungen auf Firmenwerte nicht als Aufwand verrechnet wurden.

Abschließend von § 8 der Genussscheinbedingungen, wonach der Gewinnanspruch erst am ersten Bankarbeitstag nach der ordentlichen Hauptversammlung fällig ist, wird die Ausschüttung bereits

vom 30. November 1999 an

gegen Erreichung des Ausschüttungsanteilschirms Nr. 8 (WKN 522 990) bzw. über die Deutsche Börse Clearing AG durch die deponierenden Kreditinstitute (WKN 522 991) unter Abzug von 25% Kapitalantragssteuer sowie 5,5% Solidaritätszuschlag auf die Kapitalantragssteuer gezahlt.

Zahlstellen sind neben der Gesellschaftskasse die Niederlassungen folgender Kreditinstitute:

- Deutsche Bank AG
- Commerzbank AG
- Bayerische Hypo und Vereinsbank AG
- Bankgesellschaft Berlin AG
- BHF-BANK Aktiengesellschaft
- IG BANK Deutsche Genossenschaftsbank
- Dresdner Bank AG
- Westdeutsche Landesbank Girozentrale
- Westfalembank AG

Vom Abzug der Kapitalantragssteuer und des Solidaritätszuschlags wird abgesehen, wenn ein Genussscheininhaber dem deponierenden Kreditinstitut eine Nicht-Veranlagungsberechtigung des Wohnsitzfinanzamtes eingelegt hat. Entsprechendes gilt, sofern der Genussscheininhaber seiner Deposizbank einen Freistellungsantrag erzielt hat, im Rahmen des dort genannten Freistellungsfests.

Gütersloh, im November 1999

Der Vorstand