2009

Interim Report

BERTELSMANN

media worldwide

Bertelsmann at a Glance

Key Figures (IFRS)

in € millions	H1 2009	H1 2008
Business Development		
Consolidated revenues (continuing operations)	7,198	7,720
RTL Group	2,588	2,864
Random House	734	766
Gruner + Jahr	1,217	1,361
Arvato	2,243	2,270
Direct Group	581	660
Operating EBIT (continuing operations)	475	685
Return on sales	6.6 %	8.9 %
Group profit or loss	(333)	372
Investments	381	430
	06/30/2009	12/31/2008
Group Balance Sheet		
Equity	5,593	6,231
Equity ratio	29.8 %	31.0 %
Total assets	18,798	20,132
Economic debt[1]	6,834	6,627
Employees (headcount) (continuing operations)		
Germany	37,481	38,421
International	65,971	68,733
Total	103,452	107,154

The previous year's figures have been adjusted for the amounts reclassified as continuing operations.

[1] Net financial debt plus provisions for pensions, profit participation capital and present value of operating leases (continuing operations)

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Highlights of the 1st Six Months

RTL Group

- Growing viewer market shares for RTL Group's families of channels in key markets
- Newly acquired Alpha TV in Greece reports continuously rising viewer figures thanks to new program policy
- More than 470 million videos downloaded from all of RTL Group's online platforms: professional TV content on the Internet is a hit

Random House

- Random House enjoys strong presence on bestseller lists in its core markets
- Three Random House titles honored with Pulitzer Prize; author Jens Petersen receives Ingeborg Bachmann Prize
- E-book key-market leadership growing

Gruner + Jahr

- G+J continues to push innovation in publishing: several new launches
- Further internationalization of "Geo" brand with licensing in Brazil and website launch in eight European countries
- G+J co-initiates "European Charter for Freedom of the Press" and "Hamburg Declaration" for protection of intellectual property in the age of digitization

Arvato

- New logistics center enhances position as leading services provider to European games industry
- Arvato Services enjoys sustained growth in China: first-half revenues up by 84 percent
- Arvato Digital Services now handles digital media archiving for Universal Music Group International

Direct Group

- French bookstore chain merged with online bookseller "Chapitre.com"
- Online share of media club revenues increased
- Progress in restructuring of club operations in Southern Europe

Ladies and Gentlemen,

Bertelsmann, the international media company, has been able to soften the negative impact of the global economic crisis considerably with a group-wide cost and efficiency program. While, as expected, the downturn of the advertising markets and the consumer spending slowdown in many countries caused a decline in consolidated revenues and operating EBIT in the first half of 2009, the measures initiated to stabilize the core businesses have begun to show positive effects across all corporate divisions. Their full effect on results will be reflected during the second half of the year. We have improved our starting situation for the months ahead by including all discernible risks for the 2009 fiscal year on the first-half balance sheet. We are also seeing positive signs from the services sector, which reports a rise in demand for outsourcing because of the increased pressure among many companies to streamline.

Every Bertelsmann division, including the Corporate Center, has systematically reviewed all of its costs and structures over the past few months. The decentralized measures taken by Bertelsmann's entrepreneurs and employees as part of this program are extremely wide-ranging and varied. They range from lowering energy consumption and the cost of materials and production to renegotiating contracts, increasing productivity by optimizing processes, and running overhead projects or programs to safeguard specific plants. Unfortunately, they also sometimes involve personal sacrifices or job cuts. This year alone, these measures will save us more than 900 million euros. The top priority at this point is to stabilize Bertelsmann's existing businesses, preserve liquidity, and preserve the operating result. In this way, we will continue to develop our company and create the conditions for future growth. Despite positive signs, the second half of the year still will be a time of cost cuts, and it is too early to sound a general all-clear. But as always, the second six months will be decisive for our business year. These months ahead will bring new challenges for which we have prepared ourselves well during the first half.

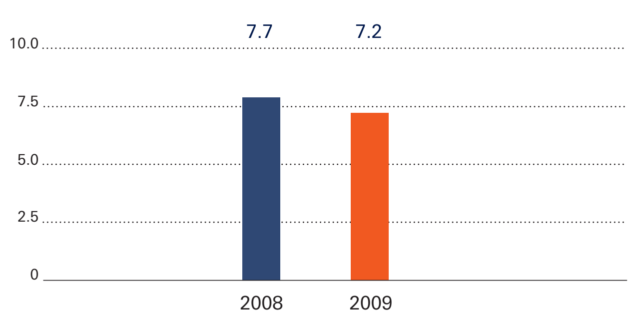
Yours,

Hartmut Ostrowski
Chairman and CEO, Bertelsmann AG

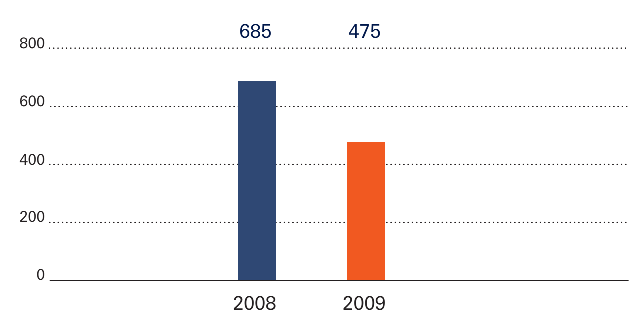
Group Interim Management Report

Against the backdrop of the global economic crisis, Bertelsmann reported a decline in revenues and results in the first half of 2009. Driven primarily by shrinking advertising markets, consolidated revenues fell to €7.2 billion in H1 2009 from €7.7 billion in a strong H1 2008. Operating EBIT from continuing operations fell €210 million to €475 million (H1 2008: €685 million). Large special items contributed to net income of €-333 million (H1 2008: €372 million). The effects of the economic crisis on the advertising markets remain difficult to predict. The service business continues to provide positive impetus. Cost-cutting activities are beginning to take effect throughout the Group; their full impact on earnings will be revealed in the second half of the year. A high cash flow generated by operations accompanies this trend. Bertelsmann is on a solid financial footing, has excellent liquidity available and access to adequate unutilized credit facilities.

Revenues in € billions



Operating EBIT in € millions



Business and Economic Conditions

Description of Business and Organizational Structure

Bertelsmann is a media company with global operations in television (RTL Group), books (Random House), magazines (Gruner + Jahr), media services (Arvato), and media clubs (Direct Group). Bertelsmann AG is an unlisted stock corporation under German law with a two-tier system of management and governance. Bertelsmann AG acts as an operational management holding company for the corporation. It controls the Group's business policy and strategic management.

The Bertelsmann Stiftung foundation holds 76.9 percent of Bertelsmann AG shares, with the other 23.1 percent held indirectly by the Mohn family. Bertelsmann Verwaltungsgesellschaft (BVG) controls all voting rights at the General Meeting of Bertelsmann AG.

The Executive Board is responsible for the entrepreneurial management of the Group. The Bertelsmann AG Articles of Association and resolutions adopted by the Group Executive Board, Supervisory Board and the Annual General Meeting form the basis for corporate governance and management in accordance with strategy, Group targets and corporate culture.

Internal financial management and reporting are conducted on the basis of the Group's organizational structure, consisting of the divisions RTL Group, Random House, Gruner + Jahr, Arvato and Direct Group. RTL Group businesses focus on television, radio and TV production. Random House's operations are concentrated in the book market. Magazine publisher Gruner + Jahr's operations encompass the magazine and printing business. Arvato's activities include media and communication services. Direct Group – with its media clubs, bookstores, publishing houses and distribution companies – is focused on the key European markets of Germany, France and Spain.

Strategy

Bertelsmann's core business consists of media content as well as media-related production operations and services for both Group and non-Group customers. The current strategic focus is on optimizing, securing and developing the core business and identifying new growth businesses. The Executive Board focuses on safeguarding and strengthening the company in view of the rapid economic decline since the second half of 2008. It has taken appropriate action with restructuring in all divisions, strict cost discipline, cautious investment activities and increased liquidity reserves.

Bertelsmann benefits from a portfolio that is balanced in terms of revenue sources. Revenues are generated from media content, advertising, direct-to-customer businesses and media services (including production revenues). Businesses that tend to follow a steady market-growth pattern are complemented by units that are subject to a greater extent to cyclical influences. Western Europe (in particular Germany, France, Spain, U.K.) and the U.S. are the key markets.

Bertelsmann sees the focus of future investments in these markets as well, with a concentration on businesses with strong prospects for growth. At the same time, Bertelsmann seeks to strengthen its presence in large growth markets.

Controlling Systems

Bertelsmann's overriding economic objective is continuous growth of the company's value through a steady increase in earnings. The profitability from operations and return on invested capital are measured as Bertelsmann Value Added (BVA). This focus on enterprise value is reflected in the management of Group operations and of its strategic investments and portfolios; as an element within the management compensation system, it is integral to all business activities. Group BVA was €-153 million in H1 2009 (H1 2008: €-70 million).

Another key performance indicator alongside BVA is operating EBIT. Operating EBIT is calculated before financial result and taxes, and adjusted for special items. This procedure yields a normalized, sustainable performance indicator that helps to improve predictability and comparability. Operating EBIT from continuing operations came to €475 million in the period under review.

Operating free cash flow also plays a major role within the Bertelsmann financial management system, as measured applying the cash conversion rate. The Group aims to maintain a cash conversion rate of 95 to 100 percent as a long-term target. The cash conversion rate in H1 2009 was 115 percent (H1 2008: 111 percent).

Bertelsmann's internal financial targets are likewise part of the management and controlling system (see the section entitled "Financial Guidelines").

Significant Events in the Current Fiscal Year

The club businesses of Direct Group in the U.K. were sold to the holding company Aurelius with effect from January 1, 2009. Also on January 1, 2009, the operations of Direct Group in the Netherlands and Belgium were sold to Clearwood B.V. The aforementioned businesses were included in discontinued operations as of December 31, 2008.

In January 2009, Bernd Buchholz took over as Executive Board Chairman of Gruner + Jahr from Bernd Kundrun, who resigned.

Also in January 2009, Bertelsmann AG issued a five-year bond in a €500 million transaction. This bond was increased by €250 million in April 2009 to €750 million.

Overall Economic Developments

The global economy is currently experiencing a profound downturn, although some economic experts and research institutes feel the recession has already bottomed out. The European Central Bank feels that although the latest indicators do point toward a weakening of the global economic downturn, there are not yet concrete signs that a sustainable recovery has begun.

This assessment is confirmed by the Kiel Institute for the World Economy, which sees more and more indicators in the course of the first six months of 2009 that point toward a slowing of the decline. OECD calculations, for example, show that in May 2009, the global Purchasing Managers Index (PMI) reached its highest level since September 2008.

Meanwhile, real economic development in the U.S. has remained modest. According to the latest estimates of the European Central Bank (ECB), growing consumer confidence and higher consumer spending shored up the U.S. national economy in the first half of 2009 after a significant fall in actual GDP.

Germany reported drastic declines in production at the beginning of the year. According to the Deutsche Bundesbank, 2009 began with a decline in gross domestic product caused by the strong decline in exports. The economy grew stronger by midyear. According to figures from the Kiel Institute for the World Economy, the decline in industrial production slowed down in the second quarter of 2009, monetary conditions improved significantly and exports stabilized. Experts all caution against premature optimism, however, warning that global economic developments do not yet provide clear signs that a consistent recovery has begun.

Developments in Relevant Markets

As forecast, the European television advertising markets continued their downward trend in the first six months of 2009 in the face of the economic crisis. The advertising markets in which Bertelsmann operates posted declines of 10 to 25 percent from the same period last year.

Book markets stagnated in the first six months of 2009 both in the U.S. as well as in Germany and Great Britain. The book market in the U.S., in particular, suffered from declining consumer activity and a draw-down of bookseller inventories. The magazine advertising markets fell sharply in Germany and France due to the economic crisis. The printing markets in both Europe and the United States showed further declines in the first half of 2009 and faced significant price pressure and declining volumes. The trend in the markets for services ranged from stable to slightly declining.

Results of Continuing Operations

The following earnings analysis is based on segment reporting and thus on continuing operations as of June 30, 2009.

Revenue

Revenue from continuing operations was €7.2 billion, down from the previous year (H1 2008: €7.7 billion). The trend in the advertising market was the main reason for this 6.8 percent decline. Adjustment for portfolio and exchange rate effects resulted in an organic decline of 7.6 percent.

Revenues in all divisions were lower in H1 2009 than during the same period last year. The trend in advertising markets is reflected in the performance of RTL Group and Gruner + Jahr, even though both divisions outperformed their respective markets in some areas. The diversification operations of RTL Group enjoyed positive growth. The revenue trend at Random House and Arvato was relatively stable compared to the first half of 2008. At Arvato, revenue declines concentrated in the printing business were compensated with continued positive growth in services. Revenues at Direct Group were below the corresponding period last year.

There were only minor changes in the geographical breakdown of revenues from continuing operations compared to H1 2008. The share of revenues generated in Germany fell slightly to 34.3 percent from 35.7 percent in the previous year. The share of revenues generated in the other European countries was 48.1 percent, compared to 48.3 percent in the previous year. The U.S. share of total revenues grew from 11.4 percent to 12.9 percent. Other countries accounted for 4.7 percent (H1 2008: 4.6 percent). Overall, the proportion of total revenues attributable to countries other than Germany increased from 64.3 percent to 65.7 percent. The percentage of revenues derived from the four business categories (content, advertising, direct-to-customer, and media services including production revenues) remained largely unchanged compared to H1 2008.

Overall, Bertelsmann was able to partially cushion the impact of the economic crisis in the first half of 2009 thanks to the diversification of its businesses. The dimensions and dynamics of the overall economic decline in key markets, however, made it impossible to move any closer to the high figures set in the same period last year.

Operating EBIT and Operating EBITDA

Bertelsmann achieved an operating EBIT of €475 million from continuing operations in the period under review (H1 2008: €685 million). Return on sales was lower year-on-year at 6.6 percent (H1 2008: 8.9 percent).

All divisions except Arvato reported declines in the operating EBIT due to the economic crisis. RTL Group and Gruner + Jahr have a high proportion of fixed costs in their advertising-dependent operations, so the decline in revenues had a corresponding effect on the operating EBIT. Countermeasures partially compensated for the downturn in business. Arvato's operating EBIT was slightly above the previous year, while Random House reported a decline in operating EBIT. Direct Group was also below the previous year's figure.

Operating EBITDA from continuing operations fell to €752 million in the first half of 2009 from €954 million in the previous year.

Special Items

Special items came to €-474 million in the first half of 2009, from €-44 million in the previous year. Special items in the first half of 2009 were overwhelmingly attributable to restructuring costs and valuation allowances. Restructuring costs and valuation allowances on assets in the amount of €-236 million were distributed across all divisions and included the effects of programs for increasing efficiency and optimizing organizational and cost structures. At Prinovis there were valuation allowances on assets in the amount of €111 million. The effects of the economic crisis also resulted in a re-evaluation of the individual business areas' earnings expectations, including for TV operations in Great Britain. In this context, the first half of 2009 saw impairment of goodwill and intangible assets with indefinite useful life totaling €-232 million. The balance of capital gains and losses is €15 million (previous year: €10 million).

Net Income

Adjusting the operating EBIT for special items of €-474 million resulted in an EBIT of €1 million (H1 2008: €641 million). Net income from financing activities was € -205 million, at the same level as the previous year (H1 2008: €-201 million). Income tax expenses, however, increased significantly to €-129 million (H1 2008: €4 million). The reassessment of the deferred tax assets in Germany had reduced tax expenses in the previous year.

Consolidated net income decreased from €372 million in the previous year to €-333 million. The previous year's figure included earnings after taxes from discontinued operations of €-72 million, attributable predominantly to Bertelsmann's 50 percent stake in the Sony BMG joint venture. The interest of Bertelsmann AG shareholders in the net income was €-368 million (H1 2008: €284 million). Minority interests accounted for €35 million (H1 2008: €88 million).

Results of Discontinued Operations

The discontinued operations reported separately for the previous year had no effect on earnings during the period under review.

Assets and Financial Analysis

Financial Guidelines

The primary objective of Bertelsmann AG's financial policy is to achieve a balance between financial security, return on equity and growth. The Group's financing policy is therefore based on the requirements of a "Baa1/BBB+" credit rating and the qualitative and quantitative criteria pertaining thereto. Credit ratings and transparency play an important role in maintaining Bertelsmann's financial security and independence. The economic crisis, in particular, has validated this view.

The Bertelsmann Group is centrally financed by Bertelsmann AG and its financing company Bertelsmann U.S. Finance LLC. Bertelsmann AG is responsible for providing the Group companies with adequate liquidity. Bertelsmann AG also manages the issuance of guarantees and letters of comfort for Group companies. The Group forms a single financial unit, thereby optimizing capital procurement and investment opportunities.

Bertelsmann utilizes a financial control system employing quantitative financial targets concerning the Group's economic debt and, to a decreasing extent, its capital structure.

A key financial target is the dynamic leverage factor calculated as the ratio of economic debt to operating EBITDA (after modifications), and limited to a maximum of 3.0. Economic debt is defined as net financial debt plus provisions for pensions, profit participation capital and present value of operating leases.

Another key financial target is the coverage ratio (interest coverage ratio), with a target value of above 4.0. This metric is calculated as the ratio of operating EBITDA to the financial result.

Net financial debt was €3,608 million as of June 30, 2009, compared to €3,445 million as of December 31, 2008. Economic debt from continued operations came to €6,834 million (from €6,627 million).

Bertelsmann's net cash and cash equivalents as of June 30, 2009, is €1,339 million (from €1,583 million as of December 31, 2008). Bertelsmann also has access to credit facilities of some €1.5 billion. These credit facilities were unutilized as of June 30, 2009. Part of this credit reserve is a syndicated loan of €1.2 billion available until 2012 on a revolving basis.

Financing Activities

In January 2009, Bertelsmann AG issued a public bond in a €500 million transaction with a five-year term. This bond was increased by €250 million in April 2009. In the spring of 2009, Bertelsmann AG issued €30 million in five-year promissory notes. In the first half of 2009, Bertelsmann AG redeemed two mature bonds with a total volume of €850 million.

These financing activities were made in view of emerging difficulties on the capital markets and in part to secure prefinancing of maturities. Subject to the uncertain duration of the economic crisis and economic outlook, Bertelsmann does not currently expect interest rate changes to materially impact the average financing costs based on the company's medium- to long-term financing strategy.

Group Cash Flow Statement (Summary)

in € millions	H1 2009	H1 2008
Cash flow from operating activities	546	779
Cash flow from investing activities	(290)	(387)
Cash flow from financing activities	(516)	(620)
Change in cash and cash equivalents	(260)	(228)
Currency effects and other changes in cash and cash equivalents	16	(285)
Cash at 1/1	1,583	1,131
Cash at 6/30	1,339	618

Rating

Bertelsmann has had an issuer credit rating from rating agencies Standard & Poor's and Moody's since June 2002. Bertelsmann is currently rated "Baa1" (outlook: negative) by Moody's and "BBB" by S&P (outlook: stable). Both credit ratings are thus in the category of investment grade. Bertelsmann's short-term credit quality rating remains unchanged at "P 2" from Moody's and "A 2" from S&P.

Cash Flow Statement

The Bertelsmann cash flow statement is calculated based on EBIT. In the period under review, Bertelsmann generated net cash from operating activities of €546 million (H1 2008: €779 million).

Cash flow from investment activities was €-290 million (H1 2008: €-387 million). A cash flow of €-516 million was used for financing activities in the period under review (H1 2008: €-620 million). Dividends totaling €-268 million were paid to Bertelsmann AG shareholders and minority shareholders of consolidated subsidiaries, and included further payments to shareholders according to IAS 32 (H1 2008: €-306 million). As of June 30, 2009, the Bertelsmann Group had cash and cash equivalents of €1,339 million (H1 2008: €618 million).

Investments

Bertelsmann sharply reduced its capital expenditure in the first half of 2009 as a result of the economic crisis. Investments in intangible assets, in property, plant and equipment, and in financial assets – including purchase price payments – were reduced by €49 million in the first half of 2009 to €381 million (H1 2008: €430 million). Investments in intangible assets came to €82 million (H1 2008: €97 million). Investments in property, plant and equipment were €148 million (H1 2008: €201 million). Investments in financial assets were reduced to €21 million (H1 2008: €50 million). Part of the purchase price payments for consolidated investments (less cash and cash equivalents) of €130 million (H1 2008: €82 million) is attributable to obligations from fiscal year 2008.

Group Balance Sheet

Total assets came to €18.8 billion as of June 30, 2009 (December 31, 2008: €20.1 billion). Equity fell from €6.2 billion as of December 31, 2008, to €5.6 billion as of June 30, 2009. This constitutes an equity ratio of 29.8 percent (December 31, 2008: 31.0 percent). Provisions for pensions increased slightly from €1,409 million to €1,415 million.

Other Information

Employees

Bertelsmann had 103,452 employees worldwide as of June 30, 2009 (December 31, 2008: 107,154) in continuing operations.

Changes to the Supervisory Board

On May 5, 2009, the Bertelsmann AG General Meeting approved the appointment of Christa Gomez to the Supervisory Board. Ms. Gomez succeeds long-time Supervisory Board member Oswald Lexer, who passed away in June 2008.

Significant Events after the Closing Date

On July 8, 2009, Bertelsmann and Kohlberg Kravis Roberts & Co. L.P. (KKR) agreed to establish a joint venture for the BMG Rights Management music rights business.

On July 17, 2009, the Supervisory Board elected Bernd Buchholz, CEO of Gruner + Jahr, to the Bertelsmann AG Executive Board.

Risk Report

Please refer to the 2008 Group management report for information about the risk management system and process.

There has been no significant change since the 2008 Group management report in the assessment of significant risks to which Bertelsmann sees itself exposed. This assessment can be augmented by the following trends and additions:

The risk position in the first half of 2009 was characterized primarily by the economic crisis. The global economic downturn predicted for 2009 materialized. Restructuring in individual businesses, cost-cutting programs, cautious investment activities and an increase in liquidity reserves through capital market issues actively counteracted this by a total of €780 million in the first half of 2009.

Increased customer default risk and stricter credit insurance requirements were also identified in the first half of 2009, leading to the use of special control mechanisms. This trend could lead to corresponding revenue losses and/or negative effects on earnings in some businesses, even culminating in the loss of larger clients. Because of the broad diversification of Bertelsmann businesses, however, there are no concentration risks stemming from dependency on individual suppliers or customers. The stability of the Group's financial position is unchanged, with adequate liquidity beyond 2010 in the form of available cash and unutilized credit facilities.

Overall, no risks endangering the continued existence of Bertelsmann AG were identified in the first half of 2009. Nor are there, from today's perspective, any substantial risks that could threaten the continued existence of the Group.

Opportunities

The assessment of opportunities has not changed substantially compared to the presentation in the 2008 Group management report. Bertelsmann's opportunities will undoubtedly be impacted by the adverse economic developments that have been forecast. Given the diversification of the portfolio of businesses and its entrepreneurial potential, Bertelsmann still sees itself in a position to convert business opportunities into profits for the Group successfully over the medium to long term.

Outlook

Following an unprecedented downturn in the global economy at the beginning of 2009, the decline seems to be slowing. The Kiel Institute for the World Economy forecasts strong economic activity in the coming months, the prerequisite for gradual stabilization of the economy. However, the European Central Bank sees continued risks in rising commodity prices, an increasingly unfavorable labor market, existing global imbalances and a negative feedback loop between the real economy and turbulences on the financial market.

Looking at the economic situation in Germany, the Kiel Institute for the World Economy assumes that after a phase of profound recession, the economy will recover at a very low level. However, this is dependent on a stabilization in the banking sector and global trade, including exports. But these indicators are not to be interpreted as unambiguous signals for the start of a continuous recovery. The Deutsche Bundesbank, in its June 2009 monthly report, predicts a decline in the real gross domestic product of about 6 percent for the rest of 2009. The report does not see a turning point in this trend before 2010. It should also be assumed that the dreary labor market will continue to have a negative effect on mood indicators such as the consumer and business climate.

As forecast earlier in the 2008 Group management report, Bertelsmann continues to assume a decline in revenues and operating EBIT in fiscal year 2009. Acquisitions are not anticipated to contribute significantly to revenues, as no major investments or acquisitions have been carried out or are planned for 2009 in view of the uncertain situation. Existing businesses are still undergoing review to identify further optimization potential, and cost structures are likewise being optimized and brought into alignment with business expectations. Bertelsmann believes that its diversified portfolio of businesses and the measures already introduced or prepared will soften the blow of the combined financial crisis and economic downturn.

At this time, economic conditions are expected to stabilize in 2010, leading to a revenue and earnings recovery relative to fiscal year 2009. Bertelsmann also assumes that restructuring measures already initiated will continue to produce positive effects in 2010.

The individual divisions will be affected to different extents by the economic development. The assessments of the individual divisions correspond to the presentation in the outlook section of the 2008 Group management report and remain valid from today's perspective.

Despite the economic uncertainty, the financial policy objectives remain unchanged. In light of the anticipated decline in earnings, however, a leverage factor above the internal target of 3.0 is expected for 2009 overall. This uncertainty about the ongoing economic development also currently precludes reliable statements regarding profit participation certificate distributions for fiscal year 2009.

The forecasts are based on Bertelsmann's current business strategy. In general, the forecasts reflect a careful consideration of risks and opportunities, and are based on operational planning and the medium-term outlook for the corporate divisions. The severity of the economic impact resulting from the economic crisis on Bertelsmann businesses cannot be reliably assessed at this time. All statements regarding potential economic developments and effects of the economic crisis represent opinions advanced on the basis of information currently available. Should underlying suppositions fail to apply and/or further risks arise, actual results may differ from those expected. Accordingly, no assurances can be provided concerning the accuracy of such statements.

Segment Information (Continuing Operations)

	RTL Group		Random House		Gruner + Jahr		Arvato	
in € millions	H1 2009	H1 2008	H1 2009	H1 2008	H1 2009	H1 2008	H1 2009	H1 2008
Revenues from external customers	2,584	2,857	733	765	1,203	1,347	2,087	2,088
Intersegment revenues	4	7	1	1	14	14	156	182
Divisional revenues	2,588	2,864	734	766	1,217	1,361	2,243	2,270
Operating EBIT	353	494	20	31	55	117	103	102
Special items	(270)	6	(15)	(12)	(112)	(11)	(65)	(29)
EBIT	83	500	5	19	(57)	106	38	73
Return on sales[1]	13.6 %	17.2 %	2.7 %	4.0 %	4.5 %	8.6 %	4.6 %	4.5 %
Scheduled depreciation and amortization	87	79	14	14	38	40	111	110
Impairment losses	229	1	11	–	92	–	60	19
thereof in special items	227	–	11	–	91	–	58	16
Additions to non-current assets[2]	174	156	12	10	16	66	121	106
Employees (closing date)[3]	12,161	12,360	5,587	5,779	14,438	14,941	60,095	62,591

The previous year's figures were adjusted in accordance with IFRS 5.36 by the amounts attributable to the business activities that had earlier been classified as discontinued operations (see "Discontinued Operations" under the Selected Explanatory Notes for more information).

RTL Group

The leading European entertainment network posted significantly lower revenues in the first half of the year in the face of double-digit declines in the television advertising markets. Operating EBIT also fell. RTL Group responded early to substantial declines in advertising income by placing a clear focus on cost-cutting activities since the end of 2008. This approach already had significantly positive results in the first half of the year. However, RTL Group managed to strengthen its dominant viewer ratings: In the first half year, the families of channels in Germany, France, the Netherlands and Belgium increased their viewer market shares, in some cases substantially, compared to the same period last year. RTL Group made targeted investments in forward-looking operations – for example, by acquiring the U.S. production company Original Productions and expanding the popular Catch-Up TV platforms in several markets. Diversification operations were further stepped up. Valuation allowances were applied at the British broadcasting group Five and the Greek Alpha Media Group.

Random House

The world's largest trade book publishing group registered a decline in first-half revenues and operating results due to the continued distressed economic environment and the reduction in inventory levels by major bookstores in the U.S. An extensive, international cost-saving initiative and the restructuring of the U.S. publishing groups put in place last year partially offset this development. Random House placed 140 titles on the "New York Times" bestseller lists in the first six months of the year, and in the U.K. accounted for one quarter of all bestsellers listed in the "Sunday Times." In the German-speaking regions, the Verlagsgruppe Random House publishing group had another strong first half year, dominating the national nonfiction bestseller lists. Random House acquired the highly regarded California publishing house Ten Speed Press. The book group significantly expanded its digital-publishing leadership, recording strong increases in sales of its e-books in the U.S., U.K. and Germany. Random House formed new film and TV production companies for children's and family entertainment in the U.S. and U.K.

Gruner + Jahr

Europe's largest magazine publisher felt the effects of the recession in the first half of the year, posting a significant decline in revenues and operating EBIT. Counter-measures introduced early on were able to partially soften the effects of ongoing sluggishness in the advertising business. Sales revenues were comparatively stable in the first half year. Gruner + Jahr launched an international restructuring and cost-reduction program. In Germany, Gruner + Jahr merged the editorial offices of its business titles and also introduced a new magazine, the parenting title "Nido." In France, Prisma Presse significantly expanded its Corporate Media operations. Gruner + Jahr launched the men's magazine "Leon" on the Chinese market, which continues to grow. The performance of the Prinovis gravure printing joint venture was characterized by lower print volumes in Germany; a valuation allowance was applied at Prinovis. There was a change of leadership at Gruner + Jahr during the period under review: Bernd Buchholz took over as Executive Board Chairman at the beginning of January.

Direct Group		Total divisions		Corporate		Consolidation/Other		Continuing operations	
H1 2009	H1 2008	H1 2009	H1 2008	H1 2009	H1 2008	H1 2009	H1 2008	H1 2009	H1 2008
579	655	7,186	7,712	12	8	–	–	7,198	7,720
2	5	177	209	–	–	(177)	(209)	–	–
581	660	7,363	7,921	12	8	(177)	(209)	7,198	7,720
(10)	(7)	521	737	(46)	(52)	–	–	475	685
(13)	2	(475)	(44)	–	–	1	–	(474)	(44)
(23)	(5)	46	693	(46)	(52)	1	–	1	641
(1.7 %)	(1.1 %)	7.1 %	9.3 %	–	–	–	–	6.6 %	8.9 %
14	15	264	258	9	9	–	–	273	267
1	–	393	20	8	1	–	–	401	21
1	–	388	16	8	1	–	–	396	17
30	26	353	364	9	9	–	–	362	373
10,030	10,339	102,311	106,010	1,141	1,144	–	–	103,452	107,154

[1] Operating EBIT in percent of divisional revenues [2] Additions to tangible and intangible assets (including goodwill)
[3] The number of employees in the previous period is the figure as of December 31, 2008.

Arvato

Despite the economic crisis and some significant deterioration in the customers' situation, the media and communications service provider recorded half-yearly revenues and operating EBIT on par with last year's levels. This was possible due to consistent cost management and targeted process optimization. In the services area, new orders and an expansion in services largely compensated for the reduction in order volumes placed by existing customers. Increasing pressure among customers to streamline produced greater demand for outsourcing services. The printing business was burdened by downturns in the advertising market and a resulting reduction in volume. The individual companies were able to substantially neutralize this effect by intensifying their sales efforts and boosting efficiency. The performance of the Prinovis gravure printing joint venture was characterized by lower print volumes in Germany; a valuation allowance was applied at Prinovis. Arvato Digital Services gained market share in the market for physical recorded media and in DVDs and games.

Direct Group

Direct Group's Club and retail book operations posted lower revenues and higher operating losses in the first half year due to a decline in membership numbers and the global recession. While operations in the French-speaking countries remained largely stable, the German Club suffered from shrinking membership levels and a decline in direct marketing activities. Membership numbers fell perceptibly in Southern Europe, which has been especially hard hit by the economic crisis. In France the club businesses were restructured, and structural changes were moved forward in Spain and Austria. A comprehensive cost-cutting program launched at the end of last year to complement the strategic initiatives began showing positive results. Direct Group opened a flagship store in Barcelona for its retail book chain Bertrand. In France, Direct Group acquired 100 percent ownership of the online bookseller "Chapitre.com." Club operations in Great Britain and the Netherlands/Belgium were sold effective January 1, 2009.

Corporate

The Corporate division, which includes the Bertelsmann AG Corporate Center and Corporate Investments, saw its operational deficit fall thanks to numerous cost-cutting measures and the decision by Executive Board members, executives and salaried employees to forgo bonuses and salaries. The cost-cutting program included an overhead project, steered by the Corporate Center, that examined the functions performed by management, staff and administrators at all levels of the corporation with the aim of redesigning them more efficiently. Concrete measures are to be defined and implemented in the second half of the year. The savings already realized in the first half year overcompensated further startup losses at the online educational platform "Scoyo.de" and the new music rights business BMG Rights Management, which is now operating in six European countries. The BDMI and BAI funds, which belong to Corporate Investments, together had 19 holdings on the reporting date. The period under review primarily saw follow-up investments for existing investments.

Group Income Statement

in € millions	H1 2009	H1 2008
Revenues	7,198	7,720
Other operating income	259	310
Change in inventories	33	2
Own costs capitalized	106	106
Cost of materials	(2,354)	(2,570)
Royalty and license fees	(349)	(364)
Personnel costs	(2,215)	(2,190)
Amortization of intangible assets and depreciation of property, plant and equipment	(277)	(269)
Other operating expenses	(1,938)	(2,102)
Results from investments accounted for using the equity method	5	33
Income from other participations	7	9
Special items	(474)	(44)
EBIT (earnings before interest and taxes)	1	641
Interest income	32	45
Interest expenses	(161)	(156)
Other financial income	77	69
Other financial expenses	(153)	(159)
Financial result	(205)	(201)
Earnings before taxes from continuing operations	(204)	440
Income taxes	(129)	4
Earnings after taxes from continuing operations	(333)	444
Earnings after taxes from discontinued operations	–	(72)
Group profit or loss	(333)	372
attributable to:		
Share of profit of Bertelsmann shareholders	(368)	284
Minority interest	35	88

The previous year's figures have been adjusted for the amounts reclassified as continuing operations.

Group Statement of Comprehensive Income

in € millions	H1 2009	H1 2008
Group profit or loss	(333)	372
Currency translation differences		
- Changes recognized directly in equity	(25)	(127)
- Reclassification adjustments for gains (losses) included in profit or loss	–	–
Available-for-sale financial assets		
- Changes in fair value recognized in equity	12	(6)
- Reclassification adjustments in gains (losses) included in profit or loss	–	–
Cash flow hedges		
- Changes in fair value recognized in equity	(18)	(5)
- Reclassification adjustments in gains (losses) included in profit or loss	–	–
Actuarial gains/losses on defined benefit plans	27	158
Share of other comprehensive income of at-equity consolidated investments	(8)	(4)
Other comprehensive income (after taxes)	(12)	16
Group comprehensive income	(345)	388
attributable to:		
Bertelsmann shareholders	(380)	300
Minority interest	35	88

Reconciliation to Operating EBIT (Continuing Operations)

in € millions	H1 2009	H1 2008
EBIT from continuing operations	1	641
Special items		
– Impairments of goodwill, other intangible assets with indefinite useful life, other financial assets and assets held for sale	253	15
– Capital gains/losses	(15)	(10)
– Other special items	236	39
Operating EBIT from continuing operations	475	685
Operating EBITDA from continuing operations	752	954

The previous year's figures have been adjusted for the amounts reclassified as continuing operations.

Group Balance Sheet

in € millions	6/30/2009	12/31/2008
Assets		
Non-current assets		
Goodwill	6,217	6,391
Other intangible assets	813	791
Property, plant and equipment	2,408	2,559
Investments accounted for using the equity method	437	496
Other financial assets	330	742
Trade accounts receivable	5	7
Other accounts receivable and other assets	294	366
Deferred tax assets	1,062	1,105
	11,566	12,457
Current assets		
Inventories	1,947	1,827
Trade accounts receivable	2,225	2,685
Other accounts receivable and other assets	1,243	1,300
Other financial assets	383	16
Current income tax receivable	80	136
Cash and cash equivalents	1,339	1,583
	7,217	7,547
Assets held for sale	15	128
	18,798	20,132
Equity and Liabilities		
Equity		
Subscribed capital	1,000	1,000
Capital reserve	2,345	2,345
Retained earnings	1,215	1,763
Shareholders' equity	4,560	5,108
Minority interest	1,033	1,123
	5,593	6,231
Non-current liabilities		
Provisions for pensions and similar obligations	1,415	1,409
Other provisions	144	139
Deferred tax liabilities	132	156
Profit participation capital	706	706
Financial debt	3,982	4,017
Trade accounts payable	71	71
Other liabilities	767	754
	7,217	7,252
Current liabilities		
Other provisions	371	412
Financial debt	965	1,011
Trade accounts payable	2,509	2,794
Other liabilities	1,936	2,054
Current income tax payable	197	290
	5,978	6,561
Liabilities included in assets held for sale	10	88
	18,798	20,132

Group Cash Flow Statement

in € millions	H1 2009	H1 2008
EBIT (earnings before interest and taxes)	1	581
Taxes paid	(149)	(81)
Depreciation and write-ups of non-current assets	673	313
Capital gains/losses	(15)	(10)
Change in provisions for pensions	(7)	(52)
Change in other provisions	(11)	(43)
Other effects	23	(22)
Change in net working capital	31	93
Cash flow from operating activities	546	779
– thereof from discontinued operations	–	81
Investments in:		
– intangible assets	(82)	(97)
– property, plant and equipment	(148)	(201)
– financial assets	(21)	(50)
– purchase price for consolidated investments (net of acquired cash)	(130)	(82)
Proceeds from disposal of investments	9	(10)
Proceeds from disposal of non-current assets	90	54
Proceeds from disposal of / payments for marketable securities and short-term investments	1	(1)
Contribution to pension plans	(9)	–
Cash flow from investing activities	(290)	(387)
– thereof from discontinued operations	–	(18)
Proceeds from bonds and promissory notes	795	498
Redemption of bonds and promissory notes	(887)	(50)
Change in other financial debt	16	(608)
Interest paid	(200)	(179)
Interest received	22	44
Proceeds from release of currency and interest swaps	4	–
Change in shareholders' equity	2	(19)
Dividends to Bertelsmann shareholders and minorities	(241)	(274)
Additional payments to minorities in partnerships (IAS 32)	(27)	(32)
Cash flow from financing activities	(516)	(620)
– thereof from discontinued operations	–	(4)
Change in cash and cash equivalents	(260)	(228)
Currency effects and other changes in cash and cash equivalents	16	(285)
Cash and cash equivalents at 1/1	1,583	1,131
Cash and cash equivalents at 6/30	1,339	618

The previous year's figures for discontinued operations have been adjusted.

Change in Net Financial Debt

in € millions	H1 2009	H1 2008
Net financial debt at 1/1	(3,445)	(4,282)
Cash flow from operating activities	546	779
Cash flow from investing activities	(290)	(387)
Interest, dividends and changes in equity, additional payments (IAS 32)	(440)	(460)
Currency effects and other changes in net financial debt	21	(138)
Net financial debt at 6/30	(3,608)	(4,488)

Net financial debt is the net of "cash and cash equivalents" and "financial debt."

Group Statement of Changes in Equity

in € millions	Subscribed capital	Capital reserve	Other retained earnings	Other comprehensive income[1]: Currency translation differences	Other comprehensive income[1]: Available-for-sale financial assets	Other comprehensive income[1]: Cash flow hedges	Other comprehensive income[1]: Actuarial gains/losses on defined benefit plans	Other comprehensive income[1]: Share of other comprehensive income of at-equity consolidated investments	Shareholders' equity	Minority interest	Total
Balance at 1/1/2008	1,000	2,345	2,447	(532)	37	(43)	(291)	7	4,970	1,171	6,141
Group comprehensive income	–	–	284	(124)	(5)	(8)	157	(4)	300	88	388
Dividends	–	–	(120)	–	–	–	–	–	(120)	(165)	(285)
Business combinations and other changes	–	–	(20)	–	–	–	–	–	(20)	(14)	(34)
Balance at 6/30/2008	1,000	2,345	2,591	(656)	32	(51)	(134)	3	5,130	1,080	6,210
Balance at 1/1/2009	1,000	2,345	2,419	(416)	24	8	(269)	(3)	5,108	1,123	6,231
Adjustment			(3)						(3)	–	(3)
Balance at 1/1/2009 adjusted[2]	1,000	2,345	2,416	(416)	24	8	(269)	(3)	5,105	1,123	6,228
Group comprehensive income	–	–	(368)	(25)	12	(18)	27	(8)	(380)	35	(345)
Dividends	–	–	(120)	–	–	–	–	–	(120)	(124)	(244)
Business combinations and other changes	–	–	(61)	–	–	–	16	–	(45)	(1)	(46)
Balance at 6/30/2009	1,000	2,345	1,867	(441)	36	(10)	(226)	(11)	4,560	1,033	5,593

[1] Of that, a total of €-3 million as of June 30, 2009 (previous year: €-146 million) is attributable to assets classified as held for sale.
[2] Data at January 1, 2009 was adjusted for effects resulting from the first-time adoption of IFRIC 13.

Selected Explanatory Notes

Accounting Principles

This interim report was prepared in compliance with Section 37w (5) of the German Securities Trading Act (WpHG) and reviewed by the Group auditor. It contains interim consolidated financial statements prepared in accordance with IAS 34 ("Interim Financial Reporting"), including selected explanatory notes. This report was prepared using the same general accounting methods applied in the preparation of the consolidated financial statements of December 31, 2008. A detailed description of these methods is published in the notes to the consolidated financial statements in the 2008 annual report. Exceptions are the new and revised accounting standards and interpretations that have become mandatory since January 1, 2009.

With the application of the revised IAS 1 "Presentation of Financial Statements (revised 2007)," these interim financial statements contain for the first time not only the Group income statement but a separate statement of comprehensive income that reflects not only the profit or loss for the period but all income and expenses taken directly to equity that are not based on transactions with shareholders.

The first-time adoption of IFRIC 13 "Customer Loyalty Programs" starting on January 1, 2009, means that customer loyalty programs in which "points" are awarded are accounted for as multi-component transactions. Equity at January 1, 2009, was adjusted for the effects resulting thereof.

The first-time adoption of IFRS 8 "Operating Segments" did not result in any significant change, since the classification of segments had already been reported according to the management approach.

In addition, the following revised standards and interpretations are being applied for the first time:

- IAS 23 "Borrowing Costs (revised 2007)"
- Amendments to IAS 32 "Financial Instruments: Presentation" and amendments to IAS 1 "Presentation of Financial Statements"
- Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards" and IAS 27 "Consolidated and Separate Financial Statements" – Costs of an Investment in Subsidiary, Jointly Controlled Entity or Associate
- Amendments to IFRS 2 "Share-based Payment"
- IFRIC 14: "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"
- Improvements to the International Financial Reporting Standards.

The effects on the Group from the first-time adoption of these regulations are insignificant.

Scope of Consolidation

The interim consolidated financial statements for the half year ended June 30, 2009, include not only Bertelsmann AG but all material companies whose financial and business policies Bertelsmann AG can directly or indirectly determine. As of June 30, 2009, the Bertelsmann AG scope of consolidation includes a total of 1,043 companies (June 30, 2008: 1,269), including 32 additions. The number of fully consolidated companies was 872.

Acquisitions and Disposals

The consideration paid for acquisitions in H1 2009 less cash and cash equivalents acquired amounted to €130 million. Acquisition costs for these acquisitions in the sense of IFRS 3 totaled €121 million. The resulting goodwill is €60 million. Other intangible assets determined as part of purchase price allocation per IFRS 3 totaled €11 million.

On June 26, 2009, RTL Group acquired an additional 18 percent shareholding in the Hungarian television channel M-RTL in the form of non-voting shares. The purchase price was €41 million. RTL Group now owns 67 percent of the shares in M-RTL while maintaining 49 percent of the voting rights.

Prior to the acquisition, de facto control over M-RTL was attained without the purchase of additional shares. The reason for this was the settlement of differences of opinion among the shareholders at the extraordinary meeting of shareholders on March 20, 2009. M-RTL has been fully consolidated since April 1. Before that, consolidation was based on the equity method. The management of RTL Group is currently analyzing the effects from the reassessment to fair value.

From April 1 to June 30, 2009, the company contributed €27 million to Group revenues and €1 million to Group profit or loss. If consolidated as of January 1, 2009, the company would have contributed €46 million to Group revenues and €1 million to Group profit or loss. Since initial consolidation, other new acquisitions contributed €53 million to revenues and €8 million to Group profit or loss. If all new acquisitions had been consolidated as of January 1, 2009, they would have contributed €82 million to revenues and €3 million to Group profit or loss.

The Group generated sales proceeds of €9 million from disposals and other disposals of equity interest.

Discontinued Operations

The Bertelsmann AG consolidated financial statements of June 30, 2008, listed the music joint venture Sony BMG, the North American direct-sales business of Direct Group North America and the club businesses of Direct Group in China, Australia, Great Britain, New Zealand, the Netherlands/Belgium, Poland, Russia, the Czech Republic and Slovakia as discontinued operations. Two of the aforementioned businesses – the Bertelsmann share in the Sony BMG joint venture and the North American direct-sales business of Direct Group – were sold in the second half of fiscal year 2008 (see the 2008 annual report page 72 ff. for detailed information). Chinese club operations are in liquidation and were deconsolidated at the end of fiscal year 2008. Club operations in Great Britain (BCA) and the Netherlands/Belgium (ECI) were sold effective January 1, 2009.

The Direct Group club businesses that as a result of changed market conditions were not sold were reclassified as continuing operations in these consolidated financial statements. Previous-year figures in the income and cash flow statements have been adjusted accordingly. In keeping with IFRS 5, the current net income and cash flows of the operations classified as discontinued were reported separately in the same period last year. Assets and liabilities of companies not yet sold as of December 31, 2008, are shown in a separate balance sheet item together with assets classified as held for sale.

The Result of discontinued operations comprises the following:

Income Statement – Discontinued Operations

in € millions	H1 2009	H1 2008
Revenues	–	879
Income	–	16
Expenses	–	(917)
Operating EBIT from discontinued operations	–	(22)
Special items	–	(38)
EBIT (earnings before interest and taxes)	–	(60)
Financial result	–	(12)
Earnings before taxes from discontinued operations	–	(72)
Income taxes	–	–
Earnings after taxes from discontinued operations	–	(72)

The previous year’s figures have been adjusted for the amounts reclassified as continuing operations.

The table below shows the carrying amounts of the assets and liabilities classified as held for sale. In addition, the previous year‘s figures also contain assets and liabilities of operations classified as discontinued as of December 31, 2008.

Assets and Liabilities Held for Sale

in € millions	6/30/2009	12/31/2008
Assets		
Non-current assets	2	26
Current assets	13	102
	15	128
Equity and liabilities		
Non-current liabilities	–	8
Current liabilities	10	80
	10	88

Income taxes

Income taxes came to €-129 million following a tax yield of €4 million in the first half of 2008. This difference stems primarily from the write-up of deferred tax assets recognized as income in the previous year and the release in 2009 of €-40 million in deferred tax assets in Luxembourg.

Special Items

in € millions	H1 2009	H1 2008
– Impairment of goodwill, other intangible assets with indefinite useful life, other financial assets and assets held for sale		
Five, RTL Group	(140)	–
Alpha Media Group, RTL Group	(70)	–
Gruner + Jahr Spain	(21)	–
Random House Asia (IFRS 5)	(11)	–
Arvato Mobile	–	(15)
Other	(11)	–
Capital gains/losses		
Empolis, Arvato	7	–
Xlibris, Corporate	7	1
Other	1	9
Other special items		
Restructuring, severance payments and valuation allowances on non-current assets, Prinovis	(111)	(24)
Valuation allowance on rights and film assets, RTL Group	(37)	–
Valuation allowance on real estate, Gruner + Jahr	(13)	–
Restructuring and severance payments, RTL Group	(20)	–
Restructuring and severance payments, Gruner + Jahr	(18)	–
Restructuring and severance payments, Arvato	(15)	–
Restructuring and severance payments, Direct Group	(11)	–
Restructuring and severance payments, Random House	(2)	–
Other	(9)	(15)
	(474)	(44)

In the first half of 2009, impairments of goodwill and intangible assets with indefinite useful life were recorded in the total amount of €-232 million. Financial assets were depreciated by €-10 million. €-11 million was allocated to assets held for sale.

An impairment of €-140 million was taken on the goodwill of the British television channel Five. This impairment reflects the further worsening of both the advertising market and Five's share of the market. Calculation of the recoverable amount was based on the fair value less cost to sell. As in December 2008, a discount rate of 9.2 percent was applied, thereby reducing the carrying amount of goodwill to zero.

An impairment loss amounting to €-70 million was also recognized against the intangible assets of the Greek radio and television broadcaster Alpha Media Group. The advertising market in Greece remained far behind the original business plan, which resulted in a significant underperformance. The initiated cost reduction program was not able to compensate for the significant decline in revenue. The impairment was based on the fair value calculated as the net present value of future cash flows less cost to sell. The calculation of the need for impairments considered the expected costs and savings of the restructuring program. The impairment test was based on a discount rate of 9.5 percent. The impairment reduced the carrying amount of provisional goodwill to €61 million.

The cash-generating unit "Gruner + Jahr Spain" also underwent an impairment test in accordance with IAS 36. The test found the need for an impairment of €-21 million on the goodwill. The valuation allowance is attributable primarily to the downturn in the Spanish economy due to the economic crisis and to a general cautiousness in the advertising sector. The impairment was calculated using a discount rate of 7.59 percent.

In the spring of 2009, the Bertelsmann AG Executive Board decided to sell Random House's Asian operations. Sales negotiations began. Carrying the business at fair value less cost to sell in line with IFRS 5 resulted in an amortization amounting to €-11 million.

In addition, further amortizations of intangible assets, property, plant and equipment and other assets of €-171 million were recorded.

Prinovis Germany took a valuation allowance of €-111 million on assets. The key reason is a significant decline in revenues in the gravure printing market. A recovery in the printing business is not expected until 2011. A program launched in 2009 to increase competitiveness through repositioning, restructuring and cost-cutting will be able to produce results over the medium term. The impairment test was based on a discount rate of 7.02 percent.

The management of the British television channel Five subjected the value of the television series obtained from the U.S. to an impairment test. The test indicated a need for valuation allowance of €-19 million as of June 30, 2009. A provision of €-3 million was established for a title whose license period has not yet commenced. The intangible assets of Five's main channel (brand and customer relationship) have been impaired for an amount of €-15 million, resulting in a carrying amount of €16 million as of June 30, 2009.

The Spanish real estate crisis necessitated an impairment test for the real estate holdings of Motorpresse Spain. The property, with the building on it, was evaluated based on a DCF model, taking into account an average annual market rent and a discount rate of 9.0 percent. The result was a devaluation of the property with its building in the amount of €-13 million.

Other Information

The Pensions-Sicherungs-Verein Versicherungsverein auf Gegenseitigkeit (PSVaG), a self-help organization of the German business sector for the protection of company pensions, announced the need to significantly increase its premium rate to 13.5 per mill due to the volume of claims registered as of June 30, 2009. This interim report restates and pro-rates the prospective annual premium based on this information. The premium rate for calendar year 2008 was 1.8 per mill of the base amount up to the assessment ceiling.

Segment Reporting

As of January 1, 2009, adoption of IFRS 8 “Operating Segments” is mandatory. This standard stipulates that external segment reporting be based on the internal organizational and management structure and on the key performance and reporting indicators used internally. In the Bertelsmann Group, initial adoption of IFRS 8 results only in additional information in the “Notes” section. It has no effect on how the segments are separated, since past reporting had already followed the management approach. A critical factor for determining mandatory reportable segments is the existence of segment managers who are responsible for the segment’s performance and report to the Bertelsmann AG Executive Board in their capacity as chief operating decision-makers as defined by IFRS 8. The Bertelsmann Group comprises five operating segments differentiated by the type of products and services offered plus the Corporate division. The operating segments are as follows:

- Television, radio and television production group RTL Group
- Global book publishing group Random House
- European magazine publisher Gruner + Jahr
- Media and communications service provider Arvato
- Bookseller and club operator Direct Group

Operations not assigned to any division and eliminations of cross-segment operations are reported in the “Consolidation/other” column. As in the past, the definition of the indicators reported for the segments is based on the definition used for Group management. The accounting and evaluations used in the segment reporting follow the same IFRS principles as the consolidated financial statements.

The key performance indicator in the Bertelsmann Group is operating EBIT. Operating EBIT is the net operating income before interest and taxes generated by the segment management, calculated by adjusting the EBIT for special items such as capital gains and losses, impairments, restructuring costs, settlements and any other valuation allowances. Revenues within the Group are always transacted at market conditions in the same manner as transactions with non-Group companies.

Please see page 12 f. in the interim management report for a table with segment information.

The following table shows the reconciliation of the total of segment EBIT to the Group profit or loss:

Reconciliation of Total of Segment EBIT to Group Profit or Loss

in € millions	H1 2009	H1 2008
Total of divisional EBIT	46	693
Corporate	(46)	(52)
Consolidation/other	1	–
Total Group EBIT	1	641
Financial result	(205)	(201)
Earnings before taxes from continuing operations	(204)	440
Income taxes	(129)	4
Earnings after taxes from continuing operations	(333)	444
Earnings after taxes from discontinued operations	–	(72)
Group profit or loss	(333)	372

Events after the Closing Date

On July 17, 2009, the Bertelsmann AG Supervisory Board appointed Bernd Buchholz – CEO of Gruner + Jahr AG since January 6, 2009 – to the Bertelsmann AG Executive Board with immediate effect.

On July 8, 2009, Bertelsmann AG and U.S. financial investor Kohlberg Kravis Roberts & Co. L.P. (KKR) reached an agreement on establishing a music rights management joint venture. Bertelsmann will hold a 49 percent share in the new joint venture and appoint the management. Bertelsmann will contribute its BMG Rights Management operations as a basis for the joint venture.

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group interim management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Gütersloh, August 27, 2009

Bertelsmann AG
The Executive Board

Ostrowski	Buch	Dr. Buchholz
Dohle	Dr. Rabe	Zeiler

Review Report by the Auditors

To Bertelsmann AG,

We have reviewed the condensed interim consolidated financial statements of Bertelsmann AG, Gütersloh – comprising the balance sheet, income statement, statement of comprehensive income, cash flow statement, statement of changes in equity and selected explanatory notes – together with the group management interim report of Bertelsmann AG, Gütersloh, for the period from January 1, 2009 to June 30, 2009 that are part of the half year financial report according to § 37 w WpHG ["Wertpapierhandelsgesetz": "German Securities Trading Act"]. The preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and of the group management interim report in accordance with the requirements of the WpHG applicable to group management interim reports, is the responsibility of the company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the group management interim report based on our review.

We performed our review of the condensed interim consolidated financial statements and the group management interim report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material aspects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, and that the group management interim report has not been prepared, in material aspects, in accordance with the requirements of the WpHG applicable to group management interim reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, or that the group management interim report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to group management interim reports.

Bielefeld, August 28, 2009

KPMG AG
Wirtschaftsprüfungsgesellschaft

Dr. Bartels-Hetzler	Dr. Schurbohm-Ebneth
Wirtschaftsprüfer	Wirtschaftsprüfer

Financial Calendar

November 11, 2009
Announcement of figures for the first nine months of 2009

March 23, 2010
Annual Press Conference for fiscal year 2009

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