

PRESS RELEASE

Bertelsmann And Pearson Complete Merger To Form Penguin Random House

- **Contract Signing Follows Final Negotiation Between Shareholders**
- **Markus Dohle To Serve As CEO**
- **Bertelsmann Appoints Five Board Of Directors Members, Pearson Four**
- **All Territorial Regulatory Approvals Received Without Conditions**

Guetersloh / London / New York, July 1, 2013 – Bertelsmann and Pearson today signed the final contracts combining the worldwide activities of Random House and Penguin Group, their respective trade book publishing companies. The transaction completes the formation of Penguin Random House, announced October 29, 2012, in which Bertelsmann will own 53 percent and Pearson 47 percent. Penguin Random House will be comprised of all of Random House and Penguin Group's publishing divisions and imprints in the U.S., Canada, U.K., Australia, New Zealand, and India, as well as Random House's publishers in Spain and Latin America, and Penguin's trade publishing activity in Asia and South Africa.

Markus Dohle, previously Chairman and Chief Executive Officer of Random House since June 2008, will serve as CEO of Penguin Random House. John Makinson, who headed the Penguin Group from 2002, is the company's Chairman of the Board of Directors.

Bertelsmann has appointed five representatives to the Penguin Random House Board of Directors and Pearson four. Bertelsmann's appointments are Thomas Rabe (Chairman and Chief Executive Officer of Bertelsmann); Markus Dohle (Chief Executive Officer, Penguin Random House and member of Bertelsmann's Executive Board); Judith Hartmann (Chief Financial Officer of Bertelsmann); Thomas Hesse (President, Corporate Development and New Businesses of Bertelsmann) and Gail Rebeck (Member of the Bertelsmann Group Management Committee). The Pearson appointees are John Makinson (Chairman, Penguin Random House), John Fallon (Chief Executive Officer, Pearson), Coram Williams (Chief Financial Officer, Penguin Random House) and Philip Hoffman (SVP, Corporate Finance & Strategy, Pearson).

The world headquarters of the privately held company will be in New York City. Penguin Random House will employ more than 10,000 people worldwide across almost 250 imprints, and will generate annual revenues of approximately €3 billion (£2.5 billion, \$3.9 billion). Munich-based Verlagsgruppe Random House, the German-language publishing group, will remain at Bertelsmann, outside the new company, continuing to report to Markus Dohle.

Today's closing was preceded during the past several months by governmental merger control approval of the proposed combination in the respective countries where it was required: the U.S. Department of Justice in February; Australia and New Zealand in March; the EU Commission and Canada in April; and South Africa and China in May. All these approvals were granted without conditions.

Bertelsmann Chairman and CEO Thomas Rabe says, "With today's launch of Penguin Random House, Bertelsmann and Pearson have set a great course for the future of the book, and book publishing – and new growth for Bertelsmann. Together, we can and will invest on a much larger scale than separately in diverse content, author development and support, the publishing talent, the entire spectrum of physical and digital book acquisitions, production, marketing, and distribution, and also in fast-growing markets of the future."

Rabe adds that the merger is a perfect fit with the strategic priorities that Bertelsmann is pursuing for new and sustainable growth. "We are strengthening one of our core businesses by pooling resources, pursuing joint expansion, and a greater reach. We are accelerating the transformation to digital and leveraging the entire range of possibilities it offers. We also are promoting regional growth, especially in the emerging markets of China, India, and Brazil."

John Fallon, Chief Executive of Pearson, said: "Penguin has been at the heart of Pearson for more than four decades and is deeply intertwined with our culture and operations. This combination creates a clear world leader with a strong platform for continued creative and commercial success in a rapidly-changing consumer publishing industry. This will be an excellent business and we will be active long-term partners in it."

Markus Dohle, CEO of Penguin Random House, says: "It is a great privilege to be asked to lead this historic union of Random House and Penguin. We are uniting two of the world's leading book publishers, with complementary skills and strengths, both with outstanding creative and commercial track records, with a passion for publishing the best books, and with two strong traditions from which the new company will develop its own culture – in the best interests of the readers, who will benefit from the quality and enormous variety of books we will publish.

Mr. Dohle continued, "I welcome the Penguin Group staff as new colleagues and thank them, as well as my teams at Random House, for everything they have done on behalf of our new company and our current publishing program in the past eight months since the merger was announced. This was a compelling beginning and serves as a strong foundation for the gradual and careful integration process we are now embarking on, and for excellent future collaboration in our combined company."

About Bertelsmann

Bertelsmann is an international media company whose core divisions encompass television (RTL Group), book publishing (Penguin Random House), magazine publishing (Gruner + Jahr), services (Arvato), and printing (Be Printers) in some 50 countries. In 2012, the company's businesses, with their more than 100,000 employees, generated revenues of €16.1 billion. Bertelsmann stands for a combination of creativity and entrepreneurship that empowers the creation of first-rate media, communications, and service offerings to inspire people around the world and to provide innovative solutions for customers.

For further questions, please contact:

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