



RANDOM HOUSE

BERTELSMANN

MARKUS DOHLE
CHAIRMAN AND CHIEF EXECUTIVE OFFICER
MEMBER OF THE EXECUTIVE BOARD OF BERTELSMANN AG

December 3, 2008

Dear Random House Colleagues:

I am writing today to tell you about a new publishing structure and a new leadership team for the adult trade divisions at Random House, Inc. here in the U.S., effective immediately. After looking closely and extensively at our organization and its rich diversity of authors and resources, we have created a plan for our future that aligns existing strengths and publishing affinities and fosters teamwork throughout the company. It will maximize our growth potential in these challenging economic times and beyond.

The new structure will augment the exceptional publishing programs of the Random House, Knopf and Crown divisions and draw on the veteran leadership of Gina Centrello, Sonny Mehta and Jenny Frost, respectively.

The Random House Publishing Group, under the leadership of President and Publisher Gina Centrello, will expand to include the imprints of the Bantam Dell Publishing Group, including The Dial Press, along with Doubleday's Spiegel & Grau.

The Knopf Publishing Group, led by Chairman Sonny Mehta, will expand to include the Doubleday and Nan A. Talese imprints from the Doubleday Publishing Group.

The Crown Publishing Group, under the direction of President and Publisher Jenny Frost, will expand to include the other imprints from the Doubleday Publishing Group—Broadway, Doubleday Business, Doubleday Religion and WaterBrook Multnomah.

As a result of this reorganization, Irwyn Applebaum and Steve Rubin, two colleagues who have dedicated many years of service as the publishers of Bantam Dell and Doubleday respectively, will step down from their positions as announced in the accompanying memos.

Within the new Random House Publishing Group, Ballantine, Bantam Dell and Random House will continue to have separate editorial departments. Random House, true to its heritage as the flagship imprint, will continue to publish its diverse list of distinguished and bestselling fiction and nonfiction in hardcover and trade paperback. The addition of The Dial Press and Spiegel & Grau will make this group an even greater force in literary and high-profile publishing. Side by side, Ballantine and Bantam Dell will be a commercial powerhouse with their stellar lists of bestselling and critically acclaimed authors.

The Knopf Publishing Group will augment its enduring reputation as a leading publisher of quality nonfiction and literary fiction—and now some of the biggest names in fiction—with the addition of the flagship Doubleday and Nan A. Talese Books imprints. Collectively, Doubleday and Knopf have more than two centuries of distinguished publishing history, and Knopf Chairman Sonny Mehta is committed to supporting the great publishing traditions of their now

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sister imprint. The group will take on a new name, The Knopf Doubleday Publishing Group, and the hardcovers of all their imprints will feed the extraordinary paperback lines of Vintage and Anchor Books.

The Crown Publishing Group's unique and editorial diverse portfolio combines lifestyle and business books, along with prominent authors and branded businesses which have long dominated their nonfiction categories. The addition of Broadway as well as Doubleday's business and religion imprints will complement and solidify these core areas of publishing strength. The group's high-quality nonfiction and fiction frontlist programs will feed the impressive trade paperback lists of Broadway and Three Rivers Press.

I want to stress the fact that all the imprints of Random House will retain their distinct editorial identities. These imprints and all of you who support them are the creative core of our business and essential to our success.

The newly formed publishing groups will continue to bid independently in auctions. Each group will have my full support to publish autonomously, promote aggressively, and strive for more competitive advantages in the marketplace.

Through greater collaborative efforts among the publishing, marketing and sales departments, we can sharpen our priorities, market our books more effectively, and respond more quickly and directly to a constantly changing marketplace. That, in turn, will strengthen our vital partnership with our customers.

Coordinating our online marketing and growing our digital publishing business will be further priorities.

Gina, Jenny, Sonny and I will share our more specific publishing plans and organizational structure in due course.

The highly regarded Random House Children's Books division, led by President and Publisher Chip Gibson, will continue its remarkable publishing programs without change.

We are all proud of the hundreds of years of publishing that our combined imprints represent. In order to preserve this legacy of excellence and build upon it in the future, we must continuously examine the way we do business, and the way the business is changing. Our aim is to always be a leading force in American trade book publishing.

Because of the current economic crisis, our industry is facing some of the most difficult times in publishing history. We are very fortunate to have four of the most dynamic and accomplished publishers to lead us into this new phase of our life at Random House.

I greatly value the support of all of you who care deeply about our authors and the content and quality of the books we publish. I share your commitment to publish the best books in the best way, and I am excited about the opportunities that these changes offer us. I am convinced that our new organization, drawing on our expertise and focusing on the market with a team-oriented approach, will make our great company stronger than ever before.

Sincerely,

A handwritten signature in black ink, appearing to read "Arthur Hays Sulzberger". The signature is fluid and cursive, with the first name "Arthur" being the most prominent part.