



**RANDOM HOUSE**

BERTELSMANN

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**TO EVERYONE AT RANDOM HOUSE, INC.**

We want to share with you today our next steps forward in accelerating the company's transition to digital, growing our physical book sales, and increasing the efficiency of our customer- author- and publisher-support services. To best position ourselves to accomplish these strategic priorities we are making a number of changes and appointments in our Sales, Operations and Digital areas under Madeline McIntosh, which she presents in accompanying memos. We also have completed the new lines of reporting we began undertaking in December for the Audio division and for the businesses that have comprised the Information Group.

Madeline is announcing the formation of new teams that will be fully dedicated to digital-content development, digital sales development, and online marketing. I am very excited about these moves and about the additions she is making to her senior leadership team. Their mandate is to create and to catalyze publishing and entrepreneurial opportunities, both self-starting and in partnership with our publishing divisions. The e-publishing and online marketing activities originated and executed by the Crown, Knopf Doubleday, Random House, and Random House Children's Books Publishing Groups will be indispensable to our authors and to our creative and commercial growth, and I am confident that the new support provided to those groups at the corporate level will be key ingredients in ensuring our success during and after the digital expansion.

Among Madeline's new executive team, I have worked most closely with Nina von Moltke, who has reported to me as Vice President, Corporate Development. Nina's new responsibilities as Vice President, Digital Publishing Development, are a natural progression from her previous role in which she applied her tremendous understanding of the evolving digital-publishing financial models to evaluating new corporate and divisional business opportunities. Aside from her new task of supporting the development of our digital content offerings across the divisions, Nina will also oversee the Random House Audio Publishing and Fodor's Travel Groups. Both groups provide excellent models of successfully transitioning from analog to digital businesses, and I know that they and our traditional trade publishing groups will benefit by having them integrated into the corporate-level digital publishing team.

Amanda D'Acerno, Vice President, Publisher, Random House Audio, Books on Tape, Random House Large Print, and Tim Jarrell, Vice President, Publisher, Fodors, will continue to run their respective businesses, setting and implementing their publishing priorities and choices, reporting to Nina. We will further integrate the publishing activities under the Living Language brand into the digital content group, reporting to Amanda D'Acerno.

We also foresee expanded opportunities for The Princeton Review, Sylvan Learning, and Prima Games imprints as we bring them into the Random House Children's Books division. Tom Russell, who leads TPR and Sylvan, and Debra Kempker, who heads Prima, will report to Chip Gibson. The former two businesses will complement and benefit from the educational orientation and consumer-marketing focus of Chip's publishing teams. Prima and the Children's Group share a core consumer base as well as a like focus on brand management and strong license partnerships. The combination of this considerable expertise will benefit them both.

Children's Books will further expand to include the Tricycle Books young readers publishing program under Nicole Geiger, currently part of Crown's Ten Speed Press. Tricycle now will be a Berkeley-based imprint of Alfred A. Knopf Books for Young Readers and its frontlist and backlist will continue to be sold by Children's Sales.

These new homes for Audio, Fodor's, The Princeton Review, Prima, Sylvan Learning, and Living Language; our newly established digital-development teams; and Madeline's appointments in Sales and Operations will help us grow sales and foster greater collaboration internally and with our authors, customers, and readers. I thank you for your support of these growth initiatives and for all our colleagues who will implement them.