

PRESS RELEASE

Bertelsmann Open to Increasing its Stake in Penguin Random House

- **Reconfirmation of commitment to the book business**
- **Bertelsmann CEO Thomas Rabe: “Penguin Random House has achieved all goals of the combination”**

Gütersloh, January 18, 2017 – Bertelsmann is open to increasing its share in the world’s biggest trade publishing group, Penguin Random House. The international media, services, and education company currently holds a majority 53-percent stake in the group. The British education company Pearson, which holds the remaining 47 percent, announced today that it intends to issue an exit notice.

In 2013, Bertelsmann und Pearson had combined their book-publishing businesses Random House and Penguin into the new company Penguin Random House. Bertelsmann has been the majority owner since the beginning of this partnership, and fully consolidates the company. Markus Dohle, a member of the Bertelsmann Executive Board, is Chief Executive Officer of Penguin Random House. The agreements stipulate that Pearson has the option of issuing an exit notice from January 1, 2017.

Thomas Rabe, Chairman and CEO of Bertelsmann and a member of the Penguin Random House Board of Directors, said: “The book-publishing business has created a sense of identity for Bertelsmann for more than 180 years. It is our oldest core business. Accordingly, we are open to increasing our stake in Penguin Random House, provided the financial terms are fair. Strategically this would not only strengthen one of our most important content businesses, it would also once further strengthen our presence in the United States, our second largest market.”

Thomas Rabe continued: “Thanks to the excellent partnership with Pearson, Penguin Random House has developed into a success story. Under Markus Dohle’s leadership, the company has achieved all the goals of the combination in the past few years. With 800 million books, e-books and audiobooks sold per year, the group is the clear number one in the publishing industry, both commercially and in terms of creativity. It is also the publisher of choice for authors. We want to continue on this path. As the majority shareholder Bertelsmann will continue to guarantee the continuity of Penguin Random House’s business development, as well as the independence of our publishers.”

Penguin Random House comprises approximately 250 editorially independent individual publishers on five continents, that together publish more than 15,000 new books a year. The group's writers include such well-known authors as John Grisham, Ken Follett, George R. R. Martin, and Paula Hawkins. In 2015, the company generated revenues of €3.7 billion and Operating EBITDA of €557 million. Last year, 585 titles by the publisher made the "New York Times" bestseller lists.

Verlagsgruppe Random House in Germany is not part of Penguin Random House; it is one hundred percent controlled by Bertelsmann.

About Bertelsmann

Bertelsmann is a media, services and education company that operates in about 50 countries around the world. It includes the broadcaster RTL Group, the trade book publisher Penguin Random House, the magazine publisher Gruner + Jahr, the music company BMG, the service provider Arvato, the Bertelsmann Printing Group, the Bertelsmann Education Group, and Bertelsmann Investments, an international network of funds. The company has 117,000 employees and generated revenues of €17.1 billion in the 2015 financial year. Bertelsmann stands for creativity and entrepreneurship. This combination promotes first-class media content and innovative service solutions that inspire customers around the world.

For further questions, please contact:

Bertelsmann SE & Co. KGaA

Andreas Grafemeyer

Senior Vice President Media Relations

Phone: +49 5241 80-2466

andreas.grafemeyer@bertelsmann.de