

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

## **Articles of Association** of Bertelsmann SE & Co. KGaA in Gütersloh

in the version as of  
November 3, 2016

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### **§ 1** **Company Name and Registered Office**

The name of the Company in the form of a partnership limited by shares is

**Bertelsmann SE & Co. KGaA<sup>1</sup>.**

The registered office of the Company is in Gütersloh.

### **§ 2** **Company Object**

- (1) As the Group Holding, the Company manages a group of media and service companies which transact business, in particular, in the following fields:
- Manufacture, sale of products as well as the administration and exploitation of rights in the fields of television, music and film as well as radio and other forms of electronic or digital individual and mass communication, in particular, the manufacture and sale of television and radio contributions and programs, television and cinema movies, music contributions and programs of all kinds; dissemination of television and radio programs and other electronic or digital communications offerings as well as respective program segments as television and radio organizer and as provider of electronic or digital communications services of all kinds;
  - Publishing and sale of books of all kinds (including audiovisual, electronic and digital issues, independent of the technical sales channel), in particular, the operation of book publication and trading companies and related companies, both trade publisher as well as companies for the sale of commercial and specialized information for commercial and private consumers;
  - Publishing and sale of newspapers, magazines and other printed products of all kinds (including electronic and digital issues, independent of the technical sales channel);

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<sup>1</sup> a partnership limited by shares with a Societas Europaea (SE) - a company incorporated under European law - as general partner

- Performance of services of all kinds for commercial and private consumers, namely in the fields of media, communication, outsourcing and education as well as the business activities related thereto, including the manufacture and the sale of printing, electronic technical products, sound, data and image storage media of all kinds as well as the administration and exploitation of rights of all kinds (with and without copyright or other intellectual property rights).
- (2) The Company can also transact business itself in the fields designated in para. 1 hereof, in particular, also undertake 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. The Company is entitled to render services to its subsidiaries in return for payment.
- (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**

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 (in words: one billion Euros). 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 registered shares.
- (3) The form and the content of the share certificates shall be determined by the General Partner. The shareholders shall not be entitled to request that share certificates are issued for their shares.
- (4) The share capital available at the reorganization of the Company into a partnership limited by shares (KGaA) was contributed by the change of the legal form of the previous legal entity, Bertelsmann AG with its registered office in Gütersloh.

### **§ 5 a**

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

- (1) The nominal capital represented by participation shares amounts to € 301,329,017.75 (in words: three hundred and one million three hundred twenty nine thousand seventeen Euros and seventy-five cents). It is divided into two 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 € 0.01 each (in words: one Euro Cent). They participate in the profits and losses of the Company.

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 € 10.00 each (in words: ten Euros). They participate in the profits and losses of the Company. § 5 a, para. 2, subpara. 2 shall apply for the termination of the participation certificates.
- (4) 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**  
**General Partner**

- (1) The General Partner of the Company is

**Bertelsmann Management SE**

with its registered office in Gütersloh.

- (2) The General Partner has not made a special contribution (*Sondereinlage*). It shall participate neither in the profits or losses of the Company nor in its assets.
- (3) With the approval of the Annual Shareholders' Meeting, additional general partners may join the Company. The regulations contained in these Articles of Association apply respectively to newly joining general partners.

**§ 7**  
**Management and Representation of the Company, Reimbursement of Expenses and Remuneration**

- (1) The Company shall be represented by its General Partner. Vis-à-vis the General Partner, the Company shall be represented by the Supervisory Board.
- (2) The General Partner shall be responsible for the management of the Company. The General Partner's management competence also encompasses exceptional management measures. The shareholders' right to consent to exceptional management measures at the Annual Shareholders' Meeting is excluded.
- (3) The General Partner shall be reimbursed for any and all expenses in connection with the management of the Company's business which includes the remuneration, meeting attendance compensation and expenses of its Executive Board and Supervisory Board members as well as the costs for meeting the pension claims of its Executive Board members, in addition to a supplementary amount equal to 5 % of the total expense per calendar year, albeit not to exceed EUR 100,000.00 per calendar year. Furthermore, the income tax expense shall be reimbursed. The costs for meeting the pension claims of its Executive Board members shall be reimbursed already at the date that the provisions are established as well as, as applicable, if the actual pension benefits to be paid exceed the amount of the respective provision. Should the General Partner secure the fulfillment of the pension claims through a third party then also the increased payments, as applicable, for the respective securing shall fall within the costs to be reimbursed.
- (4) As consideration for assuming the management of the Company and the liability, the General Partner shall receive from the Company an annual remuneration of 4 % of the share capital of Bertelsmann Management SE which shall be independent of a profit or loss, plus any owed statutory VAT.

- (5) The General Partner is not authorized to undertake transactions for its own or for another's account outside the scope of its responsibilities within the Company.

## **§ 8 Supervisory Board**

- (1) The Supervisory Board shall be comprised of 18 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 75 years old. Supervisory Board members who turn 75 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 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 Chairman**

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.

## **§ 10 Voting**

- (1) Supervisory Board meetings should be convened in writing by the Chairman 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 or 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 or voting of the Supervisory Board can also be made in writing, by telephone, by telefax or by e-mail or in any other

comparable form. No right to object to this form of 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 of the Company which cause a reduction of the quota of their shares in the share capital in Bertelsmann SE & Co. KGaA 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, Meeting Attendance Compensation and Reimbursement of Expenses**

In addition to the reimbursement of their expenses, members of the Supervisory Board shall receive a remuneration plus possible statutory value added tax. Members of the Supervisory Board Committees shall, in addition, receive meeting attendance compensation plus possible statutory 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. In addition, any employer contributions for social insurance resulting under foreign laws for Supervisory Board activity shall be paid or reimbursed to the Supervisory Board member.

## **§ 12**

### **Annual Shareholders' Meeting**

- (1) The Annual Shareholders' Meeting shall be convened by the General Partner 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 General Partner 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 electronic Federal Gazette.

### **§ 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 capital majority is necessary – with a simple capital majority, unless otherwise mandatorily required by law.
- (2) Each share shall grant one vote.
- (3) Resolutions of the Annual Shareholders' Meeting shall require the approval of the General Partner, insofar as such concern matters for which, with limited partnerships, according to statutory regulations, the approval of the General Partner and limited partners is required. In deviation of sentence one herein, the approval of the General Partner is not necessary for the following resolutions of the General Shareholders' Meeting:
  - Measures of capital procurement or decrease of capital (§§ 182 to 240, 278, para. 3 AktG);
  - Resolutions concerning the election and removal of members of the Supervisory Board of the Company (§§ 101, 103, 278, para. 3 AktG)
  - Resolutions concerning the remuneration of members of the Supervisory Board of the Company (§§ 113, 278, para. 3 AktG);
  - Amendments to the Articles of Association of the Company for which the law does not foresee any mandatory voting share majority of three-quarters or more, with the exception of amendments of the regulations pursuant to §§ 6 and 7 of the Articles of Association; resolutions concerning measures of capital procurement or capital decrease (§§ 182 to 240, 278, para. 3 AktG) including the respective amendment to the Articles of Association shall in no case, regardless of the voting majority foreseen respectively by law, require the approval of the General Partner.

### **§ 15 Accounting and Reserves**

- (1) The General Partner shall be authorized to allocate up to 50 % of the annual net profits to other reserves with the preparation 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.

- (2) The annual financial statements shall be formally approved by resolution of the Annual Shareholders' Meeting with the consent of the General Partner.

## **§ 16 Formation Expenses**

The Company shall bear the formation expenses (reorganization costs) in connection with the formation, especially the costs of the commercial registry fees and notarial fees, accruing taxes as well as the notification costs and of a reorganization audit up to a total amount of € 1,700,000.00 ( in words: one million seven hundred thousand Euros).