

Bertelsmann SE & Co. KGaA · Postfach 111 · 33311 Gütersloh

Notice regarding the

EUR 600,000,000 Subordinated Notes (ISIN: XS1222594472)
(the *Subordinates Notes*)

issued by

Bertelsmann SE & Co. KGaA

Declaration of Waiver

Gütersloh, November 12, 2015. Bertelsmann SE & Co. KGaA herewith irrevocably declares in relation to all present and future holders of Subordinated Notes the waiver (*Verzicht*) of its right to call and redeem the Subordinated Notes pursuant to § 5 (3) (a) of the terms and conditions of the Subordinated Notes if the termination right would be based solely on the occurrence of a Rating Agency Event due to “the application of a different hybrid capital methodology or set of criteria by the Relevant Rating Agency (due to changes in the rating previously assigned to the Issuer or to any other reasons)” as specified in the definition of “Rating Agency Event” (§ 5 (4) (ii) of the terms and conditions of the Subordinated Notes).

Excerpt from the terms and conditions of the Subordinated Notes

§ 5 (3) (a) of the terms and conditions reads as follows:

“If either a Gross-up Event, a Tax Event or a Rating Agency Event occurs, the Issuer may call and redeem the Subordinated Notes (in whole but not in part) at any time upon giving of not less than 30 and not more than 60 days' irrevocable notice in accordance with § 11.

If the Subordinated Notes are called by the Issuer upon the occurrence of a Gross-up Event, each outstanding Subordinated Note will be redeemed at its Principal Amount plus any Remuneration accrued to but excluding the Redemption Date and any Deferred Remuneration Payments.

If the Subordinated Notes are called upon the occurrence of a Rating Agency Event or a Tax Event each outstanding Subordinated Note will be redeemed (i) at 101 per cent. of its Principal Amount plus any Remuneration accrued to but excluding the Redemption Date and any Deferred Remuneration Payments if such redemption occurs prior to the First Call Date, or (ii) at its Principal Amount plus any Remuneration accrued to but excluding the Redemption Date and any Deferred Remuneration Payments if such redemption occurs on or after the First Call Date.”

The definition of “Rating Agency Event” as defined in § 5 (4) of the terms and conditions reads as follows:

“A “Rating Agency Event” has occurred if after the Issue Date the Issuer has received written confirmation from any rating agency from whom the Issuer is assigned a sponsored rating (whereby sponsored rating shall refer to a rating assigned by a rating agency with whom the Issuer has a contractual relationship under which the Subordinated Notes are assigned an equity credit) (the “Relevant Rating Agency”) or the Relevant Rating Agency publishes that (i) an amendment, clarification or change has occurred in the hybrid capital methodology or (ii) *the application of a different hybrid capital methodology or set of criteria by the Relevant Rating Agency (due to changes in the rating previously assigned to the Issuer or to any other reasons)* which, in each case, has resulted in a lower equity credit for the Subordinated Notes

than the respective equity credit assigned by the Relevant Rating Agency on the Issue Date, or if equity credit is not assigned on the Issue Date, at the date when the equity credit is assigned for the first time.“

Background

On 27 October 2015, Standard & Poor's (**S&P**) released a publication entitled "Standard & Poor's Affirms Various Ratings Following Review Of Corporate Hybrid Equity" stating that it has revised the equity content that S&P has assigned on several corporate hybrid capital instruments, including in respect of the EUR 650,000,000 Subordinated Notes (ISIN: XS1222591023) and the EUR 600,000,000 Subordinated Notes (ISIN: XS1222594472) issued by Bertelsmann SE & Co. KGaA on 23 April 2015, to "minimal" from "intermediate". In its publication, S&P expressed concerns about provisions in the terms and conditions of such hybrid capital instruments allowing the issuer to call the hybrid capital instruments if equity content is lowered for wider reasons, including as a result of a change in the rating previously assigned.

Through the above declaration of waiver, Bertelsmann SE & Co. addresses S&P's concerns in order to secure the "intermediate" equity content for the Subordinated Notes. As a result of this waiver, the right to call and redeem any of the Subordinated Notes in the aforementioned circumstances is eliminated. Any notice to call and redeem the Subordinated Notes if given by reference to a Rating Agency Event due to the application of a different hybrid capital methodology or set of criteria by the Relevant Rating Agency (due to changes in the rating previously assigned to the Issuer or to any other reasons) as specified in the definition of "Rating Agency Event" (§ 5 (4) (ii) of the terms and conditions of the Subordinated Notes) despite this waiver would be without legal effect.

For the avoidance of doubt, this waiver only extends to the right to call and redeem the Subordinated Notes upon occurrence of a Rating Agency Event due to the application of a different hybrid capital methodology or set of criteria by the Relevant Rating Agency (due to changes in the rating previously assigned to the Issuer or to any other reasons) as specified in the definition of "Rating Agency Event" (§ 5 (4) (ii) of the terms and conditions of the Subordinated Notes) and does not affect any other call or redemption rights provided for in the terms and conditions of the Subordinated Notes.

Bertelsmann SE & Co. KGaA



Dr. Thomas Rabe

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Dr. Roger Schweitzer