

PRESS RELEASE

Bertelsmann Completes Its Share Increase at Penguin Random House to 75 Percent

- **Group now owns strategic three-quarters majority of world's biggest trade publishing group**
- **Bertelsmann CEO Thomas Rabe to become Chairman of the Penguin Random House Board of Directors as of January 1, 2018**

Gütersloh / New York / London, October 5, 2017 – The international media, services and education company Bertelsmann now owns a strategic three-quarters majority of Penguin Random House. The two shareholders of the world's biggest trade publishing group – Bertelsmann, and the British global education company Pearson – agreed on a new ownership structure in July: Now that the transaction has closed, Bertelsmann holds 75 percent of the book group; Pearson 25 percent. Penguin Random House's enterprise value was set at \$3.55 billion for the purposes of the share increase.

Thomas Rabe, Chairman and CEO of Bertelsmann, said: "Bertelsmann has the widest range of creative products of any company worldwide – and the book business has served as a core part of our identity for more than 180 years. Accordingly, today marks a strategic milestone for us in several respects. First, the three-quarters majority in Penguin Random House will increase the profit share of Bertelsmann's shareholders by more than 60 million euros. Second, we now have the ideal prerequisites for developing Penguin Random House – already number one in the book world – with a view to the long term and in continuity. And third, we now own strategic majorities in all of Bertelsmann's corporate divisions: 75 percent of RTL Group and Penguin Random House; 100 percent of all other divisions."

The completion of the share increase strengthens Bertelsmann's governance rights at Penguin Random House. Thomas Rabe will be the new Chairman of the book publishing group's Board of Directors as of January 1, 2018 and Bertelsmann will have four representatives on the Board, Pearson two.

The independence of the Group's more than 250 individual publishers remains unaffected by the share increase. Separately, Verlagsgruppe Random House in Germany is still fully controlled by Bertelsmann. Markus Dohle, a member of the Bertelsmann Executive Board and CEO of Penguin Random House since the start of the merger, will continue to head the company.

Markus Dohle said: "Today is a good day for Penguin Random House. The assured commitment of our two founding shareholders guarantees stability and allows us to continue to concentrate fully on the creative work of our authors. We will continue to publish the very best books and stories for our readers. Both shareholders are fully supportive of this goal."

Penguin Random House is comprised of more than 250 individual publishers on five continents, which publish more than 15,000 new books each year. The group's renowned authors include John Grisham, Dan Brown, Barack Obama and Michelle Obama, as well as Paula Hawkins. Last year, 585 of the publishing group's titles made the "New York Times" bestseller lists. More than 60 authors published by Penguin Random House have won a Nobel Prize.

Chronicle

- 1835** Carl Bertelsmann, a printer and bookbinder, founds C. Bertelsmann Verlag in 1835. The program during the first 100 years of the publisher's history was dominated by the Protestant Christian tradition. The publishing program was gradually expanded to include philology, history, and youth literature, as well as mission literature.
- 1928** Bertelsmann launches its fiction publishing program with "narrative literature" in Protestant magazines.
- 1933-1945** The publishing house's conservative Christian tradition is increasingly linked with Nationalist Socialist ideology in its program and corporate culture. After the start of World War II, the publisher – as the largest supplier of books to the German Armed Forces – generates profits primarily with the sale of "Feldpost" army editions. A lawsuit concerning illegal procurement of paper stocks, and the mobilization of the entire German economy, leads to the closure of C. Bertelsmann Verlag in 1944. Starting in 1999, an Independent Historical Commission under the direction of historian Saul Friedländer researched Bertelsmann's history during the period of National Socialism. Its report on "Bertelsmann in the Third Reich" was published in 2002 by C. Bertelsmann Verlag.
- from 1950** Bertelsmann founds the Lesering book club. Its success marks the beginning of a new era in the company's history and creates the foundation for the company's rise to become the global media, services and education group it is today.
- 1968** Eleven separate Bertelsmann publishing companies are organizationally grouped into Verlagsgruppe Bertelsmann (from 2001: Verlagsgruppe Random House).
- 1977** Bertelsmann considerably expands its book business by taking over Goldmann Verlag and acquiring stakes in the publishers Plaza y Janes (Spain) and Bantam Books (U.S.).
- 1986** Bertelsmann buys the American publisher Doubleday, and a year later groups its U.S. publishers to form the Bantam Doubleday Dell Publishing Group.
- 1998** Bertelsmann acquires the American publisher Random House, with an author roster including Maya Angelou, William Faulkner, Philip Roth, John le Carré, Julia Child, Toni Morrison, Thomas Mann, Salman Rushdie and Anne Rice. The group is merged with Bantam Doubleday Dell. From 2001, Random House becomes the umbrella for Bertelsmann's global book publishing activities.

- 2013** On July 1, Bertelsmann und Pearson combine their book publishing businesses – Random House and Penguin Group – into the world’s biggest trade publishing group. Bertelsmann is the majority owner of the merged company Penguin Random House, with a 53-percent stake, while Pearson owns 47 percent. Through acquisitions, Penguin Random House subsequently becomes the leader in the Spanish-language literature market, among others. The group’s various bestsellers include: “50 Shades of Gray,” “The Girl on the Train,” and the “Game of Thrones” series. Penguin Random House author Alice Munro wins the 2013 Nobel Prize in Literature; In all, more than 60 Penguin Random House authors are Nobel laureates.
- 2017** Bertelsmann acquires another 22 percent of the shares in Penguin Random House from co-shareholder Pearson, to achieve its majority strategic target holding in the world’s only global trade publishing group.

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 116,000 employees and generated revenues of €17.0 billion in the 2016 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.

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